



NWP HOLDINGS BERHAD



ANNUAL REPORT 2017

SUSTAINABLE GROWTH

CONTENTS

2	CORPORATE INFORMATION
3	GROUP FINANCIAL HIGHLIGHTS
4	GROUP STRUCTURE
5	NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING
7	LETTER TO SHAREHOLDERS
8	CHIEF EXECUTIVE OFFICER'S STATEMENT
9	PROFILE OF MEMBER OF BOARD OF DIRECTORS
13	PROFILE OF THE KEY SENIOR MANAGEMENT
14	MANAGEMENT DISCUSSION AND ANALYSIS
16	CORPORATE GOVERNANCE STATEMENT
26	AUDIT COMMITTEE REPORT
29	STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
31	ADDITIONAL COMPLIANCE INFORMATION
33	CORPORATE SOCIAL RESPONSIBILITY
34	STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS
35	FINANCIAL STATEMENTS
111	LIST OF PROPERTIES
112	ANALYSIS OF SHAREHOLDINGS
113	LIST OF 30 LARGEST SHAREHOLDERS
	PROXY FORM

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Kee Soon Ling
(Chief Executive Officer)

Dato' Zhang Li
(Executive Director)

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)

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)
Dato' Zhang Li (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 PLT

PRINCIPAL PLACE OF BUSINESS

Operation Office

56km, Jalan Kimanis, Beaufort Highway,
Kimanis, P.O.Box 362, 89608 Papar,
Sabah, East Malaysia
Tel : +6(088) 911 288
Fax : +6(088) 913 910

Head Office

Suite 7.01, 7th Floor, The Garden North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : +6(03) 22013809
Fax : +6(03) 22011672
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)

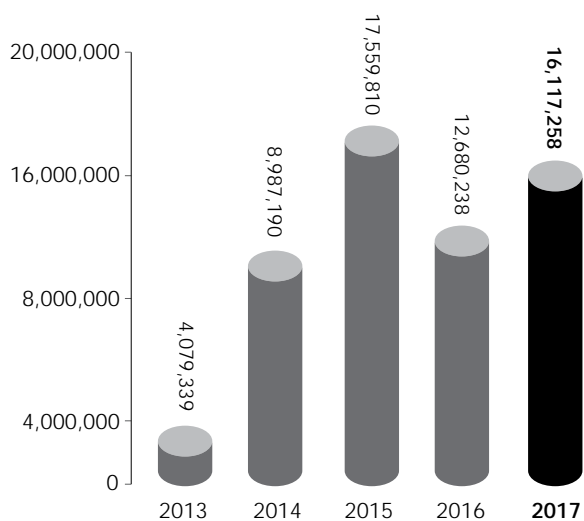
SOLICITORS

Weng Seng & Co Advocates & Solicitors
Cheang & Ariff Advocates & Solicitors

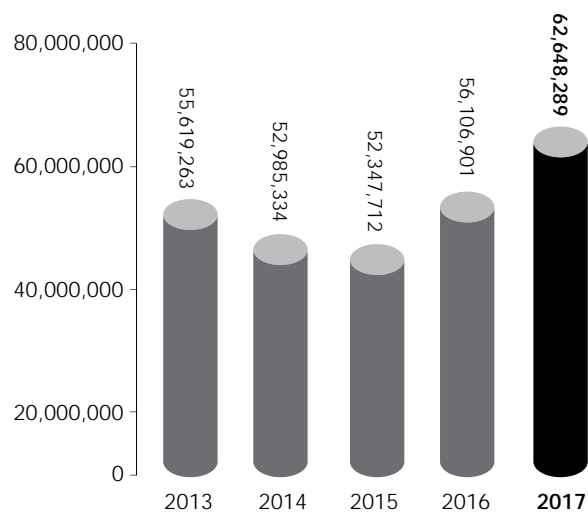
GROUP FINANCIAL HIGHLIGHTS

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenue	4,079,339	8,987,190	17,559,810	12,680,238	16,117,258
Profit/(Loss) Before Taxation	(2,537,682)	(3,676,197)	(2,064,728)	(2,991,024)	(12,116,730)
Profit/ (Loss) Attributable Owners of the Company	(2,534,911)	(3,654,728)	(2,040,106)	(2,896,113)	(11,971,197)
Net Earnings/ (Loss) Per Share (sen)	(0.79)	(1.14)	(0.64)	(0.91)	(3.32)
Net Dividend Per Share (sen)	-	-	-	-	-
Total Equity	49,604,536	46,254,878	44,215,395	40,501,020	46,328,976
Total Assets	55,619,263	52,985,334	52,347,712	56,106,901	62,648,289

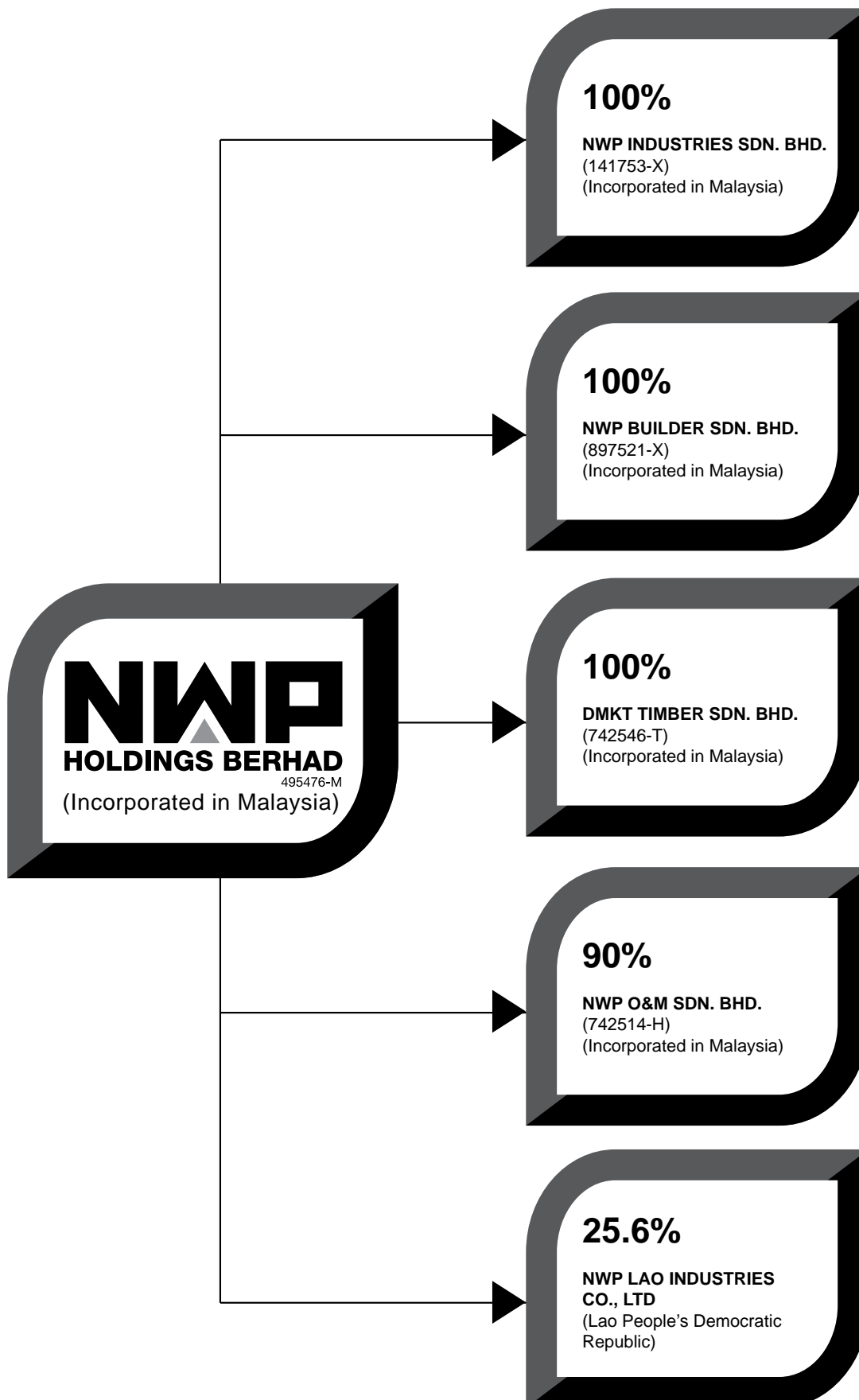
REVENUE RM'000



TOTAL ASSETS RM'000



GROUP STRUCTURE



NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth 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, 12th February 2018 at 11.00a.m. for the following purposes: -

- | | |
|--|--|
| 1. To receive the Audited Financial Statements of the Company for the year ended 31st August 2017 together with the Reports of the Directors and Auditors thereon. | (Refer Note of Explanatory Notes on Ordinary Business) |
| 2. To re-elect the following Directors retiring in accordance with the Company's Articles of Association.
a. Dato' Zhang Li (Article 77)
b. Mr. Yew Onn Chong (Article 77) | (RESOLUTION 1)
(RESOLUTION 2) |
| 3. To re-appoint Messrs. Ecovis AHL PLT as the Company's Auditors and to authorize the Directors to fix their remuneration. | (RESOLUTION 3) |

AS SPECIAL BUSINESS: -

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

- | | |
|---|----------------|
| 4. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | (RESOLUTION 4) |
|---|----------------|

"THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental / regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares 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 Securities; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company."

- | | |
|---|--|
| 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
19 January 2018
Selangor Darul Ehsan

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (Continued)

Notes:-

- 1 *A member of the Company entitled to attend and vote at the meeting may appoint more than 2 proxies to attend and vote on the same occasion. A proxy appointed may but need not be a member of the Company. If a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
- 2 *If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer or attorney duly authorized in writing.*
- 3 *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act 1991.*
- 4 *The proxy form must be deposited at the registered office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan S20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.*

Explanatory Notes on Ordinary Business: -

Agenda 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

Explanatory Notes for the Special Business: -

The proposed Resolution No. 4 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 amount not exceeding 10% of 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 and on 07 February 2017 issued 5,400,000 ordinary shares of RM0.25 each for cash. The proceeds totalling RM8,000,000/- 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.

LETTER TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS,

Another year had rolled by and I am pleased to note that NWP Holdings Berhad had persevered through the tribulation of a volatile macro-economy. It is my pleasure, on behalf of the Board of Directors, to present to you the audited financial results of the Company and the Group for the financial year ended 31 August 2017.

On Behalf of the Board of Directors, I wish to extend my thanks to the staff and management in their dedication in carrying out their duties over the past year. I would like to thank our customers, shareholders, business partners, government authorities and business associates for their continue support and trust.

Further information of NWP Holdings Berhad performance in the financial year is detailed in the Management Discussion and Analysis on page 14.

Dato' Sri Kee Soon Ling
Chief Executive Officer

CHIEF EXECUTIVE OFFICER STATEMENT

GROUP FINANCIAL PERFORMANCE

The financial year ended 31st August 2017 was another challenging year for the group. The group recorded a revenue of RM 16.12 million for year ended 2017 as compared to RM 12.68 million registered in the preceding year. This represent an increase of 3.44 million or 27.13%. The increase in revenue was attributable to an increase in export of timber related products. For the year under review, the group recorded a loss after tax and non-controlling interest of RM11.97 million as compared to loss after tax and non-controlling interest of RM 2.89 million in the previous year. The increase in loss is due to equity settled share based payment expenses of RM 8 million. In addition, our associate company, NWP Lao Industries contributed loss of RM0.524 million to the group.

For financial year ended 31 August 2017, timber related products remained a main contributing income with 99% to group revenue with the balance of 1% contributed by the agriculture division.

PROSPECTS

Moving forward, the management will strike to improve its revenue base for coming financial year. The group is diversifying into construction, aviation and vessel yacht activities and revenue from these activities would enhance the group performance in the forthcoming year. At the present environment, timber segment business remained to be challenging due to uncertainty in global demand for rubberwood products.

CORPORATE GOVERNANCE(CG) AND CORPORATE SOCIAL RESPONSIBILITY(CSR)

The Group is committed to good corporate governance and social responsibility practice and committed further to ensuring that the group's business is conducted in an ethical, sustainable and responsible manner. The interest of stakeholders is well protected with value enhancement and also recognizing the impact of CSR towards our business community.

