NWP HOLDINGS BERHAD
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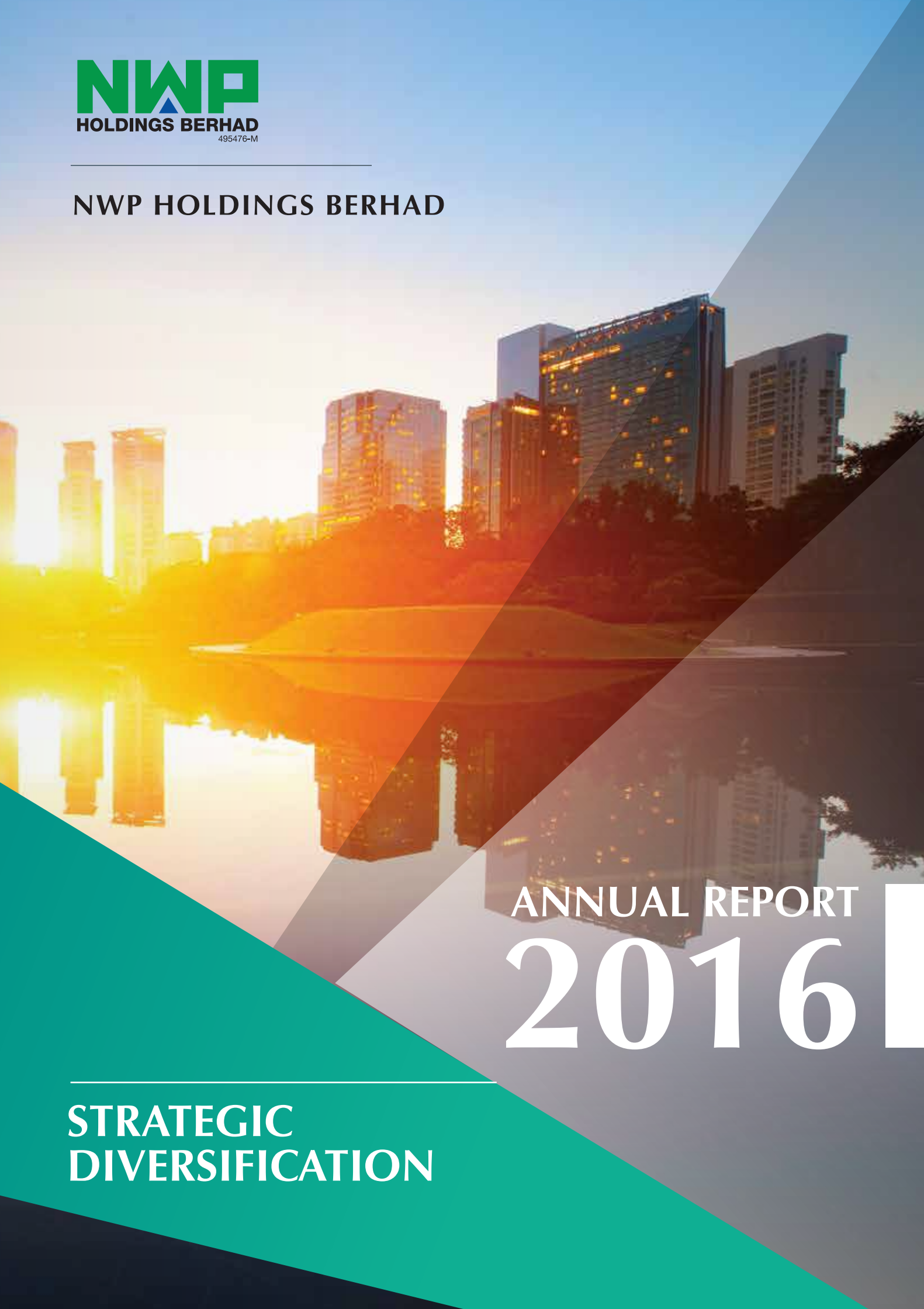
NWP HOLDINGS BERHAD



ANNUAL REPORT 2016

STRATEGIC DIVERSIFICATION

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BOARD OF DIRECTORS

BOARD OF DIRECTORS

Dato Sri Kee Soon Ling
(Chief Executive Officer)

Mr. Wong See Ming
(Executive Director)

Dato Zhang Li
(Executive Director)

Prof. Datuk Dr. Dominic Lau Hoe Chai
(Independent Non-Executive Director)

Mr. Paulinus Mojiun
(Independent Non- Executive Director)

Mr. Yew Onn Chong
(Independent Non-Executive Director)

Mr. Mak Hon Leong
(Non-Independent & Non-Executive Director)

Dato' Zaidi Bin Mat Isa @Hashim
(Independent Non- Executive Director)

AUDIT COMMITTEE

Mr. Paulinus Mojiun *(Chairman)*
Prof. Datuk Dr. Dominic Lau Hoe Chai *(Member)*
Mr.Yew Onn Chong *(Member)*

REMUNERATION COMMITTEE

Mr. Paulinus Mojiun *(Chairman)*
Prof. Datuk Dr. Dominic Lau Hoe Chai *(Member)*
Mr. Yew Onn Chong *(Member)*

INVESTMENT COMMITTEE

Dato Sri' Kee Soon Ling *(Chairman)*
Mr. Wong See Ming *(Member)*

NOMINATION COMMITTEE

Mr. Paulinus Mojiun *(Chairman)*
Prof. Datuk Dr. Dominic Lau Hoe Chai *(Member)*
Mr. Yew Onn Chong (Member)

SHARE ISSUANCE SCHEME (SIS) OPTION COMMITTEE

Dato' Sri Kee Soon Ling *(Chairman)*
Dato' Zhang Li *(Member)*
Mak Hon Leong *(Member)*

COMPANY SECRETARY

Encik Mohd Zakie Bin Soad (LS 0008268)

REGISTERED OFFICE

Unit 1119, 11th Floor, Block A,
Damansara Intan, No.1, Jalan SS20/27,
47400 Petaling Jaya, Selangor Darul Ehsan.
Tel : +6(03) 7118 2892/3
Fax : +6(03) 7118 7799

AUDITORS

Messrs. Ecovis AHL

PRINCIPLE PLACE OF BUSINESS

Suite 7.01, 7th Floor, The Garden North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +6(03) 2201 3809
Fax : +6(03) 2201 1672
Email : info@nwp.com.my
Website : www.nwp.com.my

REGISTRAR

Symphony Share Registrar Sdn Bhd
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan.
Tel : +6(03) 2721 2222
Fax : +6(03) 2721 2530

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Board)

SOLICITOR

Weng Seng & Co Advocates & Solicitors

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Westside Room 1, The Boulevard St Giles Hotel, Level 8, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on (Monday), 23th January 2017 at 10.00 a.m. for the following purposes: -

1. To receive the Audited Financial Statements of the Company for the year ended 31st August 2016 together with the Reports of the Directors and Auditors thereon. **(REFER NOTE OF EXPLANTORY NOTES ON ORDINARY BUSINESS)**

2 To re-elect the following Directors retiring in accordance with the Company's Articles of Association.
   a. Mr. Paulinus Mojiun (Article 77) **(RESOLUTION 1)**
   b. Dato' Zhang Li (Article 84) **(RESOLUTION 2)**
   c. Dato' Sri Kee Soon Ling (Article 84) **(RESOLUTION 3)**
   d. Prof. Datuk Dr. Dominic Lau Hoe Chai (Article 84) **(RESOLUTION 4)**
   e. Mr. Mak Hon Leong (Article 84) **(RESOLUTION 5)**
   f. Mr. Yew Onn Chong (Article 84) **(RESOLUTION 6)**
   g. Dato' Zaidi Bin Mat Isa@ Hashim **(RESOLUTION 7)**

3 To re-appoint Messrs. Ecovis AHL as the Company's Auditors and to authorize the Directors to fix their remuneration. **(RESOLUTION 8)**

AS SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following Ordinary Resolution: -

4. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.** **(RESOLUTION 9)**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, where required, the Directors be and are hereby authorized to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

   AND FURTHER THAT the Directors of the Company whether solely or jointly, be authorized to complete and do all such acts and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate."

5. To transact any other ordinary business of the Company for which due notice shall have been given.

By Order of the Board

MOHD ZAKIE BIN SOAD
(LS 0008268)
Company Secretary
29 December 2016
Selangor Darul Ehsan

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (Continued)

Notes:-

1 *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2 *A member may appoint not more than two (2) proxies to attend and vote at the meeting.*

3 *A member who is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account.*

4 *Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*

5 *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if such appointer is a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorized.*

6 *The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.*

Explanatory Notes on Ordinary Business: -

Agenda No.1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require shareholders' approval for the Audited Financial Statements. As such it is not put forward for voting.

Explanatory Notes for the Special Business: -

The proposed Resolution No. 10, is seek a renewal of the general mandate for the directors of the Company to allot and issue shares in the Company up to an account not exceeding 10% f the total issued capital of the Company for the time being for such purpose as the Directors consider would be in the best interests of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice and pursuant to the mandate granted to the Directors at the Extraordinary General Meeting held on 19 September 2016, the Company had on 25 October 2016 issued 26,600,000 ordinary shares of RM0.25 each for cash. The proceeds totalling RM6,650,000 arising from the issuance of the said new ordinary shares have been utilised for working capital purposes as well as to defray expenses relating to the placement of shares.

STATEMENT ACCOMPANYING NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. The following directors are standing for re-election at the 13th Annual General Meeting: -

   Pursuant to Article 77 of the Companies Act, 1965:-
   Mr. Paulinus Mojiun

   Pursuant to Article 84 of the Companies Act, 1965:-
   Dato Zhang Li

   Pursuant to Article 84 of the Companies Act, 1965:-
   Dato Sri Kee Soon Ling

   Pursuant to Article 84 of the Companies Act, 1965:-
   Prof. Datuk Dr. Dominic Lau Hoe Chai

   Pursuant to Article 84 of the Companies Act, 1965:-
   Mr. Mak Hon Leong

   Pursuant to Article 84 of the Companies Act, 1965:-
   Mr. Yew Onn Cheong

   Pursuant to Article 84 of the Companies Act, 1965:-
   Dato' Zaidi Bin Mat Isa@ Hashim

2. Details of the Directors standing for re-election are set out in the Profile of Directors of the Annual Report.

3. The details of securities holdings of the Directors standing for re-election are as follows: -

   a) **Dato Sri Kee Soon Ling**

   Ordinary shares : 36,745,200 (direct)

   b) **Mr. Mak Hon Leong**

   Ordinary shares : 20,000,000 (direct)

   c) **Mr. Yew Onn Cheong**

   Ordinary shares : 500,000 (direct)

CHIEF EXECUTIVE OFFICER STATEMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF NWP HOLDINGS BERHAD, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENT OF NWP HOLDINGS BERHAD GROUP (NWPH OR THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016.

GROUP FINANCIAL PERFORMANCE

Review of Performance

The financial year ended 2016 was a challenging year for the Group. Increasing challenges in sustaining sales to its key timber exports markets which were affected by a general slowdown in the world Economy. During the financial year under review, the Group registered a decrease in revenue of RM4.88 million to RM12.68 million compared with RM 17.56 million in 2015. The Group recorded a loss after tax and controlling interest of RM2.896 million for the financial review compared to a loss after tax and controlling interest of RM1.967 million in the previous year.

For the financial year ended 31 August 2016, timber related products remained as a key contributor with 97% of the total Group revenue with NWP Lao activities contributed 10% to the same. Whereas the agriculture division contributed 2.68% to the total Group revenue.

Notwithstanding a slower financial performance for the year ended 2016. NWP will enhance its cash-flow management and effective cost management regime

PROSPECTS

The current environment for our present business segments continues to be challenging due to global economic uncertainty. However the Board is optimistic that with the step taken to venture into other business such as construction and aviation which were announced earlier, will enhance revenue in the forthcoming year.

We also look forward to improving the contributions from the Agricultural Division especially from NWP O&M Sdn. Bhd. and also will continue with effort to further contain cost and improve operational efficiency and productivity for its timber related products to deliver a better financial performance for the next financial year. Barring any unforeseen circumstances, the Group is optimistic of its future prospects.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to embracing good corporate governance and corporate social responsibility in its business operations and practices, based on the recommendations of Best Practices as enshrined in the Malaysian Code on Corporate Governance. We are mindful in ensuring that the Group's businesses are conducted in an ethical, sustainable and responsible manner taking cognizance of the interest of all its stakeholders and for the protection and enhancement of stakeholders' value, recognizing the impact of our businesses to the community.

DIVIDENDS

The Board does not recommend payment of dividend for the current financial year.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to take this opportunity to express our sincere gratitude and thanks to the management and staff of the Group for their dedication to the Group. We also wish to express our utmost appreciation to all our business associates, stakeholders and shareholders including Regulatory Authorities for their invaluable support and cooperation.

Thank you.

Dato' Sri Kee Soon Ling
Chief Executive Officer

PROFILE OF MEMBERS OF BOARD OF DIRECTORS

DATO' SRI KEE SOON LING
Chief Executive Officer
Aged 42, Male, Malaysian

Dato' Sri Kee Soon Ling was appointed to the Board of Directors on 06 May 2016 as the Executive Director of the Company. On 16th November 2016, Dato' Sri Kee Soon Ling was redesigned as the Chief Executive Officer of the Group.

Dato' Sri Kee Soon Ling worked in ING Insurance Company as group sales manager since 1998. It is in the year 2003 when Dato' Sri Kee Soon Ling stumbled upon the opportunity and begun his business venture in Real Estate Agency business. Dato' Sri Kee Soon Ling had vast experience in property industry.

He worked as Ex-head of marketing at Centrelised Realty and marketing consultant at Juste Land Company in 2003. After that, he had served for Rega Home as Ex-head of marketing and soon became marketing consultant in JYMS Properties, Nice Properties, ZYG Property, Home Realty in 2004 and YL Realty in 2009. In 2010, Dato' Sri Kee Soon Ling was appointed as Chief Executive Officer of GS Realty Sdn Bhd and currently he served as Director of GS Realty Sdn Bhd.

Currently, Dato' Sri Kee Soon Ling oversees the entire business development, corporate affairs and personally executes the strategic business planning for the Group. His foresight and entrepreneur skill will be the main driving force for the Group's future.

He has attended one (1) Board Meetings held in the financial year ended 31st August 2016.

Dato' Sri Kee Soon Ling directly holds 36,745,200 shares of the company.

Dato' Sri Kee Soon Ling has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten years other than traffic offence.

WONG SEE MING
Executive Director
Aged 50, Male, Malaysian

Mr. Wong See Ming was appointed to the Board of Directors on 29 January 2001 as the Executive Director of the Company. On 18th August 2008, Mr. Wong was redesigned as the Chief Executive Officer of the Group. On 06th May 2016, Mr. Wong was redesigned as the Executive Director of the Company.

Mr. Wong obtained his Bachelor of Arts Degrees in Professional Accounting, and also in Management Information System, both from the Eastern Washington University, United States of America. He started his working career at the young age of 24 in the wood-based industry. He was later involved in the plantation sector and palm oil refinery, besides having gathered experience in the high technology sector of fibre optic, and satellite tracking information services.

Being a strong advocate of caring for the future of the environment, Mr. Wong has vast knowledge in sustainable forest management and reduced-impact logging method that was garnered from his direct involvement and experience in logging activities and forest management. In total, he has more than twenty-four years of experience in the timber industry, palm oil industry, and other investment sectors.

He has attended all five (5) Board Meetings and Audit Committee Meetings held in the financial year ended 31st August 2016.

Mr. Wong See Ming directly holds 19,407,000 shares of the company and he also has an indirect interest in the company through Sepang Heights Sdn Bhd, where is also a Director of the Company.

Mr. Wong has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten years other than traffic offence.

PROFILE OF MEMBERS OF BOARD OF DIRECTORS (Continued)

DATO' ZHANG LI
Executive Director
Aged 56, Female, China

Dato' Zhang Li is an Executive Director of the Company, appointed to the Board of Directors on 06 May 2016

Dato' Zhang Li has completed her education in Xiaman, China.

Dato' Zhang Li joined the business world since 1990 in Huadong, China operating a franchise in health supplements, In 2003, Dato' Zhang Li was involved in multilevel marketing company as its Marketing Advisor in Guan Fang International Marketing (M) Sdn Bhd and a Director in Top Creation property Sdn Bhd involved in real estate development services.