DIVIDENDS

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

ACKNOWLEDGEMENT

On behalf of Board of Directors, we would like to take this opportunity to express our gratitude and thanks to the management and staff of the group for their dedication. We also wish to express our utmost appreciation to all our associated, 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 43, 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 Centralised 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 four (4) Board Meetings held in the financial year ended 31st August 2017.

Dato' Sri Kee Soon Ling directly holds 38,188,500 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.

PAULINUS MOJIUN

Independent and Non-Executive Director

Aged 64, 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 Malaysian Institute of Accountants.

He worked with Sabah Urban Development Corporation Sdn. Bhd. (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 Board member of MQ Technology Bhd. also a Board Member of Yayasan Penyelidikan Antartika Sultan Mizan and was 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 2017.

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 63, 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 Petaling Jaya. The next four years after completing his secondary education, he helped out 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 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 were bright future in the real estate agency business and he started his own real estate agency during that time. When the Board 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 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 of Mr. Yew Onn Chong.

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

1. President of Persatuan Char Yong Selangor and 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 five (5) Board Meetings and five (5) Audit Committee Meetings held in the financial year ended 31 August 2017.

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)

DATO' ZHANG LI **EXECUTIVE DIRECTOR**

Aged 57, 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 five (5) Board Meetings held in the financial year ended 31st August 2017.

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

DATUK DR. DOMINIC LAU HOE CHAI **Independent and Non-Executive Director**

Aged 50, Male, Malaysian

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 Association Youth Section.
- v. Advisor of the Malaysian Societies Executive Secretary Association.
- vii. Advisor of Persatuan Alumni BATC-WMG Network, Kuala Lumpur

PROFILE OF MEMBERS OF BOARD OF DIRECTORS (Continued)

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 Quality 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 attended five (5) Board Meetings and five (5) Audit Committee Meetings held in the financial year ended 31 August 2017.

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.

MAK HON LEONG

Non-Independent Non-Executive Director

Aged 34, 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 completed his education at Taylor's University.

Mr Mak Hon Leong is an accomplished business person, who possesses 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 served as marketing agents in Centralised Realty, Rega Home, JYMS Property and ZYG Property where he is the record holder of top sales during his stay for the companies. Upholding spirit of Go Beyond, Mr Mak has actively involved himself in Import and Export Garments Business since 2004 as business advisor.

Mr. Mak Hon Leong is also a 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 until 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 four (4) Board Meetings held in the financial year ended 31st August 2017.

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.

PROFILE OF THE KEY SENIOR MANAGEMENT

Wong See Ming **Director of NWP Industries Sdn Bhd**

Mr. Wong See Ming 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.

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.

Tong Sian Shyen, Joenathan **Group Accountant**

Mr Joenathan Tong Sian Shyen is Group Accountant and overall in charge of Group's Finance and Accounting matters. He joined the Group in August 2017.

He is a member of Malaysian Institute of Accountant, associate member of Chartered Institute of Management Accountant(ACMA) and Chartered Global Management Accountant (CGMA). He is also an associate member of Chartered Tax Institute of Malaysia(ACTIM). He has extensive experience in accounting, finance, taxation and corporate finance.

He started his commercial experience by joining CI Holdings group as Assistant Manager overseeing the operation and financial reporting of a divisional unit. Later he moved to non-listed entity as Head of Finance for industrial company in charge of corporate exercise and debts restructuring and financial management. He left and joined Dolomite Corporation Berhad as a Financial and Administrative Manager. During his tenure with Dolomite, his past enormous experience in corporate matters has earned him to prepare feasibility studies on fund arising exercise for associate company locally and abroad.

Mr. Joenathan Tong has previously joined NWP group as a Financial Manager from year 2010 to 2014 before he left for a global company as a Senior Accountant.

Mr. Joenathan Tong Sian Shyen directly holds 21,220,000 shares of the company.

Mr. Joenathan Tong 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

NWP Holdings Berhad (NWP) is listed on the Main Board of Bursa Securities under the Industrial Products category. The company has an issued share capital of RM104,014,460 comprising 382,240,000 shares at 29 December 2017.

Financial Results Review

The group recorded a revenue of RM16.12 mil for financial year ended (FYE) 2017 as compared to RM 12.68 million registered in FYE 2016. This represent an increase of 3.44 mil or 27.13%. The group registered a loss after tax and controlling interest of RM 11.97 mil as compared to RM 2.89 mil in FYE 2016. The increase in loss is due to provision of equity settled share based payment expenses of RM 8 mil. In addition, our associate company, NWP Lao Industries contributed loss of RM0.524 mil to the group.

Going forward, operating expense increased by 28.5% to RM1.15mil in comparison with RM 0.90mil recorded in the preceding financial year. However, administrative expenses increased by 571.85% to RM11 mil when comparing with previous financial year. It is largely due to provision of shared based payment expense of RM 8 mil.

The group's trade receivable increased to RM5.7 mil from RM 3.9 mil in the last financial year. Other receivable increased to RM11.79 mil from RM 3.6 mil recorded in previous year. The group trade payable however decreased by 0.8 mil to RM1.9 mil from RM 2.7 mil in previous year.

The group currently has no short and long term borrowings and has sufficient funds for working capital requirement.

Business Overview, Growth & Strategy

The group is principally involved in wood-based industry which is manufacturing of wood moulding, priming timber and laminated timber, trading of sawn timber, plywood and veneer, provision of kiln drying services, sawmilling service and trading of agricultural products.

Sales of rubberwood moulding products are exported overseas particularly to China which contributed about 93% of export sales. Component of raw material in rubberwood logging are sourced from the state of Sabah.

NWP group is of the view that for financial year ending 31 August 2018 it will be a challenging year because of its diversification into construction activities.

NWP Builder Sdn Bhd (NWPB) has entered into Turnkey Construction Agreement with Listari Marina (MM2H) Sdn Bhd(LM) on 04th November 2016 to construct 9 stories Tower Block known as OneLe Tower at Pekan Klebang, Sek 11, Daerah Melaka Tengah, Melaka, comprising of 160 units of services suites for a total consideration of Ringgit Malaysia: Twenty Two Million only (RM22,000,000.00). This agreement will be in force upon taking over of the site by NWPB.

On 18 May 2015, LM has entered into agreement with Cherish Words Sdn Bhd (CW) whereby CW has been appointed as Main Contractor for the said project. Subsequent to the agreement signed, some foundation of piling works and reinforced concrete framework has carried out by CW. On the request of LM, CW's outstanding fee was settled by NWPB.

NWPB is currently seeking stakeholder's approval on the diversification before taking over the site from LM. Barring unforeseen circumstance, NWPB is able to generate revenue from 3rd quarter FYE 2018.

NWPB has acquired a yacht and also invested into an Aviation Company which are projected to generate revenue in the 2nd quarter FYE 2018 to further improve its revenue and contribution. Revenue from these investment is not expected to be significant and will not contribute more than 25% of group net assets or profit.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Competition Risk

The group's present business activities are subject to various challenges ranging from products quality and efficiency in production output. Any adverse factors may negatively impact the group's profitability. To remain competitive, the group intend to improve productivity and quality and export to new identified markets which will help to boost our sales and profitability.

Foreign Exchange and Pricing Risks

Our group products are mainly exported to foreign markets which will directly exposed to exchange rate fluctuations that may affect the group revenue. To mitigate the exchange risk, close monitoring on exchange rate fluctuations and product pricing revamp when necessary to ensure product's competitiveness.

Credit Risks

The group will assess credit worthiness of new customers before extending delivery on credit and will grant normally a credit period of less than 30days. Credit customers on sale of moulded manufacturing products is made up group total outstanding amount. Thus, In the event of noticeable delay in payment or defaulted in payment, in which it will impact on our cash position, the group will take immediate action in recovering the debts before impairment.

Trend & Outlook

Going forward, the Board expects timber market to remain challenging under current global economic condition coupled with intense competition. We will continue to focus on core business of manufacturing of moulding and trading of sawn timber. We expect constructions activities will commence in 3qtr FYE 2018 which will contribute positively towards our Group's business performance.

With its current business development, maintaining good relationship with current customers, we are optimistic that the Group will deliver a better financial performance for next financial year.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of NWP Holdings Berhad (“the Company”) acknowledges the importance of practicing good corporate governance in the Group.

The Board is committed to ensuring that the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012” or the “Code”) are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

The Company has in place a Board Charter that sorts out, amongst others, the responsibilities, authorities, procedures and policies. More information on the Board Charter can be found in the Company’s website at www.nwp.com.my

This statement outlines the Group’s main corporate governance practices and policies in alignment with the recommended principles of MCCG 2012 as below:

- Clear Roles and Responsibilities
- Strengthen composition
- Reinforce independence
- Foster commitment
- Uphold integrity in financial reporting
- Recognise and manage risks
- Ensure timely and high quality disclosure
- Strengthen relationship between company and shareholders

CLEAR ROLES AND RESPONSIBILITIES

Board of Directors

The Board’s pivotal role is to lead and establish the Group’s vision, provision of strategic direction, formulation of policies and enhancement of resources for the Group. The Board takes into consideration the interests of all stakeholders in the decision making process so as to ensure the Group’s objectives of creating long term shareholder value are met.

An effective Board is the one that made up of a combination of executive directors with intimate knowledge of the business and non-executive directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Group is led by a strong and experienced Board under the Chairman.

The Board placed great importance on the balance of its Independent Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategies, performance, resources and standards of conducts.

Board Role and Responsibilities

The Board consists of six (6) members comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board is primarily responsible for charting and reviewing the strategic direction of the Group. The Board delegates and monitors the implementation of these directions to the management.

CORPORATE GOVERNANCE STATEMENT (Continued)

The responsibilities of the Board are inclusive of but not limited to:

- Reviews and adopts a strategic and business plan for the Group;
- Oversees the conduct of the Group's business and evaluates whether the business is being properly managed;
- Identifies principal risks and ensure the implementation of appropriate systems to manage these risks in order to achieve a proper balance between risk incurred and potential returns to shareholders;
- Reviews the adequacy and the integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directive and guidelines. The Board ensures that there is a satisfactory reporting framework on internal financial controls and regulatory compliance;
- Examines its own size and composition to determine the impact on the Board's effectiveness. The Board ensures it has enough Directors to discharge its responsibilities and perform its functions;
- Receives and seeks relevant information for the assessment of the performance of the Group;
- Establishes the Group's authority limits which outline the materiality of any transaction entered into by the Group and determine its approving authorities; and
- Ensures that the Group's financial statements are true and fair, and comply with all applicable laws and governmental regulations applicable to the Group's business and its conduct.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management's responsibilities, which the Executive Director is aware and is responsible for meeting. The Board had an understanding of matters reserved to itself for decision, which includes investment policy, approval for major capital expenditures, strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems.

The presence of Independent Non-Executive Directors provides a good complementing role to ensure a balance of power and authority. The role of Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined as they provide unbiased and independent views, advice and judgment to take account of interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

All the Directors have given their undertaking to comply with the Listing Requirements and the Independent Directors have confirmed their independence.

Board Committees

The Board has established five (5) principal Board Committees, to which it has delegated certain responsibilities, namely the Nominating Committee, Remuneration Committee, Investment Committee, Share Issuance Scheme (SIS) Option Committee and Audit Committee. The membership responsibilities, roles and activities of these Committees are described in greater detail in this statement.

CORPORATE GOVERNANCE STATEMENT (Continued)

Nominating Committee

The Nominating Committee comprises three (3) Non-Executive Directors as follows:-

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Mr. Paulinus Mojiun (Independent Non-Executive Director)	2	100
Members:	Datuk Dr. Dominic Lau Hoe Chai (Independent Non-Executive Director)	2	100
Members:	Mr. Yew Onn Chong (Independent Non-Executive Director)	2	100

The Nominating Committee is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Non-Executive Director, provided that the Chairman of the Nominating Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board. In making its recommendation, the Nominating Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

The Nominating Committee meets at least once a year and is directly accountable to the Board.