Dato' Zhang Li was the non-executive director of Raya International Bhd, a public company listed on the ACE Market of Bursa Malaysia from 2008 to 2012. Dato' Zhang Li has been a director of Top Creation Investment Ltd, a Public Company involved in property development in Melaka Since its admission on AIM of the London Stock Exchange in 2011.

She has attended one (1) Board Meetings held in the financial year ended 31st August 2016.

She has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

PAULINUS MOJIUN
Independent and Non-Executive Director
Aged 63, Male, Malaysian

Mr. Paulinus Mojiun, is an Independent and Non-Executive Director of the Company, appointed to the Board of Directors on 16 July 2013.

Mr. Paulinus Mojiun is a member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

He worked with Sabah Urban Development Corporation (a subsidiary of Sabah Economic Development Corporation) for more than 20 years and served in various capacities. His last position was as Senior Manager (Finance).

Presently, he is also a Board Member of Lembaga Koko Malaysia. He was a member and past President of the Rotary Club of Penampang. He was also Treasurer of the Board of Governors of SM St. Michael's School, Penampang, Sabah. He served as Council Member of the Penampang District Council for three (3) years until 2013.

Mr. Paulinus Mojiun is the Chairman of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. He has attended five (5) Board Meetings and five (5) Audit Committee Meetings held in the financial year ended 31 August 2016.

He has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

PROFILE OF MEMBERS OF BOARD OF DIRECTORS (Continued)

MR. YEW ONN CHONG
Independent and Non-Executive Director
Aged 62, Male, Malaysian

Mr. Yew Onn Chong is an Independent and Non-Executive Director of the Company, appointed to the Board of Directors on 20 October 2016.

Mr. Yew Onn Chong completed his secondary education at SMJK Katholik in Petaling Jaya. The next four years after completing his secondary education, he helped out in his family's business involving Traditional Chinese Medicine.

The experience garnered in his family's business from the beginning has ignited his interest in starting his own business where he ventured into the used car dealership business under the name of Syarikat Jaya Motor. Having acquired more entrepreneurial skills and business acumen, he diversified his business to the import and distribution of Household Appliances when he spotted the opportunity in the direct selling industry which was then still in its infancy. The name of the company handling the import of Household Appliances was Syarikat Asa Trading and for the distribution business was Syarikat Gemini Trading.

As a fledgling and adventurous businessman, Mr. Yew Onn Chong then made his foray into investing in properties. Along the way he managed to gain the knowledge of the legal framework of buying and selling of properties, property investment condition and the intricacies of the property market environment as a whole. He then realized that there was bright future in the real estate agency business and he started his own real estate agency during that time. When the Board of Valuers, Appraisers and Estate Agents was established to regulate real estate agents practices in Malaysia, Mr. Yew Onn Chong got himself registered with the Board as a qualified Real Estate Agent.

Mr. Yew Onn Chong is currently an Executive Director of GS Realty Sdn Bhd. GS Realty Sdn Bhd is ranked as one of the largest Real Estate Agencies in Malaysia. The success of GS Realty Sdn Bhd is attributed to the visionary leadership of Mr. Yew Onn Chong.

He also holds position in the following local associations and schools:-

1. President of Persatuan Char Yong Selangor Dan Wilayah Persekutuan
2. President of Persatuan Char Yong Li Chee Selangor Dan Wilayah Persekutuan
3. Vice President of Persatuan Chha Yong Fay Choon Selangor Dan Wilayah Persekutuan
4. Assistant Honorary General Secretary of Federation of Taipu (Chha Yong) Association Malaysia
5. Director of The Association of Kwong Tong Cemetery Management Kuala Lumpur
6. Director of the Board of SJK (C) Nan Kai
7. Honorary Treasurer of SJK (C) Kung Min

Mr. Yew Onn Chong is a member of the Audit Committee, Nomination Committee, and Remuneration Committee of the Company. He has attended one (1) Board Meetings and one (1) Audit Committee Meetings held in the financial year ended 31 August 2016.

Mr. Yew Onn Chong directly holds 500,000 shares of the company.

Mr. Yew Onn Chong has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten years other than traffic offence.

PROFILE OF MEMBERS OF BOARD OF DIRECTORS (Continued)

PROF. DATUK DR. DOMINIC LAU HOE CHAI
Independent and Non-Executive Director
Aged 49, Male, Malaysian

Prof .Datuk Dr. Dominic Lau Hoe Chai an Independent and Non-Executive Executive Director, appointed to the Board of Directors on 16 August 2016.

He graduated from Campbell University, USA with a Bachelor of Science in Applied Chemistry. He hold a Master of Science in Engineering Business Management, Warwick University and a PhD in Engineering Business Management, Universiti Teknologi Malaysia.

He is registered Professional IRCA Registered Lead Auditor (A009910), IATF Certified ISO/TS 16949 Supplier Auditor, MRCA Registered Quality System Consultant (JSK 102), MRCA Registered Senior Lead Auditor (SA-A014C), IKM Registered Chemist (A/1857/2321/93/01), QSA Registered Senior Quality Auditor (Q1264).

He is a member of the following Professional Bodies:-

i. Life Member of Institute of Quality Malaysia (IQM)
ii. Member of Institute Chemistry of Malaysia (IKM)
iii. Member of American Society of Quality (ASQ) -USA
iv. Member of Quality Society of Australia (QSA) - Australia
v. Exco Member of Malaysia Registered Certificate Auditor (MRCA)
vi. Member of Institute of Environment Management and Assessment (IEMA)

He also hold position in the following Local Association:-

i. National Vice President of Parti Gerakan Rakyat Malaysia
ii. President of Persatuan Persijilan Sistem Pengurusan Bagi Persatuan Cina Malaysia
iii. Deputy Secretary General of The Selangor and Kuala Lumpur Teow Chew Association.
iv. Advisor of the Selangor and Kuala Lumpur Teo Chew Assocation Youth Section.
v. Advisor of the Malaysian Societies Exectutive Secretary Assocation.
vii. Advisor of Persatuan Alumni BATC-WMG Network, Kuala Lumpur

He was a Professor in Razak School of Engineering and Advanced Technology, Universiti Teknologi Malaysia and also a Certified Blue Ocean Strategy practitioner.

He is the Technical Advisor of SQC Management Sdn. Bhd., responsible to advice on the overall business development of the Company in Quality Management Consultancy, marketing, public & in-house training service Qualitiy Strategies.

He was former Director of Applied Research Centre of UCSI Blue Ocean Strategy Regional Centre and Managing Consultant in Quality System consulting firm from 1994 to 1995 which is responsible for development of Quality Management Systems, Training, Quality Auditing and Implementation of ISO9000 standards in a wide range of industries include but not limited to concrete, piles, plastics, food, chemical, electronics, machinery, rubber, pharmaceutical, paper and toys. In 1991 to 1993 he was a QA Chemist in Acid Manufacturing factory, responsible for the implementation of ISO9000 standard, quality control and quality assurance.

He has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

PROFILE OF MEMBERS OF BOARD OF DIRECTORS (Continued)

MAK HON LEONG
Non-Independent Non-Executive Director
Aged 33, Male, Malaysian

Mr. Mak Hon Leong a Non-Independent and Non-Executive Executive Director, appointed to the Board of Directors on 17 June 2016.

He has completed his education at Taylor's University.

Mr Mak Hon Leong is an accomplished business person, who possess wide and various experiences in trading, marketing, networking and property industry. It is in the year 2003 when Mr Mak begun his business venture in Real Estate Agency business. He ever served as marketing agents in Centrelised Realty, Rega Home, JYMS Property and ZYG Property where he always be the record holder of top sales during his stay for the companies. Upholding spirit of Go Beyond, Mr Mak has actively involved in Import and Export Garments Business since 2004 as business advisor.

Mr. Mak Hon Leong had also became business owner for Import and Export IT accessories since 2005 where he performed his excellent entrepreneurial talent. With his sharp business mind and outstanding performance, he soon became project consultant for Justeland Company from year 2007 untill 2009. Having the urge to lead real estate profession towards extraordinary and remarkable one, he then established a real estate agency named GS Realty Sdn Bhd in 2010, where he plays the role as Chief Executive Officer and guides the company to expand exponentially and soon become one of the largest Real Estate Agency in terms of manpower in less than 5 years in Malaysia.

Mr. Mak Hon Leong has attended one (1) Board Meetings held in the financial year ended 31st August 2016.

Mr. Mak Hon Leong directly holds 20,000,000 shares of the company.

Mr. Mak Hon Leong has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten years other than traffic offence.

DATO' ZAIDI BIN MAT ISA@HASHIM
Independent Non-Executive Director
Aged 47, Male

Dato' Zaidi Bin Mat Isa@Hashim was appointed as the Independent Non-Executive Director of the Company on 19 December 2016.

He completed his Diploma in Electrical Engineering and Diploma in Business Studies in the Chartered Institute of Marketing. He currently pursuing Masters of Business Administration at University Malaysia Pahang.

Dato' Zaidi started his career in year 1991 to 1992 with Lembaga Letrik Negara (TNB). After leaving TNB in year 1993 to 1994 he set up his own business and from year 1995 to 2000 he became the Director of Kumpulan Darulaman Group, Managing Director of Darulaman Consolidated Bhd and subsidiaries of Darul Aman Group.

Dato' Zaidi became the Chief Executive Officer ("CEO") of My Prima Group of Companies in year 2001 until 2011. From June 2011 till to-date, he serve as Vice President of Corporate Planning & Strategy with Radiant Growth Investment Limited Jersey London.

He has been served as Group Managing Director for six years and has gain twenty years experience in Corporate Finance and having good networking in the corporate world..

Dato' Zaidi Bin Mat Isa@Hashim was appointed as the Independent Non-Executive Director of INIX Technologies Holdings Berhad on 02 July 2015 and re-designated as Executive Director on 18 February 2016.

He has no family relationship with any director of the Company. He has no conflict of interest with the Company and has no conviction for offence within the past ten years other than traffic offence.

AUDIT COMMITTEE REPORT

The Board of Directors of NWP Holdings Berhad is pleased to present the report of the Audit Committee of the Company for the financial year ended 31st August 2016.

COMPOSITION OF MEMBERS

1. MEMBERS

The Audit Committee presently comprises the following members who are all independent and non-executive directors: -

Name of Member	Position
Mr. Paulinus Mojiun	Chairman *(Independent Non-Executive Director)* - Appointed on 16 July 2013
Prof.Datuk Dr. Dominic Lau Hoe Chai	Member *(Independent Non-Executive Director)* - Appointed on 16 August 2016
Mr. Yew Onn Chong	Member *(Independent Non-Executive Director)* - Appointed on 20 October 2016
Datuk John Maluda	Member *(Independent Non-Executive Director)* - Appointed on 04th February 2008 and Resigned on 20 October 2016
Mr. Wong Wee Kean	Member *(Independent Non-Executive Director)* - Appointed on 23rd August 2007 and Resigned on 06 May 2016

2. MEETINGS

During the financial year ended 31st August 2016, the Audit Committee held a total of five (5) meetings. The date of meeting and details of attendance by each member at the Committee meetings during the year are as follows: -

Dates of Meeting Held

28 October 2015
02 December 2015
23 January 2016
28 April 2016
27 July 2016

Name of Member	Meetings Attended	% of Attendance
Mr. Paulinus Mojiun	5 / 5	100%
Prof.Datuk Dr. Dominic Lau Hoe Chai	0/0	Nil
Mr. Yew Onn Chong	0/0	Nil
Datuk John Maluda@Wanji*	4/5	80%
Mr. Wong Wee Kean **	4/4	100%

* Mr. Wong Wee Kean resigned on 06 May 2016
** Datuk John Maluda@Wanji resigned on 20 October 2016

AUDIT COMMITTEE REPORT
(Continued)

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities of the Audit Committee were summarized as follows: -

a) Reviewed the quarterly unaudited financial results and announcements for each quarter prior to submission to the Board for their consideration and approval;

b) Reviewed the internal audit function and risk management needs, programme and plans for the financial period under review and annual assessment of the internal audit function and risk management performance;

c) Reviewed the internal audit reports presented by internal audit function and risk management on findings and recommendations with regard to system and control weaknesses noted in the course of their audit and Management's responses thereto and ensuring material findings are adequately addressed by Management;

d) Reviewed the Group's operations which had a significant impact on the results of the Group including enhancement and further investment in existing business, cost rationalization measures and human resource development;

e) Reviewed the Group's compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;

f) Reviewed the Group's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the requirement of Paragraph 15.25 of the Bursa Malaysia Securities Berhad Revamped Listing Requirements before recommending them to the Board action plans and the prescribed corporate governance principles and best practices under the Code;

g) Discussed and reviewed with the External Auditors, their terms of engagement, proposed audit fees, audit plan and approach for the financial year ended 31 August 2015 to ensure that their scope of work adequately covers the activities of the Group;

h) Discussed and reviewed the issues arising from the audit of the financial year end statements and issues highlighted by the External Auditors to the committee;

i) Evaluated the overall effectiveness of the system of internal controls through a review of the results of work performed by Internal and External Auditors and discussions with key senior management;

j) Reviewed the External Auditors' Report for financial year ended 31 August 2015 in relation to audit and accounting issues arising from the audit and updates of new developments on Financial Reporting Standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements together with the External Auditors;

k) Reviewed the Audit Committee Report, Corporate Governance Statement and Statement on Risk Management and Internal Control and its recommendation to the Board for approval prior to their inclusion in the 2015 Annual Report;

l) Reviewed the performance of the External Auditors before recommending to the Board to propose the re-appointment to the members; and

m) Reviewed related party transactions, if any, which may arise within the Group.

AUDIT COMMITTEE REPORT
(Continued)

TERMS OF REFERENCE

1. Objectives

The primary objective of the Audit Committee is to assist the Board of Directors ('the Board") of NWP Holdings Berhad ("the Company") in discharging its statutory duties and responsibilities for corporate governance, timely and accurate financial reporting and adequacy of internal controls within the Company and its subsidiaries, NWP Industries Sdn Bhd., DMKT Timber Sdn Bhd, NWP O&M Sdn Bhd and NWP Builder Sdn Bhd ("the Group"). Specifically, the Audit Committee shall: -

(a) Evaluate the quality of audits performed by the Internal and External Auditors;

(b) Provide assurance that the financial information presented by management is relevant, reliable and timely;

(c) Oversee compliance with laws and regulations and observance of a proper code of conduct; and

(d) Determine the quality, adequacy and effectiveness of the Group's control environment which will mitigate the likelihood of fraud and error.

2. Composition

Following the amendments to Malaysian Code on Corporate Governance, effective from 1st October 2007, the Audit Committee shall be appointed by the Board from amongst the Directors of the Company and comprise of not less than three (3) members, a majority of whom are independent. All members of the audit committee should be non-executive directors. No alternative Director shall be appointed as a member of the Audit Committee.

All members of the audit committee should be financially literate. At least one (1) member of the Audit Committee must be: -

(a) A member of the Malaysia Institute of Accountants (MIA); or

(b) If he is not a member of the MIA, he must have at least three (3) years of working experience and;

(i) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(ii) He must be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants 1967; or

(c) Fulfils such other requirements as prescribed by the Listing Requirements.

The Chairman of the Audit Committee shall be elected from amongst the members and he shall be an Independent Director.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such audit committee members have carried out their duties in accordance with their terms of reference.

3. Secretary to the Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee

AUDIT COMMITTEE REPORT
(Continued)

TERMS OF REFERENCE (Continued)

4. Meetings

a) Meetings shall be held regularly and not less than four (4) times a year or once every quarter or more frequently as circumstances requires.

b) Written notice of the meeting together with the agendas shall be given to the members of the Committee and External Auditor, where applicable, at least seven (7) days prior to the meeting.

c) Quarterly results and annual financial statements shall be reviewed by the Audit Committee prior to submission to the Board for approval and subsequent release to Bursa Securities Berhad.

d) The Financial Controller, the Head of Internal Audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon the invitation of the Audit Committee.

e) The Audit Committee should meet with the external auditors without executive board members present at least twice a year.

f) The quorum for each meeting shall be two. The majority of members present to form a quorum must be Independent Directors. Decision shall be by a simple majority.

g) The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of meetings of the Committee to all member of the Board.

h) The Committee's actions shall be reported to the Board of Directors with such recommendations, as the Committee deemed appropriate.