During the financial year ended 31 August 2017, the Nominating Committee undertook the following:

- i) reviewed the composition of the Board and Board Committees and mix of diversity (including gender, ethnicity and age);
- ii) assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committee and individual Directors;
- iii) assess the fitness and propriety of the Directors;
- iv) assess the independence of the Independent Directors;
- v) determined and assessed the performance of those Directors who would retire at the forthcoming AGM and make recommendation to the Board for their re-election; and
- vi) reviewed the training needs of the Directors.

Remuneration Committee

The objectives of the Remuneration Committee is to provide a formal and transparent procedure for developing remuneration policy for Directors, Chief Executive Officer and Senior Management.

The Remuneration Committee meets at least once a year and is directly accountable to the Board.

The Remuneration Committee comprises three (3) Independent Non-Executive Directors as follows:

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Mr. Paulinus Mojiun (Independent Non-Executive Director)	1	100
Members:	Datuk Dr. Dominic Lau Hoe Chai (Independent Non-Executive Director)	1	100
Members:	Mr. Yew Onn Chong (Independent Non-Executive Director)	1	100

CORPORATE GOVERNANCE STATEMENT (Continued)

The Remuneration Committee recommends to the Board the policy framework for Executive Directors and Non-Executive Directors. Directors' fees are subject to shareholders' approval. Additional allowances are paid to Non-Executive Directors in accordance to the number of meetings attended during the financial year.

The Remuneration Committee also review Executive Directors' scope of service contract (if any) and any major changes in remuneration policy and employee benefit structures throughout the Company or Group and if thought fit recommend them to the Board for adoption.

Audit Committee

The Audit Committee comprises three (3) Independent Non-Executive Directors. During the financial year ended 31 August 2017, the Audit & Risk Management Committee held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Mr. Paulinus Mojiun (Independent Non-Executive Director)	5	100
Members:	Datuk Dr. Dominic Lau Hoe Chai (Independent Non-Executive Director)	5	100
Members:	Mr. Yew Onn Chong (Independent Non-Executive Director)	5	100

The Audit Committee's terms of reference include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal audit together with the Management's responses thereon.

The Company's External Auditors and members of Senior Management attend the meetings at the invitation of the Audit Committee.

Investment Committee

The Investment Committee comprises two (2) Executive Directors. During the financial year ended 31 August 2017, the Investment Committee held a total of one (1) meeting. The details of attendance of the Investment Committee members are as follows:

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Dato' Sri Kee Soon Ling (Chief Executive Officer)	1	100
Members:	Dato' Zhang Li (Executive Director)	1	100

The Investment Committee's under took the following functions:-

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

CORPORATE GOVERNANCE STATEMENT

(Continued)

Share Issuance Scheme (SIS) Option Committee

The Share Issuance Scheme (SIS) Option Committee comprises two (2) Executive Directors and one (1) Non-Independent and Non-Executive Director . During the financial period ended 31 August 2017, the Share Issuance Scheme (SIS) Option Committee held a total of one (1) meeting. The details of attendance of the Investment Committee members are as follows:

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Dato' Sri Kee Soon Ling (Chief Executive Officer)	1/1	100
Members:	Dato' Zhang LI (Executive Director)	1/1	100
Members:	Mak Hon Leong (Non-Independent and Non-Executive Director)	1/1	100

The Share Issuance Scheme (SIS) Option Committee under took the following function:-

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.

Share Issuance Scheme (SIS) of up to fifteen percent (15%) of the issued and paid-up capital 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 inf force for a period of five(5) years from the date of implementation.

Supply of Information

The Board has timely access to information pertaining to the Group. Quarterly Board meetings are prescheduled with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings. Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to directors at least seven (7) days in advance prior to each Board meeting. Board papers consisted of Notice and Agenda of the Meetings supported by working papers and reports would be sent to the Directors. This will enable the directors to have sufficient time to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

In addition, there are matters reserved specifically for the Board's decision, including 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.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional adviser, whenever appropriate, at the Group's expense.

Directors' Code of Ethics

The Board conducted themselves in an ethical manner while executing their duties and functions, and complied with the Company's Code of Ethics recommended by the Companies Commission of Malaysia.

CORPORATE GOVERNANCE STATEMENT (Continued)

Appointments to the Board and Re-election

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to election by shareholders after their appointment. The Articles also provide that the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election at each Annual General Meeting ("AGM").

STRENGTHEN COMPOSITION

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure.

The Nomination Committee assesses the strength, effectiveness and the level of diversity of the Board in determining the need for proposing new appointment of Director. As and when necessary, recommendation will be made to the Board for consideration.

In evaluating the suitability of the candidates, the Nomination Committee considers the following factors:

- Qualification, skills, knowledge, expertise and experience;
- Competencies and capabilities;
- Character, personal integrity and reputation;
- Willingness to devote time to effectively discharge his/her duties as Director;
- In the case of candidates for the position of Independent Non-Executive Director, the independence of the candidates and the candidate's ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

Appropriate measures shall also be taken in its selection and recruitment exercise to achieve boardroom diversity, in particular to identify woman candidates with sufficient calibre to be part of the Board.

The Nomination Committee also applies the Directors evaluation criteria and assessment forms as recommended in the Corporate Governance Guide for evaluating and selecting candidates for new directorships.

Directors' Remuneration

Remuneration procedure

The Remuneration Committee reviews the remuneration policy each year with a view to ensure that the policy is fair and able to attract and maintain talent.

The Company has adopted the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains suitable Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Executive Directors, the level of remuneration reflects the experience and level of corporate and fiduciary responsibilities borne by the Directors concerned.

The determination of the remuneration of the Executive Directors is a matter for consideration and decision of the Board.

The remuneration of the Directors for the financial year ended 31 August 2017 is as follows:

	Salaries RM	Allowances RM	Fee RM	Others RM	Total RM
Executive Directors	460,000	-	-	8,000,000	8,460,000
Non- Executive Directors	-	-	111,000	-	111,000

CORPORATE GOVERNANCE STATEMENT

(Continued)

The number of Directors in each remuneration band for the financial year ended 31 July 2017 is as follows:

Range	Executive	Non-executive
Below RM50,000	-	6
RM50,000-RM100,000	-	-
RM100,001-RM150,000	-	-
RM150,001-RM200,000	-	-
RM200,001-RM250,000	2	-
RM250,001-RM300,000	-	-

The band disclosure made above is in compliance with the Appendix 9C of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**").

REINFORCE INDEPENDENCE

The Board performs an assessment of its Independent Directors, with a view to ensure the independent directors bring independent and objective judgement to the Board and this mitigates arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation.

Arising from the assessment, the Board has taken action to ensure Recommendation 3.1 of MCCG 2012 is being adhered. The Board is of the view that the positions of Chairman and Managing Director cum Chief Executive Officer should be held by different individuals.

Also, in line with Recommendation 3.2 of MCCG 2012, the tenure of an independent director should not exceed a cumulative term of nine years.

There is clear separation of powers between the Chairman, and the Chief Executive Officer, and this further enhances the independence of the Board. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in the discussions on the matter.

FOSTER COMMITMENT

Time Commitment

Five (5) Board meetings were held during the financial year ended 31 August 2017.

Details of attendance of Directors holding office during the financial year are as follows:-

Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Dato' Sri Kee Soon Ling <i>(Chief Executive Officer)</i>	4/5	80
Dato' Zhang Li <i>Executive Director</i>	5/5	100
Wong See Ming <i>Executive Director</i> <i>(Resigned on 28 September 2017)</i>	5/5	100

CORPORATE GOVERNANCE STATEMENT (Continued)

Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Prof. Datuk Dr. Dominic Lau Hoe Chai <i>Independent Non-Executive Director</i>	5/5	100
Mr. Paulinus Mojiun <i>Independent Non-Executive Director</i>	5/5	100
Mr. Yew Onn Chong <i>Independent Non-Executive Director</i>	5/5	100
Mr. Mak Hon Leong <i>Independent Non-Executive Director</i>	4/5	80
Dato' Zaidi Bin Mat Isa@Hashim <i>Independent Non-Executive Director</i> (Resigned on 30 October 2017)	3/3	100

Directors' Continuous Professional Development

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation and education programme for new Board members. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks. All Directors have successfully completed the Mandatory Accreditation Programme as required by Bursa Securities on all Directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

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

Directors	Courses Attended
a) Dato' Sri Kee Soon Ling	Blue Ocean Strategy Training
b) Dato' Zhang Li	Blue Ocean Strategy Training
c) Mak Hon Leong	Blue Ocean Strategy Training
d) Datuk Dr. Dominic Lau Hoe Chai	Blue Ocean Strategy Training
e) Mr. Yew Onn Chong	Blue Ocean Strategy Training
f) Paulinus Mojiun	Transforming Your Constitution to Conform to the Companies Act, 2016

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the Malaysian Financial Reporting Standards and Listing Requirements. Thus, a balanced and meaningful assessment of the Group's financial performance and prospects are presented primarily through the financial statements and the Chairman's Statement in the Annual Report.

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

CORPORATE GOVERNANCE STATEMENT

(Continued)

The Group's quarterly and annual results announcements were within the stipulated time frame, reinforcing the Board's commitment to provide a true and fair view of the Group's operations.

The Board stance on presenting true, fair and comprehensive financial reporting with a balanced and meaningful assessment of the Group's financial performance is reinforced by both the Internal and External Audit functions.

- **Internal Audit**

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group's System of internal control are adequate and effective. Details of the internal audit function and a summary of its activities, together with the state of the Group's internal control, are given in the Statement on Risk Management & Internal Control as set out on pages 29 to 30 of the Annual Report.

- **External Audit**

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of the reliability to users of these financial statements. Where deemed appropriate, the Board may discuss audit findings in the absence of the Management.

The external auditors will report on any weaknesses in the internal control systems and any non-compliance of the accounting standards that come to their attention during the course of their audit work to the Management and the Audit & Risk Management Committee.

RECOGNISE AND MANAGE RISKS

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and review of major strategic, business and operation risks within the Group. Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations.

The Board has also established an Internal Audit Function which has an independent reporting channel to the Audit & Risk Management Committee and is authorised to conduct independent audits on all the departments and offices within the Group and reports the findings to the Audit and Risk Management Committee quarterly.

The Audit & Risk Management Committee reviews, deliberates and decides on the next course of actions and evaluates the effectiveness and efficiency of the internal control systems.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board has set up appropriate corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Senior Management with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

CORPORATE GOVERNANCE STATEMENT

(Continued)

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Group welcomes dialogues with shareholders and investors to discuss issues and obtain feedback. The Board and Senior Management personnel participate in discussions with shareholders to ensure they are given as accurate and fair representation of the Group's performance and position.

Dialogues and discussions with investors and analysts are conducted within the framework of the relevant Corporate Disclosure Guidelines under the Listing Requirements and comply with the Best Practices in the Code.

In addition, the Audited Financial Statements, Annual Report, Interim Financial Statements together with the Company's announcements and other information about the Group are available on the Company's website www.nwp.com.my.

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact our Investor Relation at telephone 03 83194088.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was established with the objective of assisting the Board of Directors (“Board”) in the areas of corporate governance, risk management and financial reporting.

COMPOSITION

The Audit Committee comprises the following three (3) members of the Board, all the members of the Committee are Independent Non-Executive Directors:-

Name of Member	Position
Mr. Paulinus Mojiun	Chairman (<i>Independent Non-Executive Director</i>) - Appointed on 16 July 2013
Datuk Dr. Dominic Lau Hoe Chai	Member (<i>Independent Non-Executive Director</i>) - Appointed on 16 August 2016
Mr. Yew Onn Chong	Member (<i>Independent Non-Executive Director</i>) - Appointed on 20 October 2016

SECRETARY

The Company Secretary of NWP Holdings Berhad acts as the Secretary to the Audit Committee.

MEETINGS

During the financial year ended 31 August 2017, the AC held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:

	Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Chairman:	Mr. Paulinus Mojiun (Independent Non-Executive Director)	5/5	100
Member:	Datuk Dr. Dominic Lau Hoe Chai (Independent Non-Executive Director)	5/5	100
Member:	Mr. Yew Onn Chong (Independent Non-Executive Director)	5/5	100

All meetings to review the quarterly results and annual financial statements are held prior to such quarterly results and annual financial statements being presented to the Board for approval.