5. Rights of Audit Committee

The Audit Committee appointed is in accordance with Chapter 15, Part C, Paragraph 15.09 of the Bursa Malaysia Securities Berhad's, Main Market Listing Requirements. The Committee shall, in accordance with the procedure determined by the Board and at the expense of the Company,

a) Be authorized to investigate any activity within its terms of reference and shall have unrestricted access to the External Auditors and to all employees of the Group. All employees shall be directed to co-operate as requested by members of the Audit Committee;

b) Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise, if necessary;

c) To have full and unrestricted access to information pertaining to the Company or the Group;

d) To have direct communications channels with the external auditors and person(s) carrying the internal audit function or activity;

e) Provided with adequate resources which are reasonably required to enable it to perform its duties and responsibilities;

f) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the Executive Directors and Management, whenever deemed necessary.

g) Meet regularly, with due notice, on issues to be discussed and record its conclusion in discharging its duties and responsibilities.

Notwithstanding anything to the contrary therein, the Committee does not have executive powers and shall report to the Board of Directors on all matters recommended by the Committee pertaining to the Group.

AUDIT COMMITTEE REPORT
(Continued)

TERMS OF REFERENCE (Continued)

6. Functions and Duties of Audit Committee

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to corporate accounting and reporting practices of the Company and its subsidiaries and the sufficiency relating thereto. The Audit Committee will endeavor to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders thereby strengthening the confidence of the public in the Group's reported results.

The specific duties of the Audit Committee are as follows: -

a) To review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgment;

b) To review the External Auditor report on the financial statements;

c) To review with the External Auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system;

d) To discuss problems and reservations arising from the interim and final external audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary);

e) To review the External Auditors' management letter and Management's response thereto;

f) To review the quarterly and audited financial reports of the Company and the Group prior to submission to the Board for approval and subsequent release to Bursa Malaysia Securities Berhad, focusing on: -

   i. Going concern assumption;
   ii. Compliance with accounting standards, other statutory and legal requirements;
   iii. Any changes in or implementation of major accounting policies and practices;
   iv. Significant issues arising from the audit and unusual events;
   v. Major judgmental areas.

g) To review interim financial information and press releases of financial content;

h) To review any significant transactions which are not a normal part of the Company's business;

i) To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of control that raises questions of management integrity;

j) To recommend to the Board of Directors the appointment, resignation and termination of the External Auditors and the audit fee thereof;

k) To do the following, in relation to the internal audit function: -

   i) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   ii) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   iii) Review any appraisal or assessment of the performance of members of the internal audit function;
   iv) Approve any appointment or termination of senior staff members of the internal audit function; and
   v) Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit their reasons for resigning.

AUDIT COMMITTEE REPORT
(Continued)

TERMS OF REFERENCE (Continued)

6. Functions and Duties of Audit Committee (Continued)

l) To consider the major findings of internal investigations and management's response;

m) To report promptly such matter to Bursa Malaysia Securities Berhad where the audit committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements; and

n) Such other responsibilities as may be agreed to between the Audit Committee and the Board of Directors.

INTERNAL AUDIT FUNCTION

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of risk management and internal control of the Group. The internal audit function of the Group is headed by a qualified accountant and experienced auditor who reports directly to the Audit Committee.

The scope of internal audit's activities covers all units and operations of the Group. The activities include: -

a) Appraising the adequacy and effectiveness of systems of risk management and internal control;

b) Ascertaining the extent of compliance with Group's plans, policies, standards, procedures and adherence to all applicable laws and regulations, guidelines and directives;

c) Reviewing the extent to which the Group's assets and interest are accounted for and safeguarded from losses of all kinds;

d) Reviewing the integrity of computer systems, to ascertain that adequate controls are in place to minimize the vulnerability of information and to provide the necessary protection against possible embezzlement of funds and errors;

e) Reviewing operations so that resources are utilized in the most efficient, effective and economic manner;

f) Reviewing the reliability and integrity of financial and operational information; and

g) Conducting special reviews of investigations as requested by Management or by the Audit Committee.

The system of risk management and internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The total costs incurred for internal audit function of the Group in respect of the financial period from 1st September 2015 to 31st August 2016 amounted to RM50,000.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of NWP Holdings Berhad ("the Company") recognizes that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components for the Group's continued growth and success. These will not only safeguard and enhance shareholders value but will at the same time ensure that the interests of other stakeholders are protected.

The Group endeavors to comply with all the board principles and best practice as set out in the Malaysian Code on Corporate Governance ("the Code").

The Board is pleased to disclose below the manner in which the Group has applied the Principles of good corporate governance and extent of its compliance with the Recommendations based on the Code for the financial 31st August 2016.

THE BOARD OF DIRECTORS

Board Composition / Board Balance

The Board is made up of an appropriate balance of Executives and Non-Executive Directors with diverse experience required for the effective stewardship of the Group and independence in decision-making at Board level.

The Board comprises Eight (8) members, namely the Chief Executive Officer, two (2) Executive Directors, Four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The current Board composition complies with the "Malaysian Code on Corporate Governance" as amended on 1st October 2007, which requires at least three Non-Executive Directors to sit on the Audit Committee and a majority of whom are Independents.

The Chief Executive Officer is responsible to the Board for the management and performance of the Group's businesses within the framework of the Group's policies, reserved powers and routine reporting requirements. He has overall responsibility for the operational activities of the Group and implementation of the Board's strategies, policies and decisions. He is responsible for ensuring the Board meets regularly and ensure its effectiveness and standards of conduct. He has authority over the general agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of prior meetings of the Board, review of the Group's quarterly financial reports, proposal papers from the management, matters requiring the Board's deliberation and approval, and other reports.

The Executive Director assists and supports the Chief Executive Officer in his primary responsibility for managing the Group's business and resources.

The Board recognizes the importance and contribution of the Independent Non-Executive Directors who provide independent assessment and judgment on corporate proposals undertaken by the Group. They fulfill a pivotal role in bringing corporate accountability and independent, unbiased judgment and advice to bear on the Board's deliberation and decision-making. The role of the Independent Non-Executive Directors is particularly in ensuring that the strategies proposed by the Executive Directors and management team are discussed and examined fully and take into account long-term interest of all parties affected by the Group's business activities.

A brief profile of each Director is presented on pages 7 to 11 of this Annual Report.

Board Meetings

Meetings of the Board are scheduled every quarter, with additional meetings convened as and when required. During the financial year, five (5) Board meetings were held. Most of the Directors attended all Board meetings held during their tenure.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Attendance of Board Meetings

The composition of the Board and the attendance of each Director at the Board Meetings held during the financial year are as follows: -

Board of Directors	Status of Directorship	Date of Appointment	Attendance	% of Attendance
Mr. Wong See Ming	Executive Director	29-01-2001	5 / 5	100%
Mr. Chang Chee Ching***	Executive Director	17-12-2014	4 / 4	100%
Mr. Paulinus Mojiun	Independent Non-Executive Director	16-07-2013	5 / 5	100%
Datuk John Maluda**	Independent Non-Executive Director	04-02-2008	4 / 5	80%
Mr. Wong Wee Kean*	Independent Non-Executive Director	23-08-2007	4 / 4	100%
Prof. Datuk Dr. Dominic Lau Hoe Chai	Independent Non-Executive Director	16-08-2016	0/0	0
Mr. Yew Onn Chong	Independent Non-Executive Director	20-10-2016	0/0	0
Mr. Mak Hon Leong	Non-Independent Non-Executive Director	17-06-2016	1/1	100%
Dato' Zhang Li	Executive Director	06-05-2016	1/1	100%
Dato' Sri Kee Soon Ling	Chief Executive Officer	06-05-2016	1/1	100%
Dato' Zaidi Bin Mat Isa@ Hashim	Independent Non-Executive Director	19-12-2016	0/0	0

* Mr. Wong Wee Kean resigned on 06 May 2016
** Datuk John Maluda@Wanji resigned on 20 October 2016
*** Mr. Chang Chee Ching resigned on 06 May 2016

Appointment and election to the Board

The Group has implemented procedures for the nomination and election of Directors via the Nomination Committee. The Nomination Committee is responsible for identifying and recommending to the Board suitable candidates for appointment to the Board and Board Committees.

The Nomination Committee is also entrusted by the Board to conduct annual review of the required mix of skills and experience of Directors, and also performance appraisal of the Directors on an ongoing basis.

The Nomination Committee was established on 26th July 2001 comprising exclusively of Independent Non-Executive Director.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three years and a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director is furnished in this Annual Report.

The Articles further provides that all newly appointed Directors who are appointed by the Board shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. This provides an opportunity for shareholders to renew the mandates of each Director.

Directors' Training

All Directors have attended the Bursa Malaysia's Mandatory Accreditation Programme (MAP) except Prof. Datuk Dr. Dominic Lau Hoe Chai. He had attended the MAP on 19 October 2016 but was not able to attend the MAP on 20 October 2016. The Company had applied for extension of time for Prof. Datuk Dr. Dominic Lau Hoe Chai to complete the MAP on 21 February 2017.

The Board has also empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place.

The Board is also regularly updated by the Company Secretary on the latest updates on Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

In addition, members of the Board are informed of various development programmes and are encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory updates in furtherance of their duties.

Trainings, conference and seminars attended by Directors comprised the following: -

a) Employment of Foreign Workers Updates & Current Issues – Attended by Mr. Wong See Ming

b) Budget 2017 Seminar – Attended by Paulinus Mojiun

c) Mandatory Accreditation programme – Attended by Dato' Sri Kee Soon Ling, Mr. Yew Onn Cheong and Mr.Mak Hon Leong

Supply of Information

Prior to each Board meeting, all Directors are provided with an agenda and a set of Board papers. The Board papers includes, among others:

(a) Quarterly Management Report;

(b) Board papers for issue requiring Board deliberations and approvals; and

(c) Minutes of meetings of all the committees of the Board.

In advance of each Board meeting, the members of the Board are each provided with relevant documents and information to enable the Directors to obtain further explanation, where necessary, in order to be briefed properly before the meeting. Comprehensive Board papers are presented details of the Group's performance, other issues that may require the Board's deliberation or decisions, policies, strategies issues which may affect the Group's business and factors imposing potential risks affecting the performance of the Group.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

In addition to Group performances discussed at the meeting, other matters highlighted for the Board's decision include the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

All directors have access to the advice and services of the Company Secretary. The Directors also have access to any other information within the Group and may obtain from External Auditors and other independent professionals advice, at the Company's expense in the furtherance of their duties.
Board Duties and Responsibilities

The Company is led by a group of experience and dynamic Board of Directors ("the Board"). The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.

The Board takes full responsibility for the performance of the Group. The Board maintains a sound system of internal control to safeguard the shareholders' investments and the Groups' assets. The Board is responsible for the following: -

a) Reviewing and adopting a strategic plan for the Group.

b) Overseeing the conduct of the Company's operations to evaluate whether the business is being properly managed.

c) Identify principal risk and ensure the implementation of appropriate Risk Management System.

d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management.

e) Developing and implementing an investor relation's programme or shareholder communications policy for the Company.

f) Reviewing the adequacy and integrity of the Company's internal control systems and

g) management information system for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Committees

The Board Committees are established to assist the Board in discharging its fiduciary duties and responsibilities, in order to enhance business and operational efficiency as well as effectiveness. The numbers of meetings of the Board Committees held during the financial year were: -

	Committees	Nos. of meetings held	Chaired by
(i)	Audit Committee	5 meetings	Mr. Paulinus Mojiun *Independent Non-Executive Director*
(ii)	Nomination Committee	4 meeting	Mr. Paulinus Mojiun *Independent Non-Executive Director*
(iii)	Remuneration Committee	1 meeting	Mr. Paulinus Mojiun *Independent Non-Executive Director*
(iv)	Investment Committee	0 meeting	Nil

STATEMENT ON CORPORATE GOVERNANCE (Continued)

(i) Audit Committee

The Audit Committee comprises all Independent Non-Executive Directors.

(ii) Nomination Committee

The Nomination Committee was established since 26 July 2001 and the members of the Nomination Committee during the year were: -

Members	Designation
Mr. Paulinus Mojiun	Chairman *(Independent Non-Executive Director)*
Prof .Datuk Dr. Dominic Lau Hoe Chai	Member *(Independent Non-Executive Director)*
Mr. Yew Onn Chong	Member *(Independent Non-Executive Director)*

The Nomination Committee consists entirely of Independent Non-Executive Directors. The Nomination Committee is empowered by the Board and its terms and reference are: -

a) To recommend to the Board, suitable candidates for new appointment as Director(s) to the Board (if and when necessary).

b) To review regularly the Board's structure, size of composition and make recommendation to the Board, the required mix of skills and experience including core competencies that the Board requires, in order to effectively and efficiently.

c) To assess the existing Directors on-going basis, the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director.

(iii) Remuneration Committee

The Remuneration Committee was established since 26th July 2001 and the members of the Remuneration Committee during the year were: -

Members	Designation
Mr. Paulinus Mojiun	Chairman *(Independent Non-Executive Director)*
Prof. Datuk Dr. Dominic Lau Hoe Chai	Member *(Independent Non-Executive Director)*
Mr. Yew Onn Chong	Member *(Independent Non-Executive Director)*

The Remuneration Committee, which comprises entirely Non-Executive Directors, has been set up to perform the following function: -

(a) To recommend the remuneration framework for Directors of the Group as well as the remuneration packages of Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration.

(b) To assists the Board in ensuring the remuneration of Executive Directors reflects the responsibility, experience and commitment of the Directors concerned.

The Remuneration Committee met once during the financial year under review.

(iii) Investment Committee

The Investment Committee was established since 27th October 2004 and the members of the Investment Committee were: -

Members	Designation
Mr. Wong See Ming	Chairman *(Executive Director)*
Dato' Sri Kee Soon Ling	Member *(Chief Executive Officer)*

The Board of Directors has appointed the Investment Committee members on 23rd December 2004. They will meet as and when required. The quorum of meeting all consist at least two (2) Committee members.

The Investment Committee has been set up to perform the following functions: -

a. To identify, explore and evaluate all potential investment opportunities available with the objective of enhancing the Group's performance and profitability.

b. To explore all the investment opportunities not limited in the scope of industries that are timber based which is synergistic to the current Group's core business but are expanded to include all other high growth industry wherein the returns on investment are positive.

(iv) Share Issuance Scheme (SIS) Option Committee

The Share Issuance Scheme (SIS) Option Committee was established since 20 October 2016 and the member of the committee were:-

Members	Designation
Dato' Sri Kee Soon Ling	Chairman *(Chief Executive Officer)*
Dato' Zhang Li	Member *(Executive Director)*
M**ak Hon Leong**	Member *(Non-Independent and Non-Executive Director)*

Share Issuance Scheme Option Committee (Option Committee) was established on 20 October 2016. The Option Committee is given full power to administer the Scheme in such manner as it shall in its entire discretion deem fit and in accordance with the terms and conditions as set out in the bye-laws of the Scheme including setting and amending any regulations as allowed under the bye-laws. The Option Committee comprises Dato' Sri Kee Soon Ling (Chairman), Dato' Zhang Li (Member) and Mak Hon Leong (Member)

Share Issuance Scheme (SIS) of up to fifteen percent (15%) of the issued and paid-up caiptal of the Company was approved by the Company's shareholders at the Extraordinary General Meeting held on 19 September 2016. The SIS was implemented on 25 October 2016 and is to be in force for a period of five (5) years from the date of implementation.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

DIRECTORS' REMUNERATION

The remuneration framework for executive directors has an underlying objective of attracting and retaining directors needed to run the Company successfully. Remuneration packages of executive directors are structured to commensurate with corporate and individual's performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

The aggregate remuneration of Directors paid by its subsidiary, are categorized into following components: -

Board of Directors	Directors' Fees	Directors' Salaries, Emoluments & Allowances	Total
Executive Directors	0	432,000	432,000
Non-Executive Directors	72,000	0	72,000
Total	72,000	432,000	504,000

The remunerations of Directors of the Group, classified into the respective bands, are as follows:

Range of Remuneration	No. of Directors	
	Executive Directors	Non-Executive Directors
Less than RM50,000	0	4
RM50,000 to RM100,000	3	0
RM100,000 to RM150,000	1	0

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognizes the important of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, quarterly financial results, circulars to shareholders and the various announcements released from time to time. The timely released of financial results on a quarterly basis via announcement will provides the Shareholders with an overview of the Company business and operations.

The Group has an interactive website available at http://www.nwp.com.my to communicate with investors and the investing public. The website is being used as a forum to answer inquiries and provide information on the activities of the Group. In compliance with the Listing Requirements of Bursa Securities, all announcements made the Company to Bursa Malaysia, with effect from January 2009, such as the Group's quarterly results, annual reports and other mandatory announcements are made available at this website.