After each AC meeting, the AC reported to, and updated the Board on significant issues and concerns discussed during the AC meetings and where appropriate, made the necessary recommendations to the Board.

Representatives from the External Auditors and Internal Auditors, as the case may be, and the Accountant were in attendance to present the relevant reports and proposals to the AC at the meetings which included inter alia, the Auditors’ audit plans and audit reports, the quarterly results of the Company and the audited financial statements for the financial year ended 31 August 2017.

In the AC meetings, the external auditors were given opportunities to raise any matters and gave unrestricted access to the external auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

AUDIT COMMITTEE REPORT

(Continued)

SUMMARY ACTIVITIES

The AC activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- review the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- Review the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
 - Any change in accounting policies
 - Significant adjustments arising from audit
 - Compliance with accounting standards and other legal requirements

External Auditors

- review of external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- review of external audit review memorandum and the response from the Management;
- review with the external auditor, their evaluation of the system of internal controls and audit findings;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of Management where necessary);
- review the external auditor's Management Letter and Management's response;
- review of the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- review and evaluation of factors relating to the independence of the external auditors.

Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group. The Internal Audit function shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

The Internal Audit Report directly to the AC, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The AC had reviewed:-

- internal audit's resource requirements, scope, adequacy and function;
- suggestion on improvement opportunities in the areas of internal controls, systems and efficiency improvements; and
- appointment of internal auditors who will report functionally directly to the AC and review their performance on an annual basis.

AUDIT COMMITTEE REPORT (Continued)

Internal Control and Risk Management (“armc”) report

- review the following of the internal audit function:-
 - 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;
 - ensure the internal audit function is independent of the activities it audits;
 - the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and where necessary, ensure that appropriate action is taken by Management on the recommendations of the internal audit function;
- monitoring and communication of the risk assessment results to the Board;
- consider any related party transactions and conflict of interest that may arise within the Company or Group;
- consider the major findings of internal investigations and management’s response; and
- consider any other areas as defined by the Board.

Internal Audit Function

The Company has outsourced the internal audit function to KPG Kok Pauline & Gan. The outsourced internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. Reporting directly to the AC, it provides the Board with a reasonable assurance of the effectiveness of the system of internal control in the Group and that the internal control system is operating satisfactorily.

The Internal Auditors adopts risk-based approach auditing approach towards the planning and conduct of audits. During the financial year, the Internal Auditors carried out its activities and performed assignments based on the annual Audit Plan approved by the AC.

The findings of the Internal Auditors are communicated to the Management for the necessary corrective actions. These are being followed-up by the Internal Auditors and reported accordingly to the AC.

The Professional fee incurred by the Internal Audit function of the Group for the financial period ended 31 August 2017 amounted to RM22,500.

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 2017 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.

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 trail of accountability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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

The Board on 21 April 2017 appointed KPG Kok Pauline & Gan as the Outsource Internal Auditor.

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 on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this Statement.

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 Group Accountant 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 and internal control system in place for the financial year ended 31 August 2017 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 16 January 2018.

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) Profit estimates, forecasts or projections;
 - ii) Share buybacks;
 - iii) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;
 - iv) Sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;
 - v) Material variance between the results for the financial year and the unaudited results previously announced;
 - vi) Profit guarantees given by the Company;
 - vii) Material contracts between the Company and its subsidiaries that involve directors' or major shareholders interests;
 - viii) Contract of loans between the Company and its subsidiaries that involve directors' or major shareholders interests;

1.0 Utilisation of Proceeds

During the financial year, the Company undertook the following issuance new ordinary shares:-

- a. 26,600,000 new ordinary shares at RM0.25 per share on 25 October 2016
- b. 5,400,000 new ordinary shares at RM0.25 per share on 07 February 2017

As at the date of this report, the status of utilization of proceed raised from the Proposed Private Placement is as follows:-

Purpose	Amount Raised RM'000	Actual Utilisation RM'000
Funding for new business	5,550	5,550
Working Capital	2,000	2,000
Expenses in relation to the proposed private placement	450	450
Total gross proceeds	8,000	8,000

2.0 Employees Share Option Scheme

The shareholders of the Company had during its Extraordinary General Meeting had on 19 September 2016 approved the establishment of Share Issuance Scheme (SIS) of up to fifteen (15%) of the Company's total issued and paid-up share capital. The SIS Options was implemented on 06 February 2017. The following SIS Options were granted on 14 April 2017.

Number of SIS Options over ordinary shares of RM0.205 in the Company granted on 14 April 2017

As at 01/09/2016	Granted	Exercised	As at 31/08/2017
0	40,000,000	9,020,000	30,980,000

ADDITIONAL COMPLIANCE INFORMATION

(Continued)

The Board of Directors on 23 November 2017 accepted the offer to surrender the above unexercised SIS Options by the Grantees.

The shareholders of the Company had during its Extraordinary General Meeting had on 9 November 2017 approved the ratification of the Company's granting of 40,000,000 SIS Options on 14 April 2017 at an exercise price of RM0.205 each.

3.0 Audit and Non-Audit Fees

Audit and non-audit fees paid or payable to external auditors for the financial year ended 31 August 2017 are as follows:-

	Group (RM)	Company (RM)
Audit Fee	300,000	100,000
Non Audit Fee	0	0

4.0 Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 August 2017

5.0 Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

There were no RRPT conducted during the financial year ended 31 August 2017.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes that its business operations have direct and indirect impact on the communities. The Group upholds its responsibility to oblige the statutory compliance of Corporate Social Responsibility (CSR) and extend it further by implementing various measures to play its part for the society.

The Group believes that a highly conducive working environment will help enhance the efficiency and productivity of employees as well as the quality of life. In this respect, the Group also embarks on structured training and development programmes for its employees to enhance their skills and abilities as springboard for their career development.

The Group also appreciates and understands that its business operations would have an impact and implications on the environment. Accordingly, the Group has taken steps to preserve and minimise the impact on the environment through:

(i) Paperless environment

Staffs are encouraged to fully maximize the benefits of Information Technology for communication and record keeping. Hard copies of documents are generated on a need basis only.

(ii) Recycling

To minimise the environmental impact, the Group adopts a “Go Green” policy, to complement the above initiative. Where possible, paper stationery and materials are to be recycled and reused. Unwanted paper materials are collected for recycling purposes.

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS


The Directors of the Company are required by the Companies Act, 2016 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 2017, 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.

FINANCIAL STATEMENT



36	DIRECTORS' REPORT
42	STATEMENT BY DIRECTORS
42	STATEMENT DECLARATION
43	INDEPENDENT AUDITORS' REPORT
51	STATEMENTS OF FINANCIAL POSITION
53	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
54	STATEMENTS OF CHANGES IN EQUITY
56	STATEMENTS OF CASH FLOWS
58	NOTES TO THE FINANCIAL STATEMENTS

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

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 2017.

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	(12,021,144)	(21,807,563)
Attributable to:		
Owners of the Company	(11,971,197)	(21,807,563)
Non-controlling interests	(49,947)	-
	(12,021,144)	(21,807,563)

In the opinion of the Board of Directors, the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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 2017.

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

During the financial year:

- (a) 32,000,000 new ordinary shares of RM0.25 per ordinary share via a private placement to eligible investors for a total cash consideration of RM8,000,000;
- (b) 9,020,000 new ordinary shares of RM0.205 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.205 per ordinary share.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

Issue of shares and debentures (Cont'd)

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of 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 apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

At an extraordinary general meeting held on 19 September 2016, the Company's shareholders approved the establishment of an SIS options of up to 15% of the issued and paid-up share capital of the Company, to eligible executive Directors and employees of the Group. Bursa Malaysia Securities Berhad ("Bursa Securities") had approved in-principle the listing of the additional 15% of the issued and paid-up share capital of the Company to be issued pursuant to the exercise of the share options granted under SIS.

The salient features of the SIS scheme are, *inter alia*, as follows:-

- i) Eligible employees and those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of appointment. The maximum allowable allotments for the full-time executive Directors have been approved by the shareholders of the Company in a general meeting.
- ii) The aggregate number of shares to be issued under the SIS shall not be more than 15% of the issued share capital of the Group or 52,800,000 new ordinary shares, whichever is higher.
- iii) The Scheme shall be in force for a period of five years from the effective date, subject however to any extension for a further period of up to five years.
- iv) The option price shall not be at discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer.
- v) The option granted to eligible executives will lapse when they are no longer in employment with the Group.

The options offered to take up unissued ordinary shares of RM0.205 each and the exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares of RM0.205 each			
		At 01.9.2016	Granted	Exercised	At 31.8.2017
14.4.2017	RM0.205	-	40,000,000	9,020,000	30,980,000

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

Options granted over unissued shares (Cont'd)

The names of persons who have been granted options during the financial year are as follows:

Name	Number of options over ordinary shares of RM0.205 each			At 31.8.2017
	At 01.9.2016	Granted	Exercised	
Dato' Sri Kee Soon Ling	-	12,000,000	-	12,000,000
Dato' Zhang Li	-	28,000,000	9,020,000	18,980,000

Directors

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

Paulinus Mojiun

Dato' Sri Kee Soon Ling

Dato' Zhang Li

Mak Hon Leong

Professor Datuk Dr. Dominic Lau Hoe Chai

Yew Onn Chong

Dato' Zaidi Bin Mat Isa @ Hashim

(Appointed on 19.12.2016, Resigned on 30.10.2017)

Wong See Ming

(Resigned on 28.09.2017)

Directors' interests

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 in Malaysia, the interests and deemed interest of Directors in office at the end of the financial year ended 31 August 2017 in the shares of the Company or its subsidiaries are as follows:

	Number of ordinary shares			At 31.08.2017
	At 01.09.2016	Bought	Sold	
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	1,443,300	-	38,188,500
Dato' Zhang Li	-	9,020,000	9,020,000	-
Yew Onn Chong	500,000	-	-	500,000
Indirect interest				
Wong See Ming *	109,051,996	-	(31,224,800)	77,827,196

* Held through Sepang Heights Sdn. Bhd., which owns 21.56% equity of the Company.

By virtue of their interest in the shares of the Company, the above-mentioned Directors are also deemed interested in the shares of all the subsidiary company 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefits (other than benefit included in the aggregate amount 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 28 and 33(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 Note 33(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 apart from the share options granted under the Company's Employees Share Options Scheme ("ESOS").

Directors' remuneration

Details of Directors' remuneration are set out in Note 28 to the financial statements.

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 an amount which they might be expected so to realise.
- (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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

Other statutory information (Cont'd)

(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.

Significant events

The significant events occurring during and subsequent to the financial year are disclosed in Note 37 to the financial statements.

Subsidiaries

Details of subsidiaries are set out in Note 6 to the financial statements.

As at the end of financial year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

Auditors' remuneration

Details of auditors' remuneration are set out in Note 27 to the financial statements.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

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 16 January 2018.

.....
Dato' Sri Kee Soon Ling

.....
Dato' Zhang Li

Kuala Lumpur

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, **Dato' Sri Kee Soon Ling** 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 51 to 110 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 January 2018

.....
Dato' Sri Kee Soon Ling
Director

Kuala Lumpur

.....
Dato' Zhang Li
Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Tong Sian Shyen**, being the Officer 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 51 to 110 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 17 January 2018

.....
Tong Sian Shyen

Before me,

.....
Commissioner for Oaths
Name: Kavija Padama
No: W459

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NWP HOLDINGS BERHAD**
(Incorporated in Malaysia)
Company No: 495476-M

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of NWP Holdings Berhad ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 August 2017 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 of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 110.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2017 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Qualified Opinion

1) Investment in an associate

As disclosed in Note 5 to the financial statements, the management has neither performed an impairment test nor assessed the carrying amount of the Group's investment in an associate at carrying amount of RM1,723,533 in accordance with FRS 136 Impairment of Assets. The management is of the view that no impairment is required on the carrying amount of the investment in associate. We were unable to obtain sufficient appropriate audit evidence to assess the carrying amount of the Group's investment in the associate as at 31 August 2017. Consequently, we were unable to determine the effect of adjustments, if any, on the financial statements of the Group.