The Annual General Meeting ("the AGM") of the Company represents the principal forum for dialogue and interaction between the Shareholders and the Company. At every AGM, there is an open question and answer session in which Shareholders may raise questions regarding the proposed resolutions at the meetings as well as on matters relating to the Group's businesses and affairs. The Directors, Senior Management and the external auditors are present during these meetings to respond to questions raised by shareholders.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

The Extraordinary General Meeting ("the EGM") is held as and when Shareholders' approvals are required on specific matters and Shareholders are notified of such meetings in accordance with the Bursa Malaysia Listing Requirements.

The Shareholders who are unable to attend the general meeting have the rights to appoint proxies to attend and vote on their behalf.

In addition, shareholders and investors alike can address their concerns directly to Mr. Paulinus Mojiun who is the Senior Independent Non-Executive Director of the Group and Chairman of the Audit Committee.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospect in all their reports to Shareholders, Investors and regulatory authorities via the annual financial statements and quarterly announcements.

The Board is responsible for ensuring the annual financial statements are prepared in accordance with the provision of the Companies Act 1965 and the applicable approved accounting standards in Malaysia. A statement by the Directors of their responsibilities in preparation of financial statement is set out in compliance with the Section 169 of the Companies Act, 1965.

The Board discusses and reviews the recommendations proposed by the Audit Committee prior to adoption of the financial statements of the Group and of the Company before being released to Bursa Securities.

Internal Control

The Directors acknowledge their overall responsibility for the Group's to maintain a sound system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The Board seeks regular assurance on the adequacy, integrity and effectiveness of the internal control system.

The Statement on Risk Management and Internal Control of the Group is set out on pages 28 to 29 of the Annual Report.

Relationship with External Auditors

The Company has established transparent and appropriate relationship with the Company's external auditors primarily through the Audit Committee. The Audit Committee has always maintained a professional relationship with the External Auditors.

The Audit Committee has met with the external auditors in relation to the audit of the annual financial statements without the presence of the Executive Directors and Management in respect of the financial year under review. The external auditors are invited to attend the annual general meetings of the Company and are available to answer shareholders' queries on the conduct of the audit and the preparation and content of the audit report.

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors of the Company are required by the Companies Act, 1965 to prepare annual financial statements in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31st August 2015, the Group and the Company have: -

a) Adopted the appropriate accounting policies and applied them consistently;

b) Made judgments and estimates that are reasonable and prudent;

c) Ensured that all applicable approved accounting standards have been followed, subject to any material departure and explained in the financial statements; and

d) Confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible and have ensured that proper accounting records are kept under the Companies Act 1965, that disclose with reasonable accuracy, the financial positions and results of the Group and the Company. The Directors are also responsible for taking necessary and reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided: -

a) During the financial year under review, there were no:

   i) Non-audit fees paid to External Auditors for the financial year;

   ii) Profit estimates, forecasts or projections;

   iii) Utilization of proceeds raised from any proposal;

   iv) Share buybacks;

   v) Options, warrants or convertible securities exercised;

   vi) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;

   vii) Sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;

   viii) Material variance between the results for the financial year and the unaudited results previously announced;

   ix) Profit guarantees given by the Company;

   x) Material contracts between the Company and its subsidiaries that involve directors' or major shareholders interests;

   xi) Contract of loans between the Company and its subsidiaries that involve directors' or major shareholders interests;

b) Revaluation Policy on Landed Properties

   The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 August 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders. The Board is pleased to present the Statement on Risk Management and Internal Control which outlines the Group's internal control framework and risk management system for the financial year ended 31 August 2016 pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement of Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board recognises the importance of a sound system of internal control and risk management practices for a good corporate governance. The Board acknowledges that the overall responsibility of maintaining a reliable system of risk management and internal control lies with them and is achieved through the process of reviewing the adequacy and integrity of the Group's risk management and internal control systems, information systems and monitoring for compliance with the applicable rules and regulations, directives, guidelines, internal policies and procedures. The Board is also aware that reviewing of the Group's risk management and internal control system is a concerted and a continuing effort and process.

The system of risk management and internal control is designed to manage and minimize rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The system of risk management and internal control are designed to achieve the following objectives :-

- Safeguard the shareholders' interest and assets of the Group;
- Ensure the achievement of corporate objectives;
- Ensure compliance with regulatory requirements; and
- Identify and manage risk affecting the Group.

Risk Management Framework

The Board regards risk management as an integral part of business operations. The Chief Executive Officer is directly involved in the day-to-day business operations of the Group and play an important role in monitoring major business risks and appraising their financial objectives.

Scheduled informal operational and management meetings are held with Management to identify, discuss and resolve business and operational issues. Significant matters identified are raised to the Board for discussion during meetings.

The Group's financial risk management policies and objectives are clearly defined to ensure adequate financial resources are available for the development of the Group's business whilst managing its risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Key Elements of Internal Control

The Board together with management ensures that there is a sound internal control framework and ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Group in the achievement of its objectives and strategies.

The Management structure of the Group is defined, with clear lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trial of accountability.

Management accounts and reports are prepared on a monthly basis for effective monitoring, decision-making and facilitate effective discussion at Board meetings on a quarterly basis. Effective reporting systems, which exposes significant variance against prior year and/or period figures are in place to monitor performance. Key variances are followed up by the management and reported to the Board on a quarterly basis.

Senior management and each Head of Departments who have accumulated years of experience within the Group exercise a hand-on approach on the operational and financial affairs of the Group. The Board undertakes on-going reviews of the key commercial and financial risks facing the Group's business together with general risks of the Company.

Review of the Statement by the External Auditors

This Statement has been reviewed by the External Auditors for inclusion in the Annual Report in accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion by the Board

The Board has reviewed the adequacy and effectiveness of the risk management and internal control system based on the information provided by the key management in the Company and the assurance provided by the External Auditors.

The Board has received assurance from the Chief Executive Officer and the Finance Department that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Group's risk management and internal control system does not apply to the associate company as the Board does not have control over its operations. Notwithstanding, the Group's interests are served through representation on the board of the associate company which provide the Board with timely information and decision making in relation to the investment in its associate company.

No material losses were incurred during the financial year under review as a result of weaknesses in risk management and the internal control system. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management an internal control system in place for the financial year ended 31 August 2016 are adequate and effective to safeguard shareholders' investments, the Group's assets and the interest of other stakeholders.

This Statement is made in accordance with the resolution of the Board dated 30 November 2016.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Board of Directors of NWP Holdings Berhad is committed to undertaking Corporate Social Responsibility ("CSR") initiatives that ensure the Group's sustainable development while impacting upon society and the environment in a positive manner.

ENVIRONMENT

The Group has the highest regard for the environment. Good environmental practices in our operations ensure the viability and sustainability of our operations for the long-term. In this aspect the Group's CSR initiatives employed the following strategies: -

a) Practice only Reduce Impact Logging (RIL) Method in our timber harvesting operation.

b) Undertake sustainable forest management in accordance with Forestry Department Guidelines, including silviculture and replanting of valuable species to ensure sustainability for the future.

c) Do not purchase or utilized any logs that are illegally logged in our production.

d) Utilization of most of our waste products, such as sawdust and off-cuts to fuel our boilers to generate steam energy for our kiln-drying chambers. This ensures little wastage in our valuable resources and at the same time reducing environmental pollution and production cost.

MARKETPLACE

The Group values its business ties with both its customers and suppliers through constantly striving to meet their needs in terms of quality and pricing of its products and services.

The Group conducts its business in accordance to a high standard of business ethics and in compliance with all relevant legislation.

WORKPLACE

The Company recognizes that the employees are invaluable assets of the Group and play a vital role in achieving the vision and mission of the Group. Our employees are the heart of the Group and the key to the competitive success in the marketplace.

Toward this end, the Group constantly promotes human capital development.

All new workers are given induction training and retraining is provided every six months. Staffs are also given opportunity to attend training courses and seminars to enable them to acquire new skills and improved their production efficiency.

The Group has never employed illegal foreign workers or workers below the statutory working age. Moreover, as a policy, we do not discriminate against any race, gender, age and minorities.

Significant importance is attached in upholding the understanding the family as a unit. The Group provides accommodation to immediate family members of workers so that they can stay together.

As to its commitment to health and safety, it ensures that the appropriate resources and manpower are in place to reduce and avoid any incident or accident in its workplace. Safety gears, training and frequent drills are carried out to instill safety consciousness in the staff and workers.

The Group is an equal opportunity employer and has always been actively promoting mutual respect among the staff.

The Group will continue to review its corporate social responsibilities efforts with the view of sharing the benefits with its stakeholders.

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DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net loss for the financial year	(2,917,687)	(13,208,310)
Attributable to:		
Owners of the Company	(2,896,113)	(13,208,310)
Non-controlling interests	(21,574)	-
	(2,917,687)	(13,208,310)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend payment in respect of the current financial year ended 31 August 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT
(Continued)

DIRECTORS

The Directors who served since the date of the last report are as follows:-

Wong See Ming	
Paulinus Mojiun	
Dato' Sri Kee Soon Ling	(Appointed on 06.05.2016)
Dato' Zhang Li	(Appointed on 06.05.2016)
Mak Hon Leong	(Appointed on 17.06.2016)
Professor Datuk Dr. Dominic Lau Hoe Chai	(Appointed on 16.08.2016)
Yew Onn Chong	(Appointed on 20.10.2016)
Chang Chee Ching	(Resigned on 06.05.2016)
Wong Wee Kean	(Resigned on 06.05.2016)
Datuk John Maluda @ Wanji	(Resigned on 20.10.2016)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 August 2016, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:-

	Number of ordinary shares of RM0.25 each			
	At 01.09.2015	Bought	Sold	At 31.08.2016
The Company				
Direct interest				
Wong See Ming	19,407,000	-	-	19,407,000
Mak Hon Leong	-	20,000,000	-	20,000,000
Dato' Sri Kee Soon Ling	-	36,745,200	-	36,745,200
Indirect interest				
Wong See Ming *	160,355,996	-	(51,304,000)	109,051,996
Wong See Ming **	27,200,000	-	(27,200,000)	-

* Held through Sepang Heights Sdn. Bhd., which owns 34.08% equity of the Company.
** Held through Cashflow Budget Sdn. Bhd., disposed the equity of the Company during the year.

By virtue of their interest in the shares of the Company, the above-mentioned Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT
(Continued)

DIRECTORS BENEFITS

Since the end of the previous financial year, no Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 26 and 31(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Notes 31(a) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(i) As at the end of the financial year

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(ii) From the end of the financial year to the date of this report

(a) The Directors are not aware of any circumstances:

(i) which render the writing off of bad debts or the allowance for impairment of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(iii) As at the date of this report

(a) There are no changes on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(b) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(c) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
(Continued)

SIGNIFICANT EVENTS

The significant events occurring during and subsequent to the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 November 2016.

……
Wong See Ming

……
Dato' Zhang Li

Kuala Lumpur

STATEMENT BY DIRECTORS

We, **Wong See Ming** and **Dato' Zhang Li**, being two of the Directors of **NWP Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 9 to 67 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out in Note 40, on page 68 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 November 2016.

……..…
Wong See Ming
Director

……..…
Dato' Zhang Li
Director

Kuala Lumpur

STATUTORY DECLARATION

I, **Wong See Ming**, being the Director primarily responsible for the financial management of **NWP Holdings Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 9 to 67 and the supplementary information in Note 40 on page 68 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory dated 30 November 2016.

……..…
Wong See Ming

Before me,

…….
Commissioner for Oaths
YM TENGKU FARIDDUDIN
BIN TENGKU SULAIMAN
No. W533

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NWP HOLDINGS BERHAD (495476 - M)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of NWP Holdings Berhad, which comprise the statements of financial position as at 31 August 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 67.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia **Phone:** +60(3) 7981 1799 **Fax:** +60(3) 7980 4796 **E-Mail:** kuala-lumpur@ecovis.com.my

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NWP HOLDINGS BERHAD (495476 - M)
(Incorporated in Malaysia) (Continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes; and

(c) Other than those subsidiaries with emphasis of matter paragraph in the auditors' report as disclosed in Note 6 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment under Section 174 (3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 68 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

2. The financial statements of the Group and of the Company for the financial year ended 31 August 2015 were audited by another firm of chartered accountants whose report dated 2 December 2015, expressed an unmodified opinion on those financial statements.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

PAT YIN LAI
No. 3073/12/17 (J)
Chartered Accountant

Kuala Lumpur
30 November 2016

ECOVIS AHL PLT (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia **Phone:** +60(3) 7981 1799 **Fax:** +60(3) 7980 4796 **E-Mail:** kuala-lumpur@ecovis.com.my

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STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	GROUP 2016 RM	GROUP 2015 (Restated) RM	GROUP 2014 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
ASSETS						
Non-Current Assets						
Investment in an associate	5	2,484,472	2,672,842	2,734,210	3,216,689	3,216,689
Investment in subsidiaries	6	-	-	-	14,913,434	17,763,994
Property, plant and equipment	7	36,562,858	35,391,831	36,939,445	34,667	-
Biological assets	8	38,416	64,734	91,052	-	-
Total Non-Current Assets		39,085,746	38,129,407	39,764,707	18,164,790	20,980,683
Current Assets						
Inventories	9	7,204,300	8,057,918	5,290,353	-	-
Contract work-in-progress, at cost		-	-	82,392		
Trade receivables	10	3,854,790	4,095,229	4,294,248	-	-
Other receivables	11	3,580,534	970,918	1,542,613	906,156	9,190
Amount due from an associate	12	689,730	689,730	504,049	689,730	689,730
Amount due from subsidiaries	13	-	-	-	14,913,534	23,948,340
Tax recoverable		-	-	9,755	-	-
Money market deposits with licensed banks	14	135,782	62,422	58,621	-	822
Cash and bank balances		1,556,019	342,088	1,438,596	270,608	7,559
Total Current Assets		17,021,155	14,218,305	13,220,627	16,780,028	24,655,641
TOTAL ASSETS		**56,106,901**	**52,347,712**	**52,985,334**	**34,944,818**	**45,636,324**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2016
(Continued)

	Note	GROUP 2016 RM	GROUP 2015 (Restated) RM	GROUP 2014 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
EQUITY AND LIABILITIES						
Equity						
Share capital	15	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Share premium		4,018,960	4,018,960	4,018,960	11,618,960	11,618,960
Revaluation reserve	16	16,364,724	13,943,143	13,943,143	-	-
Accumulated losses		(59,839,567)	(56,943,454)	(54,976,685)	(59,210,679)	(46,002,369)
		40,544,117	41,018,649	42,985,418	32,408,281	45,616,591
Non-controlling interest		(43,097)	(21,523)	(22,146)	-	-
Total Equity		40,501,020	40,997,126	42,963,272	32,408,281	45,616,591
Non-Current Liabilities						
Obligation under finance lease	17	-	31,546	67,477	-	-
Deferred tax liabilities	18	4,981,941	4,290,570	4,363,907	-	-
Total Non-Current Liabilities		4,981,941	4,322,116	4,431,384	-	-
Current Liabilities						
Trade payables	19	2,740,862	2,852,322	641,100	-	-
Other payables	20	4,807,288	3,254,723	3,853,604	36,537	19,733
Amount due to a Director	21	2,754,337	54,338	54,338	2,500,000	-
Obligation under finance lease	17	31,546	35,932	33,769	-	-
Bank overdraft	22	289,907	831,155	1,007,867	-	-
Total Current Liabilities		10,623,940	7,028,470	5,590,678	2,536,537	19,733
Total Liabilities		15,605,881	11,350,586	10,022,062	2,536,537	19,733
TOTAL EQUITY AND LIABILITIES		56,106,901	52,347,712	52,985,334	34,944,818	45,636,324