2) Property, plant and equipment

As at 31 August 2017, included in property, plant and equipment as disclosed in Note 7 to the financial statements was an acquisition of a yacht amounted to RM1,560,071. The management is of the view that no impairment is required on the carrying amount of the yacht and annual depreciation has not been made on the yacht. We were unable to obtain sufficient appropriate audit evidence to ascertain the management's assessment of the recoverable amount of this yacht. Consequently, we were unable to determine the effect of adjustments, if any, on the financial statements of the Group.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NWP HOLDING BERHAD**
(Incorporated in Malaysia)
Company No: 495476-M

Report on the Audit of the Financial Statements (Cont'd)

Basis for Qualified Opinion (Cont'd)

3) Other receivables

As at 31 August 2017, included in other receivables as disclosed in Note 12 to the financial statements are advances made to Listari Marina (MM2H) Sdn Bhd ("LM") amounted to RM6,500,000. The management is of the opinion that this amount is recoverable and accordingly no impairment is required to be made in the financial statements. We were unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of these advances.

In addition, included in other receivables as disclosed in Note 12 to the financial statements is RM4,100,000 partial payment for the acquisition of 30% equity interest in Aviation A.I. Inc.. The second extension period given to the Group to complete this acquisition has ended on 31 December 2017. We are unable to obtain appropriate sufficient audit evidence to ascertain the recoverability of these payments made in the event the acquisition is not materialised.

4) Donation to Pusat Khidmat Komuniti

During the financial year, the Group has made a donation of RM100,000 as corporate social responsibility to Pusat Khidmat Komuniti in Sabah in which one of the Director of the subsidiary is the registered owner of Pusat Khidmat Komuniti. We are unable to obtain sufficient appropriate audit evidences to ascertain the occurrence and nature of this transaction.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NWP HOLDING BERHAD (CONT'D)

(Incorporated in Malaysia)

Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

Impairment of property, plant and equipment

Our audit procedures included, among others, the following:

Refer to Note 7 to the financial statements

1. Check to the valuation report prepared by professional valuer, including the valuers' competency, to verify the ownership, existence and valuation of the leasehold land and factory building;

Property, plant and equipment represents the most significant asset class on the statement of financial position of the Group amounting to RM36,686,750 as at 31 August 2017. Included in property, plant and equipment are leasehold land and factory building of RM29,577,965 and vessels, plant and machineries of RM6,734,051 respectively.

2. Performed physical sighting and observed that there is no major damage or significant repair incurred which show impairment indicators exist;

We focused on this area due to significant judgement involved in determining the key assumptions used in performing the impairment test, such as estimating future revenue, revenue growth, gross margin and discount rate used in the cash flow projection prepared by the Group.

3. Evaluating the reasonableness of the key assumptions used by the management in the cash flow projection, i.e revenue growth and gross margin; and

4. Assessed the reliability of management's forecast by comparing past trends of actual financial performance against previous forecasted results.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NWP HOLDING BERHAD (CONT'D)

(Incorporated in Malaysia)

Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Inventories

Refer to Note 10 to the financial statements

As at 31 August 2017, the Group's inventories amounted to RM5,769,161 in the financial statements.

The valuation of inventories is identified as key audit matter because of the judgement involved in identifying slow moving and obsolete inventories and in assessing the level of allowance required for inventories written down.

Management periodically reviews the inventories for potential write-downs by identifying slow moving or obsolete inventories as well as evaluating their net realisable value. These reviews involves judgements and estimation uncertainty in forming expectations about future sales and demands.

Our audit procedures included, among others, the following:

1. Reviewing the stock ageing report to identify slow moving aged items;
2. Attending year end physical inventory count to observe physical existence and condition of raw material and finished goods and assessing the implementation of controls during the count;
3. Reviewing and verifying the subsequent selling price against unit cost of sample of inventory used in the final inventory listing to ensure inventories are stated at lower of cost and net realisable value; and
4. Evaluating the reasonableness and the adequacy of the allowance for inventories written down.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NWP HOLDING BERHAD (CONT'D)**
(Incorporated in Malaysia)
Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment of trade and other receivables	Our audit procedures included, among others, the following:
Refer to Note 11 and Note 12 to the financial statements	
As at 31 August 2017, the Group's carries significant trade receivables and other receivables amounted to RM5,697,177 and RM11,789,146 respectively which is subject to major credit risk exposures. The other receivables consists of non-trade receivables, deposits and prepayment.	<ol style="list-style-type: none">1. Reviewing the ageing analysis of trade and other receivables and testing the accuracy of ageing;2. Enquiring management regarding action plans to recover overdue amounts;3. Reviewing subsequent collection from major and overdue receivables;
The assessment of recoverability of receivables involves judgements and estimation uncertainty in analysing historical bad debts, debtor creditworthiness and its ability to pay and by reference to past default experience, receivables payment terms and subsequent to year end collections.	<ol style="list-style-type: none">4. Examining other audit evidence including customer correspondences, and proposed settlement plans; and5. Evaluating the reasonableness and adequacy of the allowance for impairment of receivables being provided.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises Statement on Risk Management and Internal Control which obtained prior to the date of this auditors' report, and other sections in 2017 annual report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NWP HOLDING BERHAD (CONT'D)

(Incorporated in Malaysia)

Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. As described in the Basis of Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence to assess the carrying amount of the investment in an associate, management's assessment of the recoverable amount of the yacht, recoverable amount in other receivables and deposit of the Company and subsidiaries respectively. Accordingly, we are unable to conclude whether or not the other information obtained prior to this auditors' report is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NWP HOLDING BERHAD (CONT'D)

(Incorporated in Malaysia)

Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NWP HOLDING BERHAD (CONT'D)**
(Incorporated in Malaysia)
Company No: 495476-M

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

Kuala Lumpur
17 January 2018

PAT YIN LAI
No. 3073/12/19 (J)
Chartered Accountant

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017

	Note	-----GROUP-----		-----COMPANY-----	
		2017 RM	2016 RM (Restated)	2017 RM	2016 RM
ASSETS					
Non-Current Assets					
Investment in an associate	5	1,723,533	2,484,472	2,980,117	3,216,689
Investment in subsidiaries	6	-	-	14,913,434	14,913,434
Property, plant and equipment	7	36,686,750	36,562,858	197,361	34,667
Biological assets	8	12,098	38,416	-	-
Other investment	9	34,300	-	-	-
Total Non-Current Assets		<u>38,456,681</u>	<u>39,085,746</u>	<u>18,090,912</u>	<u>18,164,790</u>
Current Assets					
Inventories	10	5,769,161	7,204,300	-	-
Trade receivables	11	5,697,177	3,854,790	-	-
Other receivables	12	11,789,146	3,580,534	81,973	906,156
Amount due from an associate	13	-	689,730	-	689,730
Amount due from subsidiaries	14	-	-	14,920,534	14,913,534
Deposits with financial institutions	15	82,558	135,782	-	-
Cash and bank balances		853,566	1,556,019	19,345	270,608
Total Current Assets		<u>24,191,608</u>	<u>17,021,155</u>	<u>15,021,852</u>	<u>16,780,028</u>
TOTAL ASSETS		<u>62,648,289</u>	<u>56,106,901</u>	<u>33,112,764</u>	<u>34,944,818</u>

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2017 (CONT'D)

	Note	-----GROUP-----		-----COMPANY-----	
		2017 RM	2016 RM (Restated)	2017 RM	2016 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	16	103,272,060	80,000,000	103,272,060	80,000,000
Share premium		-	11,618,960	-	11,618,960
Revaluation reserve	17	16,364,724	16,364,724	-	-
Share option reserve		6,196,000	-	6,196,000	-
Accumulated losses		(79,410,764)	(67,439,567)	(81,018,242)	(59,210,679)
		46,422,020	40,544,117	28,449,818	32,408,281
Non-controlling interest		(93,044)	(43,097)	-	-
Total Equity		46,328,976	40,501,020	28,449,818	32,408,281
Non-Current Liabilities					
Deferred tax liabilities	18	4,884,300	4,981,941	-	-
Total Non-Current Liabilities		4,884,300	4,981,941	-	-
Current Liabilities					
Trade payables	19	1,979,856	2,740,862	-	-
Other payables	20	4,136,702	4,807,288	122,611	36,537
Amount due to Directors	21	5,316,400	2,754,337	4,539,000	2,500,000
Obligation under finance lease	22	-	31,546	-	-
Current tax liabilities		2,055	-	1,335	-
Bank overdraft	23	-	289,907	-	-
Total Current Liabilities		11,435,013	10,623,940	4,662,946	2,536,537
Total Liabilities		16,319,313	15,605,881	4,662,946	2,536,537
TOTAL EQUITY AND LIABILITIES		62,648,289	56,106,901	33,112,764	34,944,818

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	Note	-----GROUP-----		-----COMPANY-----	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	24	16,117,258	12,680,238	-	-
Cost of sales		<u>(15,674,109)</u>	<u>(12,764,280)</u>	<u>-</u>	<u>-</u>
Gross profit/(loss)		443,149	(84,042)	-	-
Other income	25	753,607	20,615	5,561	10
Administration expenses		(11,481,705)	(1,709,375)	(9,385,826)	(394,446)
Other operating expenses		<u>(1,145,336)</u>	<u>(890,843)</u>	<u>(236,572)</u>	<u>-</u>
Loss from operations		(11,430,285)	(2,663,645)	(9,616,837)	(394,436)
Finance cost	26	(162,078)	(139,009)	-	-
Impairment losses on investment in subsidiaries		-	-	-	(3,850,550)
Impairment losses on amount due from subsidiaries		-	-	(12,189,391)	(8,963,324)
Share of result in an associate		<u>(524,367)</u>	<u>(188,370)</u>	<u>-</u>	<u>-</u>
Loss before tax	27	(12,116,730)	(2,991,024)	(21,806,228)	(13,208,310)
Income tax expense	30	<u>95,586</u>	<u>73,337</u>	<u>(1,335)</u>	<u>-</u>
Loss after tax		(12,021,144)	(2,917,687)	(21,807,563)	(13,208,310)
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		<u>(12,021,144)</u>	<u>(496,106)</u>	<u>(21,807,563)</u>	<u>(13,208,310)</u>
Loss attributable to:					
Owners of the parent		(11,971,197)	(2,896,113)		
Non-controlling interest		<u>(49,947)</u>	<u>(21,574)</u>		
		<u>(12,021,144)</u>	<u>(2,917,687)</u>		
Total comprehensive expense attributable to:					
Owners of the parent		(11,971,197)	(474,532)		
Non-controlling interest		<u>(49,947)</u>	<u>(21,574)</u>		
		<u>(12,021,144)</u>	<u>(496,106)</u>		
Loss per share attributable to owners of the parent (Sen per share)	31	<u>(3.32)</u>	<u>(0.91)</u>		

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

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

GROUP	Attributable to Equity Holders of the Parent						Equity attributable to owners of the parent RM	Non-controlling interest RM	Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Shares option reserve RM	Accumulated losses RM	Distributable			
1 September 2015	80,000,000	11,618,960	13,943,143	-	(64,543,454)	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	11,618,960	16,364,724	-	(67,439,567)	40,544,117	(43,097)	40,501,020	
Issue of ordinary shares (Note 16)	8,000,000	-	-	-	-	8,000,000	-	8,000,000	
Share options granted	-	-	-	8,000,000	-	8,000,000	-	8,000,000	
Share options exercised (Note 16)	3,653,100	-	-	(1,804,000)	-	1,849,100	-	1,849,100	
Transfer pursuant to Section 618(2) of the Companies Act 2016	11,618,960	(11,618,960)	-	-	-	-	-	-	
	23,272,060	(11,618,960)	-	6,196,000	-	17,849,100	-	17,849,100	
Loss after tax	-	-	-	-	(11,971,197)	(11,971,197)	(49,947)	(12,021,144)	
Other comprehensive	-	-	-	-	-	-	-	-	
Total comprehensive income/(expense)	-	-	-	-	(11,971,197)	(11,971,197)	(49,947)	(12,021,144)	
At 31 August 2017	103,272,060	-	16,364,724	6,196,000	(79,410,764)	46,422,020	(93,044)	46,328,976	

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

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONT'D)