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

	Note	GROUP 2016 RM	GROUP 2015 (Restated) RM	COMPANY 2016 RM	COMPANY 2015 RM
Revenue	23	12,680,238	17,559,810	10	22
Cost of sales		(12,764,280)	(15,354,147)	-	-
Gross (loss)/profit		(84,042)	2,205,663	10	22
Other income		20,615	710,054	-	657,352
Administration expenses		(1,709,375)	(1,468,600)	(394,446)	(101,977)
Other operating expenses		(890,843)	(3,294,126)	-	-
(Loss)/Profit from operations		(2,663,645)	(1,847,009)	(394,436)	555,397
Finance cost	24	(139,009)	(156,351)	-	-
Impairment losses on investment in subsidiaries		-	-	(3,850,550)	(10)
Impairment losses on amount due from subsidiaries		-	-	(8,963,324)	(1,891,105)
Share of result in an associate		(188,370)	(61,368)	-	-
Loss before tax	25	(2,991,024)	(2,064,728)	(13,208,310)	(1,335,718)
Income tax expense	28	73,337	98,582	-	-
Loss after tax		(2,917,687)	(1,966,146)	(13,208,310)	(1,335,718)
Other comprehensive income					
Item that are not reclassified subsequently to profit or loss					
Surplus on revaluation of property, plant and equipment, net of tax		2,421,581	-	-	-
Total comprehensive expense		(496,106)	(1,966,146)	(13,208,310)	(1,335,718)
Loss attributable to:					
Owners of the parent		(2,896,113)	(1,966,769)		
Non-controlling interest		(21,574)	623		
		(2,917,687)	(1,966,146)		
Total comprehensive expense attributable to:					
Owners of the parent		(474,532)	(1,966,769)		
Non-controlling interest		(21,574)	623		
		(496,106)	(1,966,146)		
Loss per share attributable to owners of the parent (Sen per share)	29	(0.91)	(0.61)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

		Attributable to Equity Holders of the Parent						
		← Non-distributable			→ Distributable			
GROUP	**Note**	**Share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Accumulated losses RM**	**Equity attributable to owners of the parent RM**	**Non-controlling interest RM**	**Total RM**
At 1 September 2014		80,000,000	4,018,960	17,625,662	(55,367,598)	46,277,024	(22,146)	46,254,878
Prior years adjustments	38	-	-	(3,682,519)	390,913	(3,291,606)	-	(3,291,606)
Restated at 1 September 2014		80,000,000	4,018,960	13,943,143	(54,976,685)	42,985,418	(22,146)	42,963,272
Loss after tax		-	-	-	(1,966,769)	(1,966,769)	623	(1,966,146)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive expense		-	-	-	(1,966,769)	(1,966,769)	623	(1,966,146)
Restated at 31 August 2015		80,000,000	4,018,960	13,943,143	(56,943,454)	41,018,649	(21,523)	40,997,126
Loss after tax		-	-	-	(2,896,113)	(2,896,113)	(21,574)	(2,917,687)
Other comprehensive income		-	-	2,421,581	-	2,421,581	-	2,421,581
Total comprehensive income/(expense)		-	-	2,421,581	(2,896,113)	(474,532)	(21,574)	(496,106)
At 31 August 2016		80,000,000	4,018,960	16,364,724	(59,839,567)	40,544,117	(43,097)	40,501,020

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

	← Non-distributable →			
COMPANY	**Share capital RM**	**Share premium RM**	**Accumulated losses RM**	**Total RM**
At 1 September 2014	80,000,000	11,618,960	(44,666,651)	46,952,309
Loss after tax	-	-	(1,335,718)	(1,335,718)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(1,335,718)	(1,335,718)
At 31 August 2015	80,000,000	11,618,960	(46,002,369)	45,616,591
Loss after tax	-	-	(13,208,310)	(13,208,310)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(13,208,310)	(13,208,310)
At 31 August 2016	80,000,000	11,618,960	(59,210,679)	32,408,281

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2015

	Note	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
CASH FLOW FROM OPERATING ACTIVITIES					
Loss before tax		(2,991,024)	(2,064,728)	(13,208,310)	(1,335,718)
Adjustments for:-					
Bad debts written off		11,110	4,777	-	-
Impairment losses on trade and other receivables		210,585	3,288,535	-	-
Impairment losses on property, plant and equipment		578,382	-	-	-
Impairment losses on investment in subsidiaries		-	-	3,850,550	10
Impairment losses on amount due from subsidiaries		-	-	8,963,324	1,891,105
Reversal of impairment losses on amount due from a subsidiary		-	-	-	(471,671)
Amortisation of biological assets	8	26,318	26,318	-	-
Depreciation of property, plant and equipment	7	1,754,358	1,792,851	333	-
Gain on disposal of property, plant and equipment		(4,999)	(1,333)	-	-
Share of result in an associate		188,370	61,368	-	-
Unrealised foreign exchange loss/(gain)		12,820	(404,511)	-	(185,681)
Interest expenses		139,009	156,351	-	-
Interest income		(90)	(101)	(10)	(22)
Operating (loss)/profit before changes in working capital		(75,161)	2,859,527	(394,113)	(101,977)
Changes in working capital					
Inventories		853,618	(2,767,565)	-	-
Contract work-in-progress		-	82,392	-	-
Trade and other receivables		(2,603,693)	(2,303,768)	(896,966)	(4)
Trade and other payables		1,441,105	1,612,342	16,804	3,755
Amount due to a Director		2,699,999	-	2,500,000	-
Cash flow from/(used in) operations		2,315,868	(517,072)	1,225,725	(98,226)
Interest paid		(139,009)	(151,218)	-	-
Interest received		90	101	10	22
Tax refunded		-	35,000	-	-
Net cash flow from/(used in) operating activities		2,176,949	(633,189)	1,225,735	(98,204)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2015
(Continued)

		GROUP		COMPANY	
		2016	2015 (Restated)	2016	2015
	Note	RM	RM	RM	RM
CASH FLOW FROM INVESTING ACTIVITIES					
Net cash outflows from acquisition of interest in susidiaries		-	-	(999,990)	-
Purchase of property, plant and equipment	7	(317,478)	(279,884)	(35,000)	-
Proceeds from disposal of property, plant and equipment		5,000	35,980	-	-
Repayment from subsidiaries		-	-	71,482	95,000
Net cash flow (used in)/from investing activities		(312,478)	(243,904)	(963,508)	95,000
CASH FLOW FROM FINANCING ACTIVITY					
Repayment of obligation under finance lease		(35,932)	(38,902)	-	-
Net cash flow used in investing activities		(35,932)	(38,902)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,828,539	(915,995)	262,227	(3,204)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(426,645)	489,350	8,381	11,585
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	1,401,894	(426,645)	270,608	8,381

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The principal place of business of the Company is locate at 56 Km, Jalan Kimanis, Beaufort Highway, P.O.Box 362, 89608 Papar, Sabah. On 17 November 2016, the Company changed its head office from B-2-08, Jalan SS6/20, Dataran Glomac, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan to Suite 7.01, 7th Floor, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The registered office of the Company is located at Unit 1119, 11th Floor, Block A, Damansara Intan, No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2016.

2. BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in Note 3 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also their functional currency.

2.1 FRSs that have been issued, but not yet effective and not yet adopted

The following are Standards, Amendments and Annual improvements of the FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

FRS (Including The Consequential Amendments)		Effective Date
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS101	Disclosure Initiative	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidated Exception	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

2. BASIS OF PREPARATION (Continued)

2.1 FRSs that have been issued, but not yet effective and not yet adopted (continued)

FRS (Including The Consequential Amendments)		Effective Date
Annual improvements to FRSs 2012 – 2014 Cycle		1 January 2016
Amendments to FRS 107	Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and Company upon their initial application, except as described below:

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities will have to apply this change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Amendments to FRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

2. BASIS OF PREPARATION (Continued)

2.1 FRSs that have been issued, but not yet effective and not yet adopted (continued)

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments also clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

– gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

– gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

2. BASIS OF PREPARATION (Continued)

2.2 Malaysian Financial Reporting Standards ("MFRSs Framework") that have been issued, but have yet to be adopted

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards ("MFRSs Framework").

The MFRSs Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including the entities' parent, significant investor and venture (referred to as "Transitioning Entities" collectively).

On 8 September 2015, MASB confirmed the effective date of MFRS 15 Revenue from Contracts with Customer will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted. MFRS 15 was issued in September 2014 with the original effective date of 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will prepare its first set of MFRSs financial statements for the financial year ending 31 August 2019. In presenting its first set of MFRSs financial statements, the Group and Company will quantify the financial effects arising from the differences between MFRSs and the currently applied FRSs. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Company.

The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 September 2018.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the Group. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 August 2016 could be different if prepared under the MFRS Framework.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below.

(a) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

2. BASIS OF PREPARATION (Continued)

2.2 Malaysian Financial Reporting Standards ("MFRSs Framework") that have been issued, but have yet to be adopted (Continued)

(b) MFRS 16: Leases

MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and its related interpretations when it become effective.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e., the lease liability) with a corresponding asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Group is in the process of making assessment of the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events of similar circumstances.

The Group controls an investee if and only if the Group has all the following:-

(i) Power over the investee (i.e. existing rights that gives the Company the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect the amount of the Company's returns.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give the Group the power over the investee:-

1) The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

2) Potential voting rights held by the company, other vote holders or other parties;

3) Rights arising from other contractual arrangements; and

4) Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Subsidiaries are consolidated when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of the investment.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Consolidation (Continued)

(ii) Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administration expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in statements of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(iii) Non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statements of profit or loss and other comprehensive income of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

(b) Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

On acquisition of an investment in an associated company, any excess of the cost of investment over the Group's share of net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Investment in Associate (Continued)

Under the equity method, the investment in an associated company is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associated company is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to align the accounting policies of the associated company with those of the Group.

Upon loss of significant influence over the associated company, the Group measures and recognises any restrained investment as its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the restrained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in an associated company is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to intitial recognition, property, plant and equipment except for long term leasehold land, certain buildings and quarters are stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than 5 years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Costs also comprise the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is provided on a straight line basis so as to write off the cost or revalued amount of each asset to its residual value over the estimated useful life, at the following rates:-

Long term leasehold land	64 to 98 years
Buildings and quarters	50 years
Motor vehicles, plant and machinery	5 to 10 years
Tools and equipment and factory equipment	10 years
Renovation, furniture, fittings and equipment	5 to 10 years
Road	10 years

The residual values, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. A write down is made if the carrying value exceeds the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are derivable from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Biological Assets

New planting expenditure incurred on land clearing, planting, upkeep of immature rubber tree, direct administrative expenses and financing costs up to maturity are capitalised under biological assets and is amortised on a straight line basis over five (5) years which is the expected useful life of rubber tree. Rubber tree is estimated to mature after twelve (12) months of planting. Upon maturity, all subsequent maintenance expenditure is charged to the profit or loss.

When the biological assets have reached the end of its useful life, it is derecognised. Replanting expenditure is capitalised as new biological assets and amortised on the same basis.

(e) Lease - as lessee

(i) Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the preent value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest or the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charges as expenses in the period in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, it there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Lease - as lessee (Continued)

(ii) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(f) Financial Instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial Instruments (Continued)

(ii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

The Group and the Company designates corporate guarantees given to financial institutions for credit facilities granted to a contract customer as insurance contracts as defined in FRS 4 Insurance Contracts. The Group and the Company recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired or is transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of assets

(i) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amoritsed cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocate to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised on profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Cost of the inventories includes expenditures incurred in acquiring the inventories conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(j) Borrowing Cost

Interest-bearing borrowings are recognised based on the proceeds received, net of transactions costs incurred. Borrowings costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowings costs are charged to profit and loss as expenses in the period in which they are incurred.

(k) Provisions

Provisions for liabilities are recognised when the Group and the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the entity.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(m) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income Tax

Income tax in profit or loss for the year comprises the following:

(i) Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments recognised in the year for current tax of prior years.

(ii) Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities and their tax bases except where the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable profit will be available against which the assets can be realisable. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realisable.

Deferred tax is measured at tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Services Tax (“GST”)

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables related to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue from sale of goods is recognised upon transfer significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptances of the goods.

(ii) Rendering of Services

Revenue from services rendered is recognised as and when the services are performed, recovery of the consideration is probable and the associated costs can be measured reliably.

(iii) Rental Income

Rental income is recognised on an accrual basis.

(iv) Interest Income

Interest income is recognised using the effective interest method.

(p) Employee benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make contributions to Employees Provident Fund (“EPF”). This contribution is recognised as an expense in the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Foreign Currencies

(i) Functional and Presentation Currency

The functional currency of the Group and of the Company is determined using the currency of the primary economic environment in which the Group and the Company operates.

(ii) Transactions and Balances

Transactions in foreign currencies are recorded on initial recognition in Ringgit Malaysia ("RM") at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(r) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group and Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

(s) Related parties

A party is related to an entity if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or

(ii) has an interest in the entity that gives it significant influence over the entity; or

(iii) has joint control over the entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Related parties (Continued)

(b) the party is an associate of the entity; or

(c) the party is a joint venture in which the entity is a venturer; or

(d) the party is a member of the key management personnel of the entity or its parent; or

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

(t) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic participant that would use the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purpose, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or in directly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Judgements Made in Applying Accounting Policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

(a) Going Concern

As at the reporting date, the subsidiaries: DMKT Timber Sdn. Bhd. , NWP Builder Sdn. Bhd. and NWP O & M Sdn. Bhd. have its current liabilities exceeded its current assets. The ability of the subsidiaries to continue as a going concern is dependent on the continued financial support from the Group. The financial statements of the subsidiaries do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the subsidiaries be unable to continue as going concern.

(b) Impairment of Non-Financial Assets

When the recoverable amount of a non-financial asset is determined based on the estimate of the value in use of the cash generating units to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating units and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(c) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(d) Impairment of Interest in Subsidiaries and Associate

Interest in subsidiaries and associate which include the investment in subsidiaries and associate and advances to subsidiaries and associate are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such impairment exist, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and associate and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Future cash flows largely depends on the forecast of the future performance of the subsidiaries and associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Judgements Made in Applying Accounting Policies (Continued)

(e) Revenue Recognition

The management makes judgement based on the terms of the contract and experiences in determining the appropriate point for recognising the sales as revenue in the financial statements that meet the following three (3) revenue recognition criteria:-

(i) the entity has transferred to the buyer the significant risks and rewards of ownership;

(ii) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the service rendered; and

(iii) it is probable that the economic benefits associated with the transaction will flow to the entity.

Generally, the management considers the delivery of goods completed and when the contract becomes unconditional as the most appropriate point for recognising the sales as revenue.

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of Inventories

Reviews are carried out periodically by management on damaged, obsolete and slow-moving inventories. These reviews involved judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(b) Useful Lives of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised and impairment loss could be provided.

The carrying amount of the Group's property, plant and equipment as at reporting date is disclosed in Note 7.

(c) Valuation of Property, Plant and Equipment

The fair value of property, plant and equipment is individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The valuers and Directors have relied on the following methodologies:-

(i) Long term leasehold land and buildings - comparison method by reference to observable prices in an active market or recent market transactions on arm's length terms.

(ii) Plant and machinery - depreciated replacement cost method, which is based on the current cost of replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Key Sources of Estimation Uncertainty (Continued)

(d) Taxation

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional taxed will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred Tax Assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

5. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Unquoted investment, at cost	3,216,689	3,216,689	3,216,689	3,216,689
Less:				
- Unrealised gain on disposal of property, plant and equipment to associate	(99,816)	(99,816)	-	-
- Share of losses in associate	(632,401)	(444,031)	-	-
	2,484,472	2,672,842	3,216,689	3,216,689

Name of Associate	Place of Incorporation	Principal Activities	Effective Equity Interest 2016	2015
NWP LAO Industries Co., Ltd	Lao People's Democratic Republic	Manufacturing and selling of timber and timber products	25.66%	25.66%

On 8 July 2011, the Company entered into a joint venture agreement ("Agreement") with NWP LAO Industries Co., Ltd ("NLI") to venture into timber related business in Lao People's Democratic Republic.

Based on the Agreement, the Company is required to subscribe 40% of the registered capital of NLI and consideration for the shares registered shall be satisfied by way of introduction of assets and cash.

As at 31 August 2016, a balance of 14.34% of the registered capital have not been subscribed and the agreed subscription is by way of introduction of further assets as consideration and the subscription is pending on the full operation of the associate. The further assets, which were all included in non-current assets held for sale previously have been transferred in the financial year ended 31 August 2014 to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

5. INVESTMENT IN AN ASSOCIATE (Continued)

Within the same Agreement, an additional 9% of subscription in shares was granted as an option to the Company and the option shall be exercised within a period of two (2) years from the date of the Agreement. As at 31 August 2016, the option has not been exercised and was extended with mutual understanding by parties of the Agreement.

The investment in NLI was accounted for in the financial statements under the equity method using the non-audited financial statements, as the audited financial statements of the associate are not available.