COMPANY	-----Non-distributable-----					Total RM
	Share capital RM	Share premium RM	Option reserve RM	Accumulated losses RM		
At 1 September 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
Issue of ordinary shares (Note 16)	8,000,000	-	-	-		8,000,000
Share options granted	-	-	8,000,000	-		8,000,000
Share options exercised (Note 16)	3,653,100	-	(1,804,000)	-		1,849,100
Transfer pursuant to Section 618(2) of the Companies Act 2016	11,618,960	(11,618,960)	-	-		-
	23,272,060	(11,618,960)	6,196,000	-		17,849,100
Loss after tax	-	-	-	(21,807,563)		(21,807,563)
Other comprehensive income	-	-	-	-		-
Total comprehensive expense	-	-	-	(21,807,563)		(21,807,563)
At 31 August 2017	103,272,060	-	6,196,000	(81,018,242)		28,449,818

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

	Note	----- GROUP -----		----- COMPANY -----	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOW FROM OPERATING ACTIVITIES					
Loss before tax		(12,116,730)	(2,991,024)	(21,806,228)	(13,208,310)
Adjustments for:-					
Bad debts written off		-	11,110	-	-
Inventories written off		218,379	-	-	-
Impairment losses on trade and other receivables		192,647	210,585	-	-
Impairment losses on property, plant and equipment		-	578,382	-	-
Impairment losses on investment in subsidiaries		-	-	-	3,850,550
Impairment losses on investment in an associate		236,572	-	236,572	-
Impairment losses on amount due from subsidiaries		-	-	-	8,963,324
Amortisation of biological assets	8	26,318	26,318	-	-
Amortisation of other assets		700	-	-	-
Depreciation of property, plant and equipment	7	1,664,395	1,754,358	20,644	333
Gain on disposal of property, plant and equipment		-	(4,999)	-	-
Share of result in an associate		524,367	188,370	-	-
Unrealised foreign exchange loss		26,388	12,820	-	-
Interest expenses		-	139,009	-	-
Interest income		-	(90)	(5,561)	(10)
Bad debts recovered		(600,000)	-	-	-
Equity settled share-based payment transactions		8,000,000	-	8,000,000	-
Operating loss before changes in working capital		(1,826,964)	(75,161)	(13,554,573)	(394,113)
Changes in working capital					
Inventories		1,216,760	853,618	-	-
Trade and other receivables		(9,670,034)	(2,603,693)	824,183	(896,966)
Trade and other payables		(1,431,592)	1,441,105	86,074	16,804
Amount due from an associates		689,730	-	689,730	-
Amount due from subsidiaries		-	-	(7,000)	-
Amount due to Directors		2,562,063	2,699,999	2,039,000	2,500,000
Cash flow (used in)/generated from operations		(8,460,037)	2,315,868	(9,922,586)	1,225,725
Interest paid		-	(139,009)	-	-
Interest received		-	90	5,561	10
Net cash flow (used in)/generated from operating activities		(8,460,037)	2,176,949	(9,917,025)	1,225,735

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONT'D)

	Note	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOW FROM INVESTING ACTIVITIES					
Net cash outflows from acquisition of interest in subsidiaries		-	-	-	(999,990)
Purchase of property, plant and equipment	7	(1,788,287)	(317,478)	(183,338)	(35,000)
Purchase of intangible asset		(35,000)	-	-	-
Proceeds from disposal of property, plant and equipment		-	5,000	-	-
Repayment from subsidiaries		-	-	-	71,482
Net cash flow used in investing activities		<u>(1,823,287)</u>	<u>(312,478)</u>	<u>(183,338)</u>	<u>(963,508)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of obligation under finance lease		(31,546)	(35,932)	-	-
Proceeds from ordinary shares issued pursuant to:					
Private placement		8,000,000	-	8,000,000	-
Share options exercised		1,849,100	-	1,849,100	-
Net cash flow generated from / (used) in financing activities		<u>9,817,554</u>	<u>(35,932)</u>	<u>9,849,100</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(465,770)	1,828,539	(251,263)	262,227
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>1,401,894</u>	<u>(426,645)</u>	<u>270,608</u>	<u>8,381</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32	<u>936,124</u>	<u>1,401,894</u>	<u>19,345</u>	<u>270,608</u>

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017

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 located at 56 KM, Jalan Kimanis, Beaufort Highway, P.O.Box 362, 89608 Papar, Sabah. The Company head office is 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 16 January 2018.

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, 2016 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:

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

2. Basis of preparation (cont'd)

2.1 FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

FRS (Including The Consequential Amendments)		Effective Date
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 12	Annual Improvements to FRSs 2014 - 2016 Cycle	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 1	Annual Improvements to FRSs 2014 - 2016 Cycle	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 128	Annual Improvements to FRSs 2014 - -2016 Cycle	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
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 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

2. Basis of preparation (cont'd)

2.1 FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

2. Basis of preparation (cont'd)

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 2017 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

2. Basis of preparation (cont'd)

2.2 Malaysian Financial Reporting Standards (“MFRSs Framework”) that have been issued, but have yet to be adopted (cont'd)

(a) MFRS 15: Revenue from Contracts with Customers (cont'd)

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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

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.

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(a) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(a) Basis of Consolidation (cont'd)

(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.

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(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 initial 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.

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, vessels, plant and machinery	5 to 10 years
Tools and equipment, vessels 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(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 present 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 charged as expenses in the period in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if 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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(f) Financial Instruments (cont'd)

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.

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(f) Financial Instruments (cont'd)

(ii) Financial liabilities (cont'd)

Other financial liabilities (cont'd)

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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(g) Impairment of Assets (cont'd)

(i) Impairment of financial assets (cont'd)

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 amortised 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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(n) Income Tax (cont'd)

(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.

(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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(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.

(iii) Share-based payment transactions

The Company operates an equity-settled, share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve with equity over the vesting period and taking into account the probability that the options will be vested.

From share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(q) Foreign Currencies (Cont'd)

(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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

3. Summary of significant accounting policies (cont'd)

(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.
- (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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

4. Significant accounting estimates and judgements

4.1 Judgements Made in Applying Accounting Policies

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.

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

4. Significant accounting estimates and judgements (cont'd)

4.1 Judgements Made in Applying Accounting Policies (cont'd)

(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.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

4. Significant accounting estimates and judgements (cont'd)

4.2 Key Sources of Estimation Uncertainty (cont'd)

(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.

(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 taxes 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

5. Investment in an Associate

	-----GROUP-----		-----COMPANY-----	
	2017 RM	2016 RM	2017 RM	2016 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	(1,156,768)	(632,401)	-	-
- Impairment losses on investment in associate	(236,572)	-	(236,572)	-
	<u>1,723,533</u>	<u>2,484,472</u>	<u>2,980,117</u>	<u>3,216,689</u>

Name of Associate	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017	2016
NWP LAO Industries Co., Ltd	Lao People's Democratic Republic	Manufacturing and selling of timber and timber products	<u>25.66%</u>	<u>25.66%</u>

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 2017, 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.

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 2017, 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 audited financial statements.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

5. Investment in an Associate (cont'd)

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

	2017 RM	2016 RM
Revenue	2,511,459	1,389,957
Loss after tax	<u>(2,021,082)</u>	<u>(734,101)</u>
Non-current assets	11,758,725	12,374,735
Current assets	1,230,429	2,037,667
Non-current liabilities	(68,023)	(906,521)
Current liabilities	<u>(1,203,566)</u>	<u>(906,521)</u>
Net assets	<u><u>11,717,565</u></u>	<u><u>13,505,881</u></u>

6. Investment in Subsidiaries

COMPANY

	2017 RM	2016 RM
Unquoted shares, at cost	55,270,716	55,270,716
Less: Accumulated impairment losses	<u>(40,357,282)</u>	<u>(40,357,282)</u>
	<u><u>14,913,434</u></u>	<u><u>14,913,434</u></u>

The movement in the impairment account is as follow:-

	2017 RM	2016 RM
At 1 September	40,357,282	36,506,732
Addition	<u>-</u>	<u>3,850,550</u>
At 31 August	<u><u>40,357,282</u></u>	<u><u>40,357,282</u></u>

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		% of Ownership Interest Held by Non-Controlling Interest	
		2017	2016	2017	2016
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%	-	-

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

6. Investment in Subsidiaries (cont'd)

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

	2017 RM	2016 RM
Non-current assets	30,263	69,051
Current assets	<u>203,130</u>	<u>606,983</u>
Total assets	233,393	676,304
Current liabilities	<u>(1,165,697)</u>	<u>(1,108,866)</u>
Net liabilities	<u>(923,304)</u>	<u>(432,832)</u>
Equity attributable to:-		
Owners of the parent	(830,260)	(389,735)
Non-controlling interest	<u>(93,044)</u>	<u>(43,097)</u>
	<u>(923,304)</u>	<u>(432,832)</u>

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

	2017 RM	2016 RM
Revenue	<u>118,823</u>	<u>340,043</u>
Net loss for the year	<u>(499,472)</u>	<u>(215,741)</u>
Net loss attributable to:-		
Owners of the parent	(449,525)	(194,167)
Non-controlling interest	<u>(49,947)</u>	<u>(21,574)</u>
Total comprehensive expense	<u>(499,472)</u>	<u>(215,741)</u>

(c) Summarised Statement of Cash Flows

	2017 RM	2016 RM
Net cash generated from/(used in) from operating activities	<u>10,844</u>	<u>(786)</u>
Net increase/(decrease) in cash and cash equivalents	10,844	(786)
Cash and cash equivalents at the beginning of the year	<u>4,726</u>	<u>5,512</u>
Cash and cash equivalents at the end of the year	<u>15,570</u>	<u>4,726</u>

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

7. Property, plant and equipment

GROUP

2017	Long term leasehold land RM	Buildings and quarters RM	Motor vehicles, vessels, plant and machinery RM	Tools and equipment and factory equipment RM	Renovation, fittings and equipment RM	Road RM	Capital work in progress RM	Office equipment RM	Total RM
At Cost/Valuation									
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
Additions	-	-	1,600,071	-	147,129	-	-	41,087	1,788,287
Disposal	-	-	-	-	-	-	-	-	-
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	-	-
At 31 August 2017	14,854,000	15,442,706	15,091,215	170,003	2,818,076	711,380	66,283	46,087	49,199,750
Accumulated Depreciation									
At 31 August 2016	-	1,064	6,923,236	113,820	2,531,728	700,292	-	83	10,270,223
Charge for the year	238,313	479,364	855,547	15,132	58,934	11,088	-	6,017	1,664,395
Disposal	-	-	-	-	-	-	-	-	-
Revaluation surplus/(deficit)	-	-	-	-	-	-	-	-	-
At 31 August 2017	238,313	480,428	7,778,783	128,952	2,590,662	711,380	-	6,098	11,934,618
Accumulated impairment									
At 31 August 2016	-	-	578,382	-	-	-	-	-	578,382
Impairment loss for the financial year	-	-	-	-	-	-	-	-	-
At 31 August 2017	-	-	578,382	-	-	-	-	-	578,382
Net Book Value									
At 31 August 2017	14,615,687	14,962,278	6,734,051	41,051	227,414	-	66,283	39,988	36,686,750
Representing:									
-At cost	-	2,706	8,793,215	170,003	2,818,076	711,380	66,283	46,087	12,607,950
-At valuation	14,854,000	15,440,000	6,298,000	-	-	-	-	-	36,592,800
	14,854,000	15,442,706	15,091,215	170,003	2,818,076	711,380	66,283	46,087	49,199,750

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

7. Property, plant and equipment (cont'd)

GROUP	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
2016									
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 27)	-	-	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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

7. Property, plant and equipment (cont'd)

COMPANY

2017	Renovation, furniture, fittings and equipment RM	Office equipment RM	Total RM
At Cost			
At 31 August 2016	30,000	5,000	35,000
Additions	142,253	41,085	183,338
At 31 August 2017	<u>172,253</u>	<u>46,085</u>	<u>218,338</u>
Accumulated Depreciation			
At 31 August 2016	250	83	333
Charge for the year	14,628	6,016	20,644
At 31 August 2017	<u>14,878</u>	<u>6,099</u>	<u>20,977</u>
Net Book Value			
At 31 August 2017	<u>157,375</u>	<u>39,987</u>	<u>197,361</u>
At 31 August 2016	<u>29,750</u>	<u>4,917</u>	<u>34,667</u>

GROUP

- (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 resultant revaluation surplus of RM2,421,581 net of deferred tax which has been included in the revaluation reserve account as stated in Note 17.
- (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 17.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

7. Property, plant and equipment (cont'd)

(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-----			Total RM
	Quoted Price in Active Market Level 1 RM	Significant Observable Input Level 2 RM	Significant Unobservable Input Level 3 RM	
2017				
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
2016				
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

(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:-

	2017 RM	2016 RM
Long term leasehold land	1,414,828	1,434,472
Buildings and quarters	11,193,968	11,513,897
	12,608,796	12,948,369

(e) Motor vehicles with carrying amount of RM1 (2015: RM27,900) are acquired under the hire purchase instalment plan as disclosed in Note 22.

(f) Motor vehicles with carrying amount of RM2 (2015: RM27,901) are held in trust by the Directors of the Group.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

7. Property, plant and equipment (cont'd)

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

	2017	2016
	RM	RM
Cost		
Motor vehicles, plant and machinery	4,847,475	4,158,975
Tools and equipment and factory equipment	73,929	61,931
Renovation, furniture, fittings and equipment	2,262,477	2,182,046
Road	711,380	600,494
	<u>7,895,262</u>	<u>7,003,446</u>

8. Biological assets

GROUP

	2017	2016
	RM	RM
At Cost		
At 1 September	125,606	125,606
Additions	-	-
At 31 August	<u>125,606</u>	<u>125,606</u>
Accumulated Amortisation		
At 1 September	87,190	60,872
Charge for the year	26,318	26,318
At 31 August	<u>113,508</u>	<u>87,190</u>
Net Book Value		
At 31 August	<u>12,098</u>	<u>38,416</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

9. Other investment

GROUP	2017 RM	2016 RM
Investment in membership		
At Cost		
At 1 September	-	-
Additions	<u>35,000</u>	<u>-</u>
At 31 August	<u>35,000</u>	<u>-</u>
Accumulated amortisation		
At 1 September	-	-
Charge for the year	<u>700</u>	<u>-</u>
At 31 August	<u>700</u>	<u>-</u>
Net Book Value		
At 31 August	<u>34,300</u>	<u>-</u>

Amortisation on other investment is provided on a straight line basis so as to write off the cost to its residual value over the estimated useful life at 50 years.

10. Inventories

GROUP	2017 RM	2016 RM
At Cost		
Timber and Log		
Raw materials	2,996,298	3,595,902
Work-in-progress	380,127	840,703
Finished goods	634,514	772,703
Consumables	<u>310,798</u>	<u>283,529</u>
	<u>4,321,737</u>	<u>5,492,837</u>
Nurseries		
Plants	30,024	339,826
Consumables	<u>67,372</u>	<u>70,066</u>
	<u>97,396</u>	<u>409,892</u>
	<u>4,419,133</u>	<u>5,902,729</u>
At Net Realisable Value		
Timber and Log		
Raw materials	1,060,370	1,058,809
Work-in-progress	<u>289,658</u>	<u>242,762</u>
	<u>1,350,028</u>	<u>1,301,571</u>
	<u>5,769,161</u>	<u>7,204,300</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

11. Trade receivables

GROUP

	2017 RM	2016 RM
Gross receivables (Note 34 (b)(i))	8,578,474	7,518,213
Less : Allowance for impairment (Note 34 (b)(i))	<u>(2,881,297)</u>	<u>(3,663,423)</u>
	<u>5,697,177</u>	<u>3,854,790</u>

The Group's and the Company's normal trade credit terms range from 30 days to 120 days (2016: 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 (2016: two (2) customers) which constituted approximately 63% (2016: 63%) of its trade receivables as at the end of the reporting period.

12. Other receivables

	----- GROUP -----		----- COMPANY -----	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other receivables	7,386,185	3,157,922	-	-
Deposits	4,315,389	1,470,228	74,776	876,725
Prepayments	<u>122,343</u>	<u>387,841</u>	<u>7,197</u>	<u>29,431</u>
	11,823,917	5,015,991	81,973	906,156
Less : Allowance for impairment	<u>(34,771)</u>	<u>(1,435,457)</u>	<u>-</u>	<u>-</u>
Other receivables, net	<u>11,789,146</u>	<u>3,580,534</u>	<u>81,973</u>	<u>906,156</u>

The movement in the allowance account is as follows:-

At 1 September	1,435,457	1,375,457	-	-
Recovery	(600,000)	-	-	-
Written off	(800,686)	-	-	-
Additions	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
At 31 August	<u>34,771</u>	<u>1,435,457</u>	<u>-</u>	<u>-</u>

Included in the Group's deposits is partial payment of RM4,100,000 for acquisition of 30% equity interest in Aviation A.I Inc. The group had entered into conditional share sale agreement with Encik Ismail Bin Hassan on 14 October 2016 to enquire 30% equity interest in Aviation A.I Inc for total consideration of USD 1,500,000 which equivalent to RM6,300,000. On 13 April 2017, the Group had obtained extension period to 31 December 2017 to fulfill the conditions and to complete the conditional share sales agreement.

13. Amount due from an associate

GROUP AND COMPANY

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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

14. Amount due from subsidiaries

COMPANY

	2017 RM	2016 RM
Amount due from subsidiaries	44,465,735	32,959,074
Less: Allowance for impairment (Note 34(b)(i))	<u>(29,545,201)</u>	<u>(18,045,540)</u>
	<u>14,920,534</u>	<u>14,913,534</u>

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

15. Deposits with financial institutions

GROUP AND COMPANY

The effective rate of interest from money market deposits is ranging from 2.55% to 3.3% (2016: 3.15% to 3.3%) per annum and is realisable upon demand.

16. Share capital

GROUP

	2017		2016	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Balance at 1 September 2016	320,000,000	80,000,000	320,000,000	80,000,000
Issued during the financial year for cash:				
Private placement	32,000,000	8,000,000	-	-
Issued under options exercised	9,020,000	3,653,100	-	-
Conversion of share premium to share capital	-	11,618,960	-	-
Balance at 31 August 2017	<u>361,020,000</u>	<u>103,272,060</u>	<u>320,000,000</u>	<u>80,000,000</u>

COMPANY

	2017		2016	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Balance at 1 September 2016	320,000,000	80,000,000	320,000,000	80,000,000
Issued during the financial year for cash:				
Private placement	32,000,000	8,000,000	-	-
Issued under options exercised	9,020,000	3,653,100	-	-
Conversion of share premium to share capital	-	11,618,960	-	-
Balance at 31 August 2017	<u>361,020,000</u>	<u>103,272,060</u>	<u>320,000,000</u>	<u>80,000,000</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

17. Revaluation reserve

GROUP

	2017	2016
	RM	RM
At 1 September/31 August	16,364,724	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
	<u>16,364,724</u>	<u>16,364,724</u>

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

18. Deferred tax liabilities

GROUP

	2017	2016
	RM	RM
At 1 September	4,981,941	4,290,570
Recognised in profit and loss	(97,641)	(73,337)
Additions (Note 16)	-	764,708
At 31 August	<u>4,884,300</u>	<u>4,981,941</u>
Represented by:		
Deferred tax assets	-	-
Deferred tax liabilities	<u>4,884,300</u>	<u>4,981,941</u>
	<u>4,884,300</u>	<u>4,981,941</u>

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 (2016: 30 to 120 days).

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

20. Other payables

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables:-				
-Third party	351,550	436,729	17,955	12,837
-Related party	2,907,031	3,595,918	-	-
Accruals	807,093	704,563	104,656	23,700
Deposit received	71,028	70,078	-	-
	<u>4,136,702</u>	<u>4,807,288</u>	<u>122,611</u>	<u>36,537</u>

The amount owing to a related party includes an amount of RM2,624,918 (2016: RM2,650,000) which is unsecured, repayable on demand and bears cost of fund of 3.5% (2016: 3.5%) per annum.

21. Amount due to Directors

GROUP AND COMPANY

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

22. 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:-

	2017 RM	2016 RM
Minimum Finance Lease Payments:		
Not later than 1 year	-	32,371
Later than 1 year but not later than 2 years	<u>-</u>	<u>-</u>
	-	32,371
Less: Future finance charges	<u>-</u>	<u>(825)</u>
Present value of finance lease liabilities	<u>-</u>	<u>31,546</u>
	2017 RM	2016 RM
Repayable as follows:		
Not later than 1 year	-	31,546
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>31,546</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

22. Obligation under finance lease (cont'd)

	2017 RM	2016 RM
Analysed as:-		
Due within 12 months	-	31,546
Due after 12 months	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>31,546</u>

The effective interest rate of the obligation under finance lease ranged from 6.16% to 7.92% (2016 : 6.16% to 7.92%) per annum.

23. Bank overdraft

GROUP

The bank overdraft bears interest at 8.6% (2016: 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.

24. Revenue

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of timber and timber products	15,609,936	11,783,402	-	-
Sale of agriculture product	118,823	340,043	-	-
Rendering of services	388,499	554,805	-	-
Interest income	-	10	-	-
Sale of ice blocks	-	1,978	-	-
	<u>16,117,258</u>	<u>12,680,238</u>	<u>-</u>	<u>-</u>

25. Other income

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposit interest received	6,985	81	-	-
Management fees	74,000	10,535	-	-
Recovered from doubtful debts	614,985	5,000	-	-
Gain on foreign exchange unrealized	57,637	-	-	-
Gain on disposal of assets	-	4,999	-	-
Interest income	-	-	5,561	10
	<u>753,607</u>	<u>20,615</u>	<u>5,561</u>	<u>10</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

26. Finance cost

GROUP

	2017 RM	2016 RM
Cost of fund on unsecured advances	141,921	70,192
Bank overdraft interest	19,331	65,845
Obligation under finance lease interest	826	2,972
	<u>162,078</u>	<u>139,009</u>

27. Loss before tax

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

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
After charging:-				
Auditors' remuneration				
- Current year	300,000	60,000	25,000	25,000
- Overprovision in previous year	-	(350)	-	-
Impairment losses on amount due from subsidiaries	-	-	11,499,661	8,963,324
Amortisation of biological assets	26,318	26,318	-	-
Amortisation of other investment	700	-	-	-
Bad debts written off	-	11,110	-	-
Inventories written off	218,379	-	-	-
Depreciation of property, plant and equipment	1,664,395	1,754,358	20,644	333
Directors' remuneration (Note 28 and 33(b)):-				
- Fees	571,000	192,000	571,000	142,000
- Salaries	254,000	312,000	-	-
- Defined contribution plan	32,492	40,085	-	-
- Non-fee emolument	8,000,000	-	8,000,000	-
Impairment losses on investment in subsidiaries	-	-	-	3,850,550
Impairment losses on:-				
- Trade receivables (Note 34(b)(i))	192,647	150,585	-	-
- Other receivables	-	60,000	-	-
- Property, plant and equipment	-	578,382	-	-
- Investment in an associate	236,572	-	236,572	-
Loss on realised foreign exchange	-	77,946	-	-
Loss on unrealised foreign exchange	26,388	12,820	-	-
Rental of land	33,750	35,000	-	-
Rental of premises	78,306	78,300	-	-
Staff costs (Note 29):-				
- Salaries, wages and allowance	3,240,005	2,877,533	-	-
- EPF and SOCSO	283,713	223,352	-	-
- Other employee benefits	124,976	104,938	-	126
	<u>124,976</u>	<u>104,938</u>	<u>-</u>	<u>126</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

27. Loss before tax (cont'd)

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
After crediting:-				
Interest income	(6,985)	(90)	(5,561)	(10)
Other income	(70,000)	(10,535)		-
Recovery of impairment losses on:				
- Doubtful debt recovered	(14,985)			
- Trade receivables	-	(5,000)	-	-
- Other receivables	(600,000)	-	-	-
Realised foreign exchange gain	(57,637)	-	-	-
Gain on disposal of property, plant and equipment	-	(4,999)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

28. Director remuneration

GROUP

	2017 RM	2016 RM
Directors of the Company		
Executive:-		
Salaries	254,000	312,000
Defined Contribution plan	32,492	40,085
Non-fee emolument	8,000,000	-
Non-Executive:-		
Fees	<u>571,000</u>	<u>192,000</u>
Total	<u>8,857,492</u>	<u>544,085</u>

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

	2017	2016
Executive Director		
RM10,000- RM100,000	1	1
RM100,001- RM200,000	-	1
RM200,001-RM300,000	1	-
RM300,001-RM10,000,000	<u>2</u>	<u>-</u>
Non-Executive Director		
Below RM50,000	<u>6</u>	<u>3</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

29. Staff costs

GROUP

	2017 RM	2016 RM
Salaries, wages and allowances	3,240,005	2,877,533
EPF and Socso	283,713	223,352
Other employee benefits	124,976	104,938
	<u>3,648,694</u>	<u>3,205,823</u>

Number of employees in the Group at the end of the financial year (exclude Directors) are 158 (2016 : 106).