The summarised financial information of the associate not adjusted for proportion of ownership interest held by the Group is as follows:-

	2016 RM	2015 RM
Revenue	1,389,957	3,530,568
Loss after tax	(734,101)	(239,158)
Non-current assets	12,374,735	9,726,631
Current assets	2,037,667	1,606,107
Current liabilities	(906,521)	(1,017,275)
Net assets	13,505,881	10,315,463

6. INVESTMENT IN SUBSIDIARIES

COMPANY

	2016 RM	2015 RM
Unquoted shares, at cost	55,270,716	54,270,726
Less: Accumulated impairment losses	(40,357,282)	(36,506,732)
	14,913,434	17,763,994

The movement in the impairment account is as follow:-

	2016 RM	2015 RM
At 1 September	36,506,732	36,978,393
Addition	3,850,550	10
Recovery	-	(471,671)
At 31 August	40,357,282	36,506,732

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

6. INVESTMENT IN SUBSIDIARIES (Continued)

All the subsidiaries are incorporated in Malaysia and their details are as follows:-

Name of Subsidiaries	Principal Activities	% of Ownership Interest Held by the Group 2016	% of Ownership Interest Held by the Group 2015	% of Ownership Interest Held by Non-Controlling Interest 2016	% of Ownership Interest Held by Non-Controlling Interest 2015
NWP Industries Sdn. Bhd.	Manufacturing and selling of timber and timber products, provision of kiln drying services and trading of agricultural produce.	100%	100%	-	-
DMKT Timber Sdn. Bhd.	Dormant	100%	100%	-	-
NWP O & M Sdn. Bhd.	Providing of sawmilling services and agricultural produce business.	90%	90%	10%	10%
NWP Builder Sdn. Bhd.	Provision of construction development and related services.	100%	100%	-	-

The auditors' report of DMKT Timber Sdn. Bhd., NWP Builder Sdn. Bhd. and NWP O & M Sdn. Bhd. have included an emphasis of matter in regard to the application of going concern assumption in the preparation of the financial statements.

Financial information of NWP O & M Sdn. Bhd., a subsidiary that have non-controlling interest are provided below:-

(a) Summarised Statement of Financial Position

	2016 RM	2015 RM
Non-current assets	69,051	107,839
Current assets	606,983	1,036,810
Total assets	676,304	1,144,649
Current liabilities	(1,108,866)	(1,361,740)
Net liabilities	(432,832)	(217,091)
Equity attributable to:-		
Owners of the parent	(389,735)	(195,568)
Non-controlling interest	(43,097)	(21,523)
	(432,832)	(217,091)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

6. INVESTMENT IN SUBSIDIARIES (Continued)

(b) Summarised Statement of Profit and Loss and Other Comprehensive Income

	2016 RM	2015 RM
Revenue	340,043	483,454
Net (loss)/profit for the year	(215,741)	6,231
Net (loss)/profit attributable to:-		
Owners of the parent	(194,167)	5,608
Non-controlling interest	(21,574)	623
Total comprehensive (expense)/income	(215,741)	6,231

(c) Summarised Statement of Cash Flows

	2016 RM	2015 RM
Net cash (used in)/from operating activities	(786)	6,561
Net cash used in investing activities	-	(8,082)
Net decrease in cash and cash equivalents	(786)	(1,521)
Cash and cash equivalents at the beginning of the year	5,512	7,033
Cash and cash equivalents at the end of the year	4,726	5,512

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

7. PROPERTY, PLANT AND EQUIPMENT

GROUP

2016	Long term leasehold land RM	Buildings and quarters RM	Motor vehicles, plant and machinery RM	Tools and equipment and factory equipment RM	Renovation, furniture, fittings and equipment RM	Road RM	Capital work in progress RM	Office equipment RM	Total RM
At Cost/Valuation									
At 1 September 2015	10,911,000	19,444,800	13,306,723	155,682	2,632,794	711,380	-	-	47,162,379
Additions	-	-	193,721	14,321	38,153	-	66,283	5,000	317,478
Disposal	-	-	(9,300)	-	-	-	-	-	(9,300)
Revaluation surplus/ (deficit)	3,943,000	(4,002,094)	-	-	-	-	-	-	(59,094)
At 31 August 2016	14,854,000	15,442,706	13,491,144	170,003	2,670,947	711,380	66,283	5,000	47,411,463
Accumulated Depreciation									
At 1 September 2015	550,643	1,928,130	6,019,806	99,224	2,483,542	689,203	-	-	11,770,548
Charge for the year	166,598	601,077	912,729	14,596	48,186	11,089	-	83	1,754,358
Disposal	-	-	(9,299)	-	-	-	-	-	(9,299)
Revaluation surplus/ (deficit)	(717,241)	(2,528,143)	-	-	-	-	-	-	(3,245,384)
At 31 August 2016	-	1,064	6,923,236	113,820	2,531,728	700,292	-	83	10,270,223
Accumulated impairment									
At 1 September 2015	-	-	-	-	-	-	-	-	-
Impairment loss for the financial year (Note 25)	-	-	578,382	-	-	-	-	-	578,382
At 31 August 2016	-	-	578,382	-	-	-	-	-	578,382
Net Book Value									
At 31 August 2016	14,854,000	15,441,642	5,989,526	56,183	139,219	11,088	66,283	4,917	36,562,858
Representing:									
- At cost	-	2,706	7,192,344	170,003	2,670,947	711,380	66,283	5,000	10,818,663
- At valuation	14,854,000	15,440,000	6,298,800	-	-	-	-	-	36,592,800
	14,854,000	15,442,706	13,491,144	170,003	2,670,947	711,380	66,283	5,000	47,411,463

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

2015	Long term leasehold land RM	Buildings and quarters RM	Motor vehicles, plant and machinery RM	Tools and equipment and factory equipment RM	Renovation, furniture, fittings and equipment RM	Road RM	Total (Restated) RM
At Cost/Valuation							
At 1 September 2014	10,911,000	19,327,153	14,232,203	130,283	2,599,735	711,380	47,911,754
Additions	-	2,706	257,764	5,376	14,038	-	279,884
Disposal	-	(26,762)	(988,399)	-	(14,098)	-	(1,029,259)
Reclassification	-	141,703	(194,845)	20,023	33,119	-	-
At 31 August 2015	10,911,000	19,444,800	13,306,723	155,682	2,632,794	711,380	47,162,379
Accumulated Depreciation							
At 1 September 2014	384,045	1,353,832	6,045,408	84,327	2,440,742	663,955	10,972,309
Charge for the year	166,598	601,059	933,820	14,897	51,229	25,248	1,792,851
Disposal	-	(26,761)	(959,422)	-	(8,429)	-	(994,612)
At 31 August 2015	550,643	1,928,130	6,019,806	99,224	2,483,542	689,203	11,770,548
Net Book Value							
At 31 August 2015	10,360,357	17,516,670	7,286,917	56,458	149,252	22,177	35,391,831
Representing:							
- At cost	-	167,800	7,007,923	155,682	2,632,794	711,380	10,675,579
- At valuation	10,911,000	19,277,000	6,298,800	-	-	-	36,486,800
	10,911,000	19,444,800	13,306,723	155,682	2,632,794	711,380	47,162,379

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

2016	Renovation, furniture, fittings and equipment RM	Office equipment RM	Total RM
At Cost			
At 1 September 2015	-	-	-
Additions	30,000	5,000	35,000
At 31 August 2016	30,000	5,000	35,000
Accumulated Depreciation			
At 1 September 2015	-	-	-
Charge for the year	250	83	333
At 31 August 2016	250	83	333
Net Book Value			
At 31 August 2016	29,750	4,917	34,667

GROUP

(a) (a) The long term leasehold land and buildings of the Group were revalued on 28 October 2016 based on opinion of value expressed by an independent firm of external professional valuers, JS Valuers Property Consultants (E.M.) Sdn. Bhd., using the comparison method. The Directors are in the opinion that the revalued amount is approximated the value of these revalued assets as at financial year ended 31 August 2016. The resultant revaluation surplus of RM2,421,581 (net of deferred taxation) had been recognised as other comprehensive income and included in the revaluation reserve account as stated in Note 16.

(b) The plant and machinery of the Group have been revalued by an independent firm of external professional valuers, VPC Alliance (Sarawak) Sdn. Bhd. based on opinion of value expressed by using the replacement cost method on 31 August 2014. The revaluation had resulted a surplus of RM305,898, net of deferred tax which has been included in the revaluation reserve account as stated in Note 16.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) The fair value hierarchy of the Group's assets as at the end of the financial year is as follows:-

	← Fair Value Measurement Using →			
2016	**Quoted Price in Active Market Level 1 RM**	**Significant Observable Input Level 2 RM**	**Significant Unobservable Input Level 3 RM**	**Total RM**
Assets Measured At Fair Value				
Long term leasehold land	-	14,854,000	-	14,854,000
Buildings and quarters	-	15,440,000	-	15,440,000
Plant and machinery	-	6,298,800	-	6,298,800
	-	36,592,800	-	36,592,800
2015				
Assets Measured At Fair Value				
Long term leasehold land	-	10,911,000	-	10,911,000
Buildings and quarters	-	19,277,000	-	19,277,000
Plant and machinery	-	6,298,800	-	6,298,800
	-	36,486,800	-	36,486,800

(d) Had the revalued long term leasehold land, buildings and quarters, plant and machinery of the Group been stated at historical cost less accumulated depreciation and impairment loss, if any, the carrying amount of the revalued assets that would have been recognised in the financial statements at the end of the financial year would be as follow:-

	2016 RM	**2015 RM**
Long term leasehold land	1,434,472	1,454,116
Buildings and quarters	11,513,897	11,833,826
Plant and machinery	-	-
	12,948,369	13,287,942

(e) Motor vehicles with carrying amount of RM27,900 (2015: RM65,100) are acquired under the hire purchase instalment plans as disclosed in Note 17.

(f) Motor vehicles with carrying amount of RM27,901 (2015: RM65,101) are held in trust by the Directors of the Group.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(g) Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	2016 RM	2015 (Restated) RM
Cost		
Motor vehicles, plant and machinery	4,158,975	4,124,816
Tools and equipment and factory equipment	61,931	50,220
Renovation, furniture, fittings and equipment	2,182,046	2,182,055
Road	600,494	600,494
	7,003,446	6,957,585

8. BIOLOGICAL ASSETS

GROUP

	2016 RM	2015 RM
At Cost		
At 1 September	125,606	125,606
Additions	-	-
At 31 August	125,606	125,606
Accumulated Amortisation		
At 1 September	60,872	34,554
Charge for the year	26,318	26,318
At 31 August	87,190	60,872
Net Book Value		
At 31 August	38,416	64,734

Included in biological assets of the Group are the following expenses incurred and capitalised during the financial year:-

	2016 RM	2015 RM
Staff costs	-	3,072
Rental of equipment	-	1,126

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

9. INVENTORIES

GROUP

	2016 RM	2015 RM
At Cost		
Timber and Log		
Raw materials	3,595,902	3,828,365
Work-in-progress	840,703	1,639,353
Finished goods	772,703	434,739
Consumables	283,529	231,183
	5,492,837	6,133,640
Nurseries		
Plants	339,826	563,509
Consumables	70,066	58,888
	409,892	622,397
	5,902,729	6,756,037
At Net Realisable Value		
Timber and Log		
Raw materials	1,058,809	1,058,695
Work-in-progress	242,762	243,186
	1,301,571	1,301,881
	7,204,300	8,057,918

10. TRADE RECEIVABLES

GROUP

	2016 RM	2015 RM
Gross receivables (Note 32 (b)(i))	7,518,213	7,613,067
Less : Allowance for impairment (Note 32 (b)(i))	(3,663,423)	(3,517,838)
	3,854,790	4,095,229

The Group's and the Company's normal trade credit terms range from 30 days to 120 days (2015: 30 days to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case-to-case basis.

The Company's major concentration of credit risk relates to the amounts owing by two (2) customers (2015: two (2) customers) which constituted aprroximately 63% (2015: 65%) of its trade receivables as at the end of the reporting period.

11. OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	3,157,922	1,457,566	-	-
Deposits	1,470,228	593,320	876,725	2,000
Prepayments	387,841	295,489	29,431	7,190
	5,015,991	2,346,375	906,156	9,190
Less : Allowance for impairment	(1,435,457)	(1,375,457)	-	-
Other receivables, net	3,580,534	970,918	906,156	9,190

The movement in the allowance account is as follows:-

At 1 September	1,375,457	751,847	-	-
Recovery	-	(11,161)	-	-
Additions	60,000	634,771	-	-
At 31 August	1,435,457	1,375,457	-	-

12. AMOUNT DUE FROM AN ASSOCIATE

GROUP AND COMPANY

Amount due from an associate is unsecured, interest free and receivable on demand.

13. AMOUNT DUE FROM SUBSIDIARIES

COMPANY

	2016 RM	2015 RM
Amount due from subsidiaries	32,959,074	33,030,556
Less: Allowance for impairment (Note 32(b)(i))	(18,045,540)	(9,082,216)
	14,913,534	23,948,340

Amount due from subsidiaries is unsecured, interest free and receivable on demand.

14. MONEY MARKET DEPOSITS WITH LICENSED BANKS

GROUP AND COMPANY

The effective rate of interest from money market deposits is ranging from 3.15% to 3.3% (2015: 2.0% to 2.6%) per annum and is realisable upon demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

15. SHARE CAPITAL

GROUP AND COMPANY

	2016		2015	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.25 each:				
Authorised:				
At the beginning/end of financial year	400,000,000	100,000,000	400,000,000	100,000,000
Issued and fully paid:				
At the beginning/end of financial year	320,000,000	80,000,000	320,000,000	80,000,000

16. REVALUATION RESERVE

GROUP

	2016 RM	2015 (Restated) RM
At 1 September/31 August	13,943,143	13,943,143
Surplus on revaluation of property, plant and equipment	3,186,289	-
Deferred tax liability arising on revaluation (Note 18)	(764,708)	-
	2,421,581	-
	16,364,724	13,943,143

Revaluation reserve represents non-distributable surplus arising from the revaluation of leasehold land, buildings and quarters, plant and machinery as stated in Note 7.

17. OBLIGATION UNDER FINANCE LEASE

GROUP

The Group has obligation under finance lease for certain assets as disclosed in property, plant and equipment (Note 7). Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:-

	2016 RM	2015 RM
Minimum Finance Lease Payments:		
Not later than 1 year	32,371	71,276
Later than 1 year but not later than 2 years	-	-
	32,371	71,276
Less: Future finance charges	(825)	(3,798)
Present value of finance lease liabilities	31,546	67,478
Repayable as follows:		
Not later than 1 year	31,546	35,932
Later than 1 year but not later than 2 years	-	31,546
Later than 2 years but not later than 5 years	-	-
	31,546	67,478
Analysed as:-		
Due within 12 months	31,546	35,932
Due after 12 months	-	31,546
	31,546	67,478

The effective interest rate of the obligation under finance lease ranged from 6.16% to 7.92% (2015 : 6.16% to 7.92%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

18. DEFERRED TAX LIABILITIES

GROUP

	2016 RM	2015 (Restated) RM
At 1 September	4,290,570	4,363,907
Recognised in profit and loss	(73,337)	(73,337)
Additions (Note 16)	764,708	-
At 31 August	4,981,941	4,290,570
Represented by:		
Deferred tax assets	-	-
Deferred tax liabilities	4,981,941	4,290,570
	4,981,941	4,290,570

Deferred tax liabilities are in respect of the tax on surplus arising from revaluation of property, plant and equipment.

19. TRADE PAYABLES

GROUP

The normal trade credit terms granted to the Group ranged from 30 to 120 days (2015: 30 to 120 days).

20. OTHER PAYABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables:-				
- Third party	436,729	350,314	12,837	7,893
- Related party	3,595,918	2,285,918	-	-
Accruals	704,563	529,378	23,700	11,840
Deposit received	70,078	89,113	-	-
	4,807,288	3,254,723	36,537	19,733

The amount owing to a related party includes an amount of RM2,650,000 (2015: RM2,000,000) which is unsecured, repayable on demand and bears cost of fund of 3.5% (2015: 3.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

21. AMOUNT DUE TO A DIRECTOR

GROUP AND COMPANY

The amount due to a Director is unsecured, interest free and repayable on demand.

22. BANK OVERDRAFT

GROUP

The bank overdraft bears interest at 8.6% (2015: 8.6%) per annum and is secured by way of :-

(i) Registered debentures over all the fixed and floating assets of a subsidiary;

(ii) Corporate guarantee given by the Company; and

(iii) Jointly and severally guaranteed by two (2) former directors of a subsidiary.

23. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of timber and timber products	11,783,402	16,716,347	-	-
Sale of agriculture product	340,043	721,339	-	-
Rendering of services	554,805	91,128	-	-
Money market interest income	10	22	10	22
Sale of ice blocks	1,978	30,974	-	-
	12,680,238	17,559,810	10	22

24. FINANCE COST

GROUP

	2016 RM	2015 RM
Cost of fund on unsecured advances	70,192	70,000
Bank overdraft interest	65,845	81,217
Obligation under finance lease interest	2,972	5,134
	139,009	156,351

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

25. LOSS BEFORE TAX

The following amounts have been included in arriving at the loss before tax:-

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging:-				
Auditors' remuneration				
- Current year	60,000	40,520	25,000	13,200
- Overprovison in previous year	(350)	(2,000)	-	-
Impairment losses on amount due from subsidiaries	-	-	8,963,324	1,891,105
Amortisation of biological assets	26,318	26,318	-	-
Bad debts written off	11,110	4,777	-	-
Depreciation of property, plant and equipment	1,754,358	1,792,851	333	-
Directors' remuneration (Note 26 and 31(b)):-				
- Fees	192,000	77,000	142,000	-
- Salaries	312,000	254,000	-	-
- Other emoluments	40,085	32,986	-	-
Impairment losses on investment in subsidiaries	-	-	3,850,550	10
Impairment losses on:-				
- Trade receivables (Note 32(b)(i))	150,585	2,688,535	-	-
- Other receivables	60,000	600,000	-	-
- Property, plant and equipment	578,382	-	-	-
Loss on realised foreign exchange	77,946	-	-	-
Loss on unrealised foreign exchange	12,820	-	-	-
Rental of land	35,000	-	-	-
Rental of premises	78,300	122,283	-	-
Staff costs (Note 27):-				
- Salaries, wages and allowance	2,877,533	2,450,539	-	-
- EPF and SOCSO	223,352	222,136	-	-
- Other employee benefits	104,938	112,108	126	-
After crediting:-				
Money market interest income	(90)	(101)	(10)	22
Other income	(10,535)	-	-	-
Reversal of impairment losses on investment of a subsidiary	-	-	-	(471,671)
Recovery of impairment losses on:				
- Trade receivables	(5,000)	(2,000)	-	-
- Other receivables	-	(11,161)	-	-
Realised foreign exchange gain	-	(235,776)	-	-
Unrealised foreign exchange gain	-	(404,511)	-	(185,681)
Gain on disposal of property, plant and equipment	(4,999)	(1,333)	-	-

26. DIRECTOR REMUNERATION

GROUP

	2016 RM	2015 RM
Directors of the Company		
Executive:-		
Salaries	312,000	254,000
Other emoluments	40,085	32,986
Non-Executive:-		
Fees	192,000	77,000
Total	544,085	363,986

Number of Directors of the Company whose total remuneration paid by the Group during the year fall within the following bands:-

	2016	2015
Executive Director		
RM10,000- RM100,000	1	1
RM100,001- RM200,000	1	1
Non-Executive Director		
Below RM50,000	3	3

27. STAFF COSTS

GROUP

	2016 RM	2015 RM
Salaries, wages and allowances	2,877,533	2,450,539
EPF and Socso	223,352	222,136
Other employee benefits	104,938	112,108
	3,205,823	2,784,783

Number of employees in the Group at the end of the financial year (exclude Directors) are 106 (2015 : 135).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

28. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2016	2015 (Restated)	2016	2015
	RM	RM	RM	RM
Income tax:-				
Current year expense	-	-	-	-
Over provision in previous year	-	25,245	-	-
Deferred tax:-				
Relating to origination and reversal of temporary differences	73,337	73,337	-	-
Income tax expense for the financial year	73,337	98,582	-	-

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

The reconciliation of income tax expense applicable to the loss before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	GROUP		COMPANY	
	2016	2015 (Restated)	2016	2015
	RM	RM	RM	RM
Loss before tax	(2,991,024)	(2,064,728)	(13,208,310)	(1,335,718)
Tax at the statutory tax rate of 24% (2015: 25%)	(717,846)	(516,182)	(3,169,994)	(333,929)
Tax effects of:				
Non-deductible expenses	741,764	1,002,969	3,169,996	333,935
Income not subject to tax	(1,221)	(101,487)	(2)	(6)
Deferred tax assets not recognised during the year	42,469	172,612	-	-
Tax saving on utilisation of unabsorbed tax losses and capital allowance	(65,166)	(557,912)	-	-
Crystallisation of deferred tax liabilities arose from revaluation surplus	73,337	73,337	-	-
Over provision of tax in previous year	-	25,245	-	-
Income tax expense for the financial year	73,337	98,582	-	-

28. INCOME TAX EXPENSE (Continued)

Deferred tax assets in respect of the following items have not been recognised except to the extent it offset the deferred tax liabilities relating to the same tax authority:-

	GROUP		COMPANY	
	2016	2015 (Restated)	2016	2015
	RM	RM	RM	RM
Unabsorbed capital allowances	(8,092,000)	(6,822,000)	-	-
Unabsorbed tax losses	(38,726,000)	(38,549,000)	-	-
	(46,818,000)	(45,371,000)	-	-
Potential net tax benefits calculated at 24% tax rate (2015: 24%)	(11,236,320)	(10,889,040)	-	-

As at 31 August 2016, the deferred tax assets are not recognised in the financial statements due to uncertainty of realisation of future taxable profit that can be utilised.

In addition, the Group has unabsorbed reinvestment allowances of RM18,494,326 (2015: RM18,494,326) which can be offset against future taxable profits of the relevant company subject to the agreement by the Inland Revenue Board.

29. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing loss for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares during the financial year.

	GROUP	
	2016	2015 (Restated)
	RM	RM
Loss after tax attributable to owners of the parent	(2,896,113)	(1,966,769)
	Number of shares	Number of shares
Number of ordinary shares	320,000,000	320,000,000
	Sen per share	Sen per share
Basic loss per share	(0.91)	(0.61)

The diluted earnings per share are not presented as there are no potential ordinary shares outstanding at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

30. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	1,556,019	342,088	270,608	7,559
Money market deposits with licensed banks	135,782	62,422	-	822
	1,691,801	404,510	270,608	8,381
Bank overdraft	(289,907)	(831,155)	-	-
	1,401,894	(426,645)	270,608	8,381

31. RELATED PARTY DISCLOSURE

GROUP

(a) Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Company and related party took place at terms and conditions mutually agreed between the parties during the financial year:-

	2016 RM	2015 RM
Cost of fund charged by a corporation in which a Director, Mr. Wong See Ming, has substantial financial interest	70,192	70,000

(b) Compensation of Key Management Personnel

	2016 RM	2015 RM
Short-term employee benefits	504,000	331,000
Defined contribution plan	40,085	32,986
	544,085	363,986
Comprised amounts paid to:-		
Directors (Note 26)	544,085	363,986

32. FINANCIAL INSTRUMENTS

(a) Classification and Fair Value Disclosures

The following table analysed the financial assets and liabilities of the Group and of the Company in the statements of financial position class of financial instrument to which they are assigned:-

		GROUP		COMPANY	
		Loans and Receivables		Loans and Receivables	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Financial Assets					
Trade receivables	10	3,854,790	4,095,229	-	-
Other receivables	11	3,580,534	970,918	906,156	9,190
Amount due from an associate	12	689,730	689,730	689,730	689,730
Amount due from subsidiaries	13	-	-	14,913,534	23,948,340
Money market deposits with licensed banks	14	135,782	62,422	-	822
Cash and bank balances		1,556,019	342,088	270,608	7,559
Financial Liabilities					
Trade payables	19	2,740,862	2,852,322	-	-
Other payables	20	4,807,288	3,254,724	36,537	19,733
Amount due to a Director	21	2,754,337	54,338	25,000,000	-
Obligation under finance lease	17	31,546	67,478	-	-
Bank overdraft	22	289,907	831,155	-	-

The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 25.

Determination of fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between acknowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Management has determined that the carrying amounts of the above categories of financial instruments based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of non-current portion of obligation under finance lease is reasonable approximately their fair value due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group's policy is not engage in speculative transactions.

(i) Credit Risk

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasuries activity are set out as follows:-

The Group's credit risk arises principally from the receivables from customers and other receivables. Credit risk on trade receivables is managed by the application of credit approvals, credit limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis by the management team.

The Group's credit terms given to customers generally range from 30 to 120 days from the date of delivery or acceptance by customers and are frequently assessed and approved on a case-by-case basis. The maximum exposure to credit risk is represented by carrying amount in the statements of financial position and as presented in Note 10.

	2016 RM	2015 RM
Neither past due nor impaired	1,360,016	1,524,205
Past due 1 to 30 days but not impaired	33,138	86,428
Past due 31 to 120 days but not impaired	323,783	194,038
More than 120 days but not impaired	2,137,853	2,290,558
	2,494,774	2,571,024
Past due and impaired	3,663,423	3,517,838
Gross receivables (Note 10)	7,518,213	7,613,067

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,494,774 (2015: RM2,571,024) that are past due at the reporting date but not impaired. The management is confident that these receivables which are unsecured are recoverable and they are regular and active customers that have been transacting with the Group.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures (Continued)

(i) Credit Risk (Continued)

Trade receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date are determined on a case-by-case basis, and normally relate to debtors that have financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The movement of the allowance accounts used to record the impairment loss is as follow:-

GROUP

	2016 RM	2015 RM
Allowance for Impairment Account		
At 1 September	3,517,838	831,303
Additions (Note 25)	150,585	2,688,535
Recovery (Note 25)	(5,000)	(2,000)
At 31 August (Note 10)	3,663,423	3,517,838

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

The maximum exposure to the credit risk amounts to approximately RM0.3 million (2015: RM0.8 million) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

Inter-company balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures (Continued)

(i) Credit Risk (Continued)

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The movements of impairment of loans to subsidiaries during the financial year were:-

COMPANY

	2016 RM	2015 RM
Allowance for Impairment Account		
At 1 September	9,082,216	7,191,111
Additional for the financial year (Note 25)	8,963,324	1,891,105
At 31 August (Note 13)	18,045,540	9,082,216

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not able to meet its financial obligations as they fall due. The Group's source of financing mainly comes from the paid-up share capital and credit facilities from banks and a corporation to ensure that the Group has sufficient liquidity to meet their liabilities when they fall due.

Maturity analysis of financial liabilties

The maturity of the trade and other payables and bank overdraft are due within one (1) year and the maturity analysis of obligation under finance lease is presented in Note 17.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their borrowings.

The Group manages the net exposure to interest rate risk by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risk on an ongoing basis.

Management does not enter into interest rate hedging transactions since it considers that the cost of such instrument outweigh the potential risk of interest rate fluctuation.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures (Continued)

(iii) Interest Rate Risk (Continued)

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:-

		2016		2015	
	Note	Effective Interest Rate %	RM	%	Effective Interest Rate RM
Financial Assets					
Fixed Rate Instruments					
Money market deposits with licensed banks	14	3.15 to 3.30	135,782	2.00 to 2.60	62,422
Financial Liabilities					
Fixed Rate Instruments					
Other payables	20	3.50	2,650,000	3.50	2,000,000
Obligation under finance lease	17	6.16 to 7.92	31,546	6.16 to 7.92	67,478
Floating Rate Instruments					
Bank overdraft	22	8.60	289,907	8.60	831,155

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group does not have significant fixed rate financial assets and is not subject to changes in market interest rates for its fixed financial liabilities.

Therefore, a change in interest rates at the reporting date would not affect profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures (Continued)

(iii) Interest Rate Risk (Continued)

Fair value sensitivity analysis for variable rate instruments

A change of 25 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity and Profit or Loss	
	25bp Increase RM	25bp Decrease RM
Variable rate instruments	7,247	7,247

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has occasional transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currency of the Group, Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily United States Dollar ("USD") and Australia Dollar ("AUD").

The Group is also exposed to currency translation risk arising from its investment in an associate in LAO People's Demoractic Republic with carrying amount of the Group of RM2,484,472 (2015: RM2,672,842).

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on the carrying amounts at the reporting date is as follow:-

	USD RM	AUD RM	RM RM	Total RM
At 31 August 2016				
Financial Assets				
Trade and other receivables	2,562,986	-	4,872,338	7,435,324
Amount due from an associate	689,730	-	-	689,730
Money market deposits with licensed banks	-	-	135,782	135,782
Cash and bank balances	183,977	5,826	1,366,216	1,556,019
	3,436,693	5,826	6,374,336	9,816,855
Currency exposure, net	3,436,693	5,826	-	3,442,519

32. FINANCIAL INSTRUMENTS (Continued)

(b) Risks Disclosures (Continued)

(iv) Foreign Currency Risk (Continued)

Exposure to foreign currency risk (Continued)

	USD RM	AUD RM	RM RM	Total RM
At 31 August 2015				
Financial Assets				
Trade and other receivables	2,346,701	-	2,719,446	5,066,147
Amount due from an associate	689,730	-	-	689,730
Money market deposits with licensed banks	-	-	62,422	62,422
Cash and bank balances	167,386	5,826	168,876	342,088
	3,203,817	5,826	2,950,744	6,160,387
Currency exposure, net	3,203,817	5,826	-	3,209,643

Sensitivity analysis for foreign currency risk

The following table details the sensitivity analysis of the Group's loss for the year and equity to a reasonable possible change in the major foreign currency USD against the functional currency with all other variables held constant:-

	2016		2015	
	Effect on Loss After Taxation RM	Effect on Equity RM	Effect on Loss After Taxation RM	Effect on Equity RM
USD				
- Strengthened by 5% (2015: 5%)	171,835	171,835	160,191	160,191
- Weakened by 5% (2015: 5%)	(171,835)	(171,835)	(160,191)	(160,191)

33. CAPITAL MANAGEMENT

GROUP

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 August 2016 and 31 August 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

33. CAPITAL MANAGEMENT (Continued)

The Group monitors capital using a gearing ratio, which is net borrowings divided by equity attributable to owners of the Group. The Group includes within trade and other payables, amount due to a director, obligation under finance lease and bank overdraft less cash and bank balances and money market deposits with licensed banks.

	Note	2016 RM	2015 (Restated) RM
Trade payables	19	2,740,862	2,852,322
Other payables	20	4,807,288	3,254,723
Amount due to a Director	21	2,754,337	54,338
Obligation under finance lease	17	31,546	67,478
Bank overdraft	22	289,907	831,155
		10,623,940	7,060,016
Less: Cash and Cash Equivalents	30	(1,691,801)	(404,510)
Net borrowings		8,932,139	6,655,506
Equity attributable to owners of the Company		40,544,117	41,018,649
Gearing ratio		22.0%	16.2%

34. SEGMENT INFORMATION

The Directors are of the opinion that all inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on terms and conditions mutually agreed between the respective companies.

(a) Geographical Revenue

The geographical information on the revenue of the Group based on geographical location of its customers are as follows:-

	2016 RM	2015 RM
Malaysia	1,211,114	2,834,853
Outside Malaysia	11,469,124	14,724,957
	12,680,238	17,559,810

34. SEGMENT INFORMATION (Continued)

(b) Major Customers

The major customers of the Group with revenue equal or more than 10% of the Group's revenue are as follows:-

	Operating Segments	2016 RM	2015 RM
Two (2) major customers	Molding and timber	9,430,983	11,180,886
One (1) major customer	Nursery	245,755	347,818
		9,676,738	11,528,704

(c) Operating Segments

The Group is organised into five (5) major operating segments as follows:-

(i) Molding and timber

Manufacturing and selling of timber and timber products and provision of kiln drying services.

(ii) Logging

Logging contractor and provision of forest management services.

(iii) Construction and development

Provision of construction, development and related services.

(iv) Agriculture

Nurturing of biological assets.

(v) Investments and others

Investment holding and sale of ice blocks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

34. SEGMENT INFORMATION (Continued)

(c) Operating segments (Continued)

2016	Molding and Timber RM	Logging RM	Construction and Development RM	Agriculture RM	Investment and Other RM	Adjustments and Eliminations RM	Consolidated RM
Revenue							
External sales	12,338,207	-	-	340,043	1,988	-	12,680,238
Results:							
Segment results	(246,647)	-	-	(198,527)	(13,207,977)	12,770,182	(882,969)
Share of losses in an associate	-	-	-	-	-	(188,370)	(188,370)
Depreciation	(1,741,555)	-	-	(12,470)	(333)	-	(1,754,358)
Amortisation of biological assets	-	-	-	(26,318)	-	-	(26,318)
Finance costs	(139,009)	-	-	-	-	-	(139,009)
Income tax expense	73,337	-	-	-	-	-	73,337
Net loss for the financial year	(2,053,874)	-	-	(237,315)	(13,208,310)	12,581,812	(2,917,687)
Non-controlling interest	-	-	-	21,574	-	-	21,574
Loss attributable to owners of the Parent	(2,053,874)	-	-	(215,741)	(13,208,310)	12,581,812	(2,896,113)
Assets							
Segments assets	50,334,703	-	-	676,034	35,927,315	(30,831,151)	56,106,901
Liabilities							
Segment liabilities	35,421,269	-	-	1,108,866	12,300,801	(33,225,055)	15,605,881

34. SEGMENT INFORMATION (Continued)

(c) Operating segments (Continued)

2015	Molding and Timber RM	Logging RM	Construction and Development RM	Agriculture RM	Investment and Other RM	Adjustments and Eliminations RM	Consolidated RM
Revenue							
External sales	17,257,299	-	-	483,454	22	(180,965)	17,559,810
Results:							
Segment results	2,477,075	20,412	(2,654,040)	44,987	(1,335,718)	1,419,444	(27,840)
Share of losses in an associate	-	-	-	-	-	(61,368)	(61,368)
Depreciation	(1,771,184)	(9,229)	-	(12,438)	-	-	(1,792,851)
Amortisation of biological assets	-	-	-	(26,318)	-	-	(26,318)
Finance costs	(156,351)	-	-	-	-	-	(156,351)
Income tax expense	98,582	-	-	-	-	-	98,582
Net profit/(loss) for the financial year	648,122	11,183	(2,654,040)	6,231	(1,335,718)	1,358,076	(1,966,146)
Non-controlling interest	-	-	-	(623)	-	-	(623)
Loss attributable to owners of the Parent	648,122	11,183	(2,654,040)	5,608	(1,335,718)	1,358,076	(1,966,769)
Assets							
Segments assets	48,298,734	7,839	1,033	1,036,810	24,469,960	(21,466,664)	52,347,712
Liabilities							
Segment liabilities	32,649,158	7,298,750	2,426,612	1,361,740	19,733	(32,405,409)	11,350,586

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (Continued)

34. SEGMENT INFORMATION ((Continued)

(d) Geographical Non-Current Assets

The non-current assets information of the Group based on geographical location are as follows:-

	2016 RM	2015 RM
Malaysia	36,601,274	35,456,565
Lao People's Democratic Republic	2,484,472	2,672,842
	39,085,746	38,129,407

35. SIGNIFICANT EVENTS

(a) On 7 September 2016, a wholly-owned subsidiary, NWP Builder Sdn. Bhd. has entered into a turnkey-construction heads of agreement with M2B World (M) Sdn. Bhd., to construct affordable housing under SPNB Aspirasi as well as the Perbadanan PRIMA Malaysia.

(b) On 19 July 2016, the Company announced and proposed to undertake the following:

(i) A private placement of up to ten percent (10%) of the Company's existing issued and paid-up share capital ("Proposed Private Placement");
(ii) A share issuance scheme of up to fifiteen percent (15%) of the Company's issued and paid-up share capital (excluding any treasury shares) at any one time, for the eligible Directors and employees of NWP and its non-dormant subsidiaries ("Proposed SIS");
(iii) An increase in its authorised share capital from RM100,000,000 comprising 400,000,000 ordinary shares of RM0.25 each ("NWP Shares") to RM500,000,000 comprising 2,000,000,000 NWP Shares ("Proposed Increase in Authorised Share Capital"); and
(iv) Amendments to its Memorandum of Association to facilitate the Proposed Increase in Authorised Share Capital ("Proposed Amendments").

The Proposed Private Placement has been completed on 20 October 2016.

The Proposed SIS, Proposed Increase in Authorised Share Capital and Proposed Amendments are subject to and conditional upon approvals being obtained from the shareholders of the Company and relevant authorities, if required.

(c) On 14 October 2016, NWP Builder Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a conditional sale of shares agreement with Dato' Ismail Bin Hassan to acquire 300 common shares representing 30% equity interest in Aviation A.I. Inc. for a cash consideration of USD1,500,000 (equivalent to RM6,300,000).

(d) On 7 November 2016, a wholly-owned subsidiary, NWP Builder Sdn. Bhd., entered into a turnkey construction agreement with Listari Marina (MM2H) Sdn. BHd., for the construction of 9 storey tower block with 160 units of service suites at Daerah Melaka Tengah, Melaka.

36. MATERIAL LITIGATION

(a) NWP Industries Sdn. Bhd. ("NWPI") & DMKT Timber Sdn. Bhd. ("DMKT") against GM Kontraktor Sdn. Bhd. ("GMK")

On 16 March 2016, NWPI and DMKT, the subsidiaries of the Company, had filed a civil suit claim in Shah Alam Sessions Court against GMK for the unpaid sum of services provided by NWPI and DMKT from November 2009 to June 2011. On 20 April 2016, the court judged GMK to pay the amount of RM107,471.65 and RM27,420.03 to NWPI and DMKT respectively. However, as at the date of this report, GMK has not fulfill the terms of the judgement. NWPI and DMKT is considering the next course of action to be taken against GMK to recover the claim.

(b) NWP Industries Sdn. Bhd. ("NWPI") against Arman bin Yacob & Lean Shing Pek (collectively known as "Defendant")

On 19 March 2016, NWPI, a subsidiary of the Company, had filed a civil suit claim in Shah Alam Sessions Court against the Defendant for the refund of money amounted to RM361,200 in a joint venture arrangement. On 28 April 2016, the court judged the Defendant to pay the claimed amount to NWPI. However, as at the date of this report, the Defendant has yet to fulfill the terms of the judgement. NWPI is considering the next course of action to be taken against the Defendant.

(c) NWP Industries Sdn. Bhd. ("NWPI") against Evergreen Sdn. Bhd. ("Evergreen")

In August 2016, NWPI, a subsidiary of the Company, had filed a civil suit claim in Kuala Lumpur Sessions Court against Evergreen for the unpaid sum of RM743,104.09 for goods sold and delivered by NWPI and DMKT. The case is fixed for decision on 1 December 2016 for application for summary judgement.

(d) Tropinas Development Sdn. Bhd. & NWP Builder Sdn. Bhd. (collectively known as "Plaintiff") against SPR Sdn. Bhd. ("SPR")

In August 2016, the Plaintiff had filed a civil suit claim in Kuala Lumpur Sessions Court against SPR for a claim of RM4,623,755. The case is fixed for case management on 17 November 2016 pending mediation to be arranged.

(e) NWP Industries Sdn. Bhd. ("NWPI") against Seow Wee Kien ("SWK")

On 23 March 2016, NWPI, a subsidiary of the Company, had filed a civil suit claim amounted to RM271,970.60 in Shah Alam Sessions Court against SWK on costs for its lost and repair of equipment and machines. On 12 May 2016, the court judged SWK to pay the outstanding sum to NWPI. However, as at the date of this report, SWK has yet to fulfill the terms of the judgement. NWPI is considering the next course of action to be taken against SWK to recover the outstanding sum.

37. CORPORATE GUARANTEE

	Company	
	2016	2015
Unsecured	**RM**	**RM**
Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary	800,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

38. PRIOR YEARS ADJUSTMENTS

The Group has made a revised provision of deferred tax liabilities arising from revaluation of leasehold lands and buildings in the previous financial years. A prior year adjustment of RM3,291,606 and RM3,682,519 have been made to deferred tax and revaluation reserve as at 1 September 2014 respectively. In addition to that, the reversal of deferred tax liabilities in the years subsequent to the initial recognition is also not recognised in the financial statements and a prior year adjustment of RM390,913 and RM73,337 have been made to accumulated losses as at 1 September 2014 and the profit or loss for the financial year ended 31 August 2015 respectively.

The effects of the adjustments are disclosed as follows:-

Group	As previously reported RM	Adjustments RM	As restated RM
As at 31 August 2015			
Statements of financial position			
Accumulated losses	57,407,704	(464,250)	56,943,454
Deferred tax liabilities	(1,072,301)	(3,218,269)	(4,290,570)
Statements of changes in equity			
Revaluation reserve	(17,625,662)	3,682,519	(13,943,143)
Statements of profit or loss and other comprehensive income			
Income tax expense	25,245	73,337	98,582
As at 1 September 2014			
Statements of financial position			
Accumulated losses	55,367,598	(390,913)	54,976,685
Deferred tax liabilities	(1,072,301)	(3,291,606)	(4,363,907)
Statements of changes in equity			
Revaluation reserve	(17,625,662)	3,682,519	(13,943,143)

39. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except for certain comparative figures have been reclassified to conform with current year's presentation:-

Group	As previously reported RM	Reclassification RM	As restated RM
Statements of profit or loss and other comprehensive income			
Administration expenses	1,181,695	(286,905)	1,468,600
Other expenses	3,581,031	286,905	3,294,126
Company			
Statement of comprehensive income			
Administration expenses	69,046	32,931	101,977
Other expenses	32,931	(32,931)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016
(Continued)

40. SUPPLEMENTARY INFORMATION

Breakdown of accumulated losses into realised and unrealised

The breakdown of the accumulated losses of the Group and of the Company as at 31 August 2016 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Accumulated losses				
- Realised	(54,857,626)	(52,652,884)	(59,210,679)	(46,002,369)
- Unrealised	(4,981,941)	(4,290,570)	-	-
	(59,839,567)	(56,943,454)	(59,210,679)	(46,002,369)

LIST OF PROPERTIES
AS AT 31ST AUGUST 2016

Location	Description/ Existing Use	Tenure/ Expiriry Date	Date of Acquisition/ (Revaluation)	Land Area (Hectares)	Age of Building (Years)	Net Book Value (RM'000)
Country Lease 025339566, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of main office, tool and saw-doctoring rooms, machinery sheds, kiln drying bays, boiler buiding, stacking sheds, labourline, canteen and a timber workshop.	99 years lease expiring on 31 December 2064	31/08/1990/ (02/05/2012)	4.046	23	13,718
Country Lease 025348298, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Consist of machinery sheds, generator set room, kiln drying bays, staff quarters and with gross floor area of 99,880 square feet. The Buiding is adjoining the property mentioned above.	99 years lease expring on 31 December 2096	28/08/1997/ (02/05/2012)	2.683	20	9,690
Country Lease 025359951, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Open shed timber stock and moulidng yard	99 years lease expring on 31 December 2098	01/04/2004/ (02/05/2012)	2.515	14	6,886

ANALYSIS OF SHAREHOLDINGS
AS AT 29TH NOVEMBER 2016

SHARE CAPITAL

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM 86,650,000
Class of Shares	:	Ordinary shares of RM0.25 each
Voting Rights	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of total Shares
Less than 99	43	2.04	1,417	0.00
100 – 1,000	94	4.46	39,108	0.01
1,001 – 10,000	979	46.42	5,235,019	1.51
10,001 – 100,000	810	38.41	28,184,252	8.13
100,001 –less than 5% issued shares	179	8.48	159,160,808	45.92
5% and above issued shares	4	0.19	153,979,396	44.43
Total	2109	100.00%	346,600,000	100.00%

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29TH NOVEMBER 2016

Name of Substantial Shareholders	No of shares		Percentage	
	Direct	Indirect	Direct	Indirect
Dato Sri Kee Soon Ling	36,745,200		10.60	
Wong See Ming	19,407,000	77,827,196 *	5.60	22.45
Mak Hon Leong	20,000,000		5.77	
Sepang Heights Sdn Bhd	77,827,196		22.45	

Note :-
* *Deemed interest by virtue of his equity interest in Sepang Heights Sdn. Bhd.*

STATEMENT OF DIRECTORS' INTEREST IN SHARES AS AT 29TH NOVEMBER 2016

Name	NWP Holdings Berhad	
	Direct Interest	Indirect Interest
	No. of ordinary shares of RM0.25 each	
Dato Sri' Kee Soon Ling	36,745,200	-
Wong See Ming	19,407,000	77,827,196*
Mak Hon Leong	20,000,000	-
Yew Onn Chong	500,000	500,000

Note :-
* *Deemed interest by virtue of his equity interest in Sepang Heights Sdn. Bhd.*

LIST OF 30 LARGEST SHAREHOLDERS
AS AT 29th NOVEMBER 2016

No.	Name of Shareholders	No. of Shares	Percentage
1	Sepang Heights Sdn Bhd	77,827,196	22.45
2	Kenanga Nominees (Tempantan) Sdn Bhd	36,745,200	10.60
3	Maybank Nominees (Tempantan) Sdn Bhd	20,000.000	5.77
4	Wong See Ming	19,407,000	5.60
5	Cheok Wi Kim	14,203,596	4.10
6	Tegas Erti Sdn Bhd	13,580,000	3.92
7	Wong Kok Hoong	10,066,200	2.90
8	Rimba Plantation Sdn Bhd	9,476,000	2.73
9	Lee Ying Ying	9,000,000	2.60
10	Chew Thoo Lai	6,620,000	1.91
11	Hoh Kim Ling	5,342,336	1.54
12	Pang Kwee Yin	5,333,336	1.54
13	Heliodoro Canalija Dayanan	4,944,000	1.43
14	Wong Yoon Moi	4,538,668	1.31
15	Public Nominees (Tempatan) Sdn Bhd	4,399,900	1.27
16	Gan Seong Keat	4,180,000	1.21
17	Penta Wealth Sdn Bhd	3,293,000	0.95
18	Affin Hwang Nominees (Tempatan) Sdn Bhd	2,880,200	0.83
19	Lim Keng Loong	2,868,432	0.83
20	Wai Hou Fei	2,580,000	0.74
21	RHB Nominees (Tempantan) Sdn Bhd	2,400,000	0.69
22	Kenanga Nominees (Asing) Sdn Bhd	2,029,400	0.59
23	Yeo Chai Poh	1,600,000	0.46
24	Goh Kah Yen	1,500,000	0.43
25	Ding Ming Tiong	1,440,936	0.42
26	Public Nominees (Tempatan) Sdn Bhd	1,300,000	0.38
27	Kee Ooi Khum	1,200,000	0.35
28	Zhang Yang	950,600	0.27
29	Cartaban Nominees (Asing) Sdn Bhd	900,000	0.26
30	Maybank Securities Nominees (Tempantan) Sdn Bhd	890,000	0.26

FORM OF PROXY

SEVENTEENTH ANNUAL GENERAL MEETING

NWP HOLDINGS BERHAD
495476-M

*I/We……..……..…NRIC No. : ……..…….....…
(Full name in block letters)

of ……..…….....
(Full address)

being a Member/Members of **NWP HOLDINGS BERHAD** (Company No. 495476-M), hereby appoint ……....

……..……..…….....…NRIC No. : ….....……...……..
(Full name in block letters)

of …….....
(Full address)

or failing him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Westside Room 1, The Boulevard St Giles Hotel, Level 8, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Monday, 23 day of January 2017 at 10.00 a.m. and at any adjournment thereof *for / against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Paulinus Mojiun as a Director. (Article 77)		
2.	To re-elect Dato' Zhang Li as a Director. (Article 84)		
3.	To re-elect Dato' Sri Kee Soon Ling as a Director. (Article 84)		
4.	To re-elect Prof. Datuk Dr. Dominic Lau Hoe Chai as a Director. (Article 84)		
5.	To re-elect Mr. Mak Hon Leong as a Director. (Article 84)		
6.	To re-elect Mr. Yew Onn Chong as a Director. (Article 84)		
7.	To re-elect Dato' Zaidi Bin Mat Isa@Hashim as a Director. (Article 84)		
8.	To re-appoint Messrs. Ecovis AHL as the Company's Auditors		
9.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Signed this_____ day of _____ 2017

_____
Signature(s) of Shareholder(s)
* Delete where applicable

COMMON SEAL

No. of shares held

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointmenst shall be invalid unless he/she specifies the proportion of his/ she shareholdings to be represented by each proxy.*
3. *A member who is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account.*
4. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing the proxy must be deposited at the Registered Office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

** Delete where applicable*

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Affix
Stamp
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To:

The Company Secretary
NWP HOLDINGS BERHAD (495476-M)
Unit 1119, 11th Floor, Block A,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

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NWP HOLDINGS BERHAD
(495476-M)

Unit 1119, 11th Floor, Block A
Damansara Intan, No.1, Jalan SS 20/27,
47400 Petaling Jaya, Selangor Darul Ehsan.

www.nwp.com.my