30. Income tax expense

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax:-				
Current year expense	-	-	1,335	-
Over provision in previous year	-	-	-	-
Deferred tax:-				
Relating to origination and reversal of temporary differences	<u>(95,586)</u>	<u>(73,337)</u>	<u>-</u>	<u>-</u>
Income tax expense for the financial year	<u>(95,586)</u>	<u>(73,337)</u>	<u>1,335</u>	<u>-</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

30. Income tax expense (cont'd)

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 -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Loss before tax	<u>(12,116,730)</u>	<u>(2,991,024)</u>	<u>(21,806,228)</u>	<u>(13,208,310)</u>
Tax at the statutory tax rate of 24% (2016: 24%)	(2,908,015)	(717,846)	(5,233,495)	(3,169,994)
Tax effects of:				
Non-deductible expenses	3,388,041	741,764	5,234,830	3,169,996
Income not subject to tax	(144,342)	(1,221)	-	(2)
Deferred tax assets not recognised during the year	28,416	42,469	-	-
Tax saving on utilization of unabsorbed tax losses and capital allowance	(362,045)	(65,166)	-	-
Crystallisation of deferred tax liabilities arose from revaluation surplus	(97,641)	(73,337)	-	-
Over provision of tax in previous year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense for the financial year	<u>(95,586)</u>	<u>(73,337)</u>	<u>1,335</u>	<u>-</u>

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 -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	(6,506,000)	(8,092,000)	-	-
Unabsorbed tax losses	<u>(32,414,000)</u>	<u>(38,726,000)</u>	<u>-</u>	<u>-</u>
	<u>(38,920,000)</u>	<u>(46,168,000)</u>	<u>-</u>	<u>-</u>
Potential net tax benefits calculated at 24% tax rate (2016: 24%)	<u>(9,341,000)</u>	<u>(11,236,320)</u>	<u>-</u>	<u>-</u>

As at 31 August 2017, 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 (2016: RM18,494,326) which can be offset against future taxable profits of the relevant company subject to the agreement by the Inland Revenue Board.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

31. 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 -----	
	2017 RM	2016 RM
Loss after tax attributable to owners of the parent	<u>(11,971,197)</u>	<u>(2,896,113)</u>
	Number of shares	Number of shares
Number of ordinary shares	<u>361,020,000</u>	<u>320,000,000</u>
	Sen per share	Sen per share
Basic loss per share	<u>(3.32)</u>	<u>(0.91)</u>

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

32. Cash and cash equivalents

	----- GROUP -----		----- COMPANY -----	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	853,566	1,556,019	19,345	270,608
Deposits with financial institutions	<u>82,558</u>	<u>135,782</u>	<u>-</u>	<u>-</u>
	936,124	1,691,801	19,345	270,608
Bank overdraft	<u>-</u>	<u>(289,907)</u>	<u>-</u>	<u>-</u>
	<u>936,124</u>	<u>1,401,894</u>	<u>19,345</u>	<u>270,608</u>

33. 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:-

	2017 RM	2016 RM
Cost of fund charged by a corporation in which a Director, Mr. Wong See Ming, has substantial financial interest	<u>141,921</u>	<u>70,192</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

33. Related party disclosure (cont'd)

GROUP

(b) Compensation of Key Management Personnel

	2017 RM	2016 RM
Short-term employee benefits	825,000	504,000
Defined contribution plan	32,492	40,085
Non-fee emoluments	8,000,000	-
	<u>8,857,492</u>	<u>544,085</u>
Comprised amounts paid to:- Directors (Note 28)	<u>8,857,492</u>	<u>544,085</u>

34. 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:-

	Note	----- GROUP -----		----- COMPANY -----	
		Loans and Receivables		Loans and Receivables	
		2017 RM	2016 RM	2017 RM	2016 RM
Financial Assets					
Trade receivables	11	5,697,177	3,854,790	-	-
Other receivables	12	11,789,146	3,580,534	81,973	906,156
Amount due from an associate	13	-	689,730	-	689,730
Amount due from subsidiaries	14	-	-	14,920,534	14,913,534
Deposits with financial institutions	15	82,558	135,782	-	-
Cash and bank balances		<u>853,566</u>	<u>1,556,019</u>	<u>19,345</u>	<u>270,608</u>
Financial Liabilities					
Trade payables	19	1,979,856	2,740,862	-	-
Other payables	20	4,136,702	4,807,288	122,611	36,537
Amount due to a Director	21	5,316,400	2,754,337	4,539,000	25,000,000
Obligation under finance lease	22	-	31,546	-	-
Bank overdraft	23	-	<u>289,907</u>	-	-

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 27.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(a) Classification and Fair Value Disclosures (cont'd)

Determination of fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable 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.

(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 11.

	2017	2016
	RM	RM
Neither past due nor impaired	1,040,382	1,360,016
Past due 1 to 30 days but not impaired	2,252,104	33,138
Past due 31 to 120 days but not impaired	510,433	323,783
More than 120 days but not impaired	1,894,258	2,137,853
	<u>4,656,795</u>	<u>2,494,774</u>
Past due and impaired	2,881,297	3,663,423
Gross receivables (Note 11)	<u>8,578,474</u>	<u>7,518,213</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(b) Risks Disclosures (cont'd)

(i) Credit Risk (cont'd)

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 RM4,656,795 (2016: RM2,494,774) 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.

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

	2017 RM	2016 RM
Allowance for Impairment Account		
At 1 September	3,663,423	3,517,838
Additions (Note 27)	192,647	150,585
Written off	(959,788)	-
Recovery (Note 27)	(14,985)	(5,000)
	<u>2,881,297</u>	<u>3,663,423</u>
At 31 August (Note 11)	<u>2,881,297</u>	<u>3,663,423</u>

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 Nil (2016: RM0.3 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(b) Risks Disclosures (cont'd)

(i) Credit Risk (cont'd)

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

	2017 RM	2016 RM
Allowance for Impairment Account		
At 1 September	18,045,540	9,082,216
Additional for the financial year (Note 27)	<u>11,499,661</u>	<u>8,963,324</u>
At 31 August (Note 14)	<u><u>29,545,201</u></u>	<u><u>18,045,540</u></u>

(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 liabilities

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 22.

(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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(b) Risks Disclosures (cont'd)

(iii) Interest Rate Risk (cont'd)

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:-

		-----2017-----		-----2016-----	
	Note	Effective Interest Rate %	RM	Effective Interest Rate %	RM
Financial Assets					
Fixed Rate Instruments					
Deposits with financial institutions	15	<u>2.55 to 3.3</u>	<u>82,558</u>	<u>3.15 to 3.30</u>	<u>135,782</u>
Financial Liabilities					
Fixed Rate Instruments					
Other payables	20	<u>3.50</u>	<u>3,204,248</u>	<u>3.50</u>	<u>2,650,000</u>
Obligation under finance lease	22	<u>-</u>	<u>-</u>	<u>6.16 to 7.92</u>	<u>31,546</u>
Floating Rate Instruments					
Bank overdraft	23	<u>-</u>	<u>-</u>	<u>8.60</u>	<u>289,907</u>

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.

Fair value sensitivity analysis for variable rate instruments

The Group does not have significant variable 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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(b) Risks Disclosures (cont'd)

(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 Democratic Republic with carrying amount of the Group of RM1,723,533 (2016: RM2,484,472).

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 2017				
Financial Assets				
Trade and other receivables	4,996,841	-	12,489,482	17,486,323
Amount due from an associate	-	-	-	-
Deposits with financial institutions	-	-	82,558	82,558
Cash and bank balances	25,289	5,826	822,451	853,566
	<u>5,022,130</u>	<u>5,826</u>	<u>13,763,024</u>	<u>18,422,447</u>
Currency exposure, net	<u>5,022,130</u>	<u>5,826</u>	-	<u>5,027,956</u>
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
Deposits with financial institution	-	-	135,782	135,782
Cash and bank balances	183,977	5,826	1,366,216	1,556,019
	<u>3,436,693</u>	<u>5,826</u>	<u>6,374,336</u>	<u>9,816,855</u>
Currency exposure, net	<u>3,436,693</u>	<u>5,826</u>	-	<u>3,442,519</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

34. Financial instruments (cont'd)

(b) Risks Disclosures (cont'd)

(iv) Foreign Currency Risk (cont'd)

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:-

	-----2017-----		-----2016-----	
	Effect on Loss After Taxation RM	Effect on Equity RM	Effect on Loss After Taxation RM	Effect on Equity RM
USD				
- Strengthened by 5% (2016: 5%)	251,398	251,398	171,835	171,835
- Weakened by 5% (2016: 5%)	<u>(251,398)</u>	<u>(251,398)</u>	<u>(171,835)</u>	<u>(171,835)</u>

35. 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 2017 and 31 August 2016.

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.

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

35. Capital management (cont'd)

		2017	2016
	Note	RM	RM
Trade payables	19	1,979,856	2,740,862
Other payables	20	4,136,702	4,807,288
Amount due to Directors	21	5,316,400	2,754,337
Obligation under finance lease	22	-	31,546
Bank overdraft	23	-	289,907
Current tax liabilities		2,055	-
		<u>11,435,013</u>	<u>10,623,940</u>
Less: Cash and Cash Equivalents	32	<u>(936,124)</u>	<u>(1,691,801)</u>
Net borrowings		<u>10,496,834</u>	<u>8,932,139</u>
Equity attributable to owners of the Company		<u>46,422,020</u>	<u>40,544,117</u>
Gearing ratio		<u>22.6%</u>	<u>22.0%</u>

36. 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:-

	2017	2016
	RM	RM
Malaysia	1,189,111	1,211,114
Outside Malaysia	<u>14,928,147</u>	<u>11,469,124</u>
	<u>16,117,258</u>	<u>12,680,238</u>

(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	2017	2016
		RM	RM
Two (2) major customers	Molding and timber	13,500,453	9,430,983
One (1) major customer	Nursery	<u>108,058</u>	<u>245,755</u>
		<u>13,608,511</u>	<u>9,676,738</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

36. Segment information (cont'd)

(a) 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.

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

36. Segment information (cont'd)

(c) Operating segments (cont'd)

2017	Molding and Timber RM	Logging RM	Construction and Development RM	Agriculture RM	Investment and Other RM	Adjustments and Eliminations RM	Consolidated RM
Revenue	15,998,435	-	-	118,823	-	-	16,117,258
External sales							
Results:							
Segment results	1,969,176	-	-	(460,684)	(22,747,725)	11,499,661	(9,739,572)
Share of losses in an associate	-	-	-	-	-	(524,367)	(524,367)
Depreciation	(1,631,280)	-	-	(12,470)	(20,645)	-	(1,664,395)
Amortisation of biological assets	-	-	-	(26,318)	-	-	(26,318)
Finance costs	(162,078)	-	-	-	-	-	(162,078)
Income tax expense	97,641	-	-	-	(2,055)	-	95,586
Net profit for the financial year	273,459	-	-	(499,472)	(22,770,425)	10,975,294	(12,021,144)
Non-controlling interest	-	-	-	49,947	-	-	49,947
Profit attributable to owners of the Parent	273,459	-	-	(449,525)	(22,770,425)	10,975,294	(11,971,197)
Assets							
Segments assets	48,367,298	-	-	233,393	45,575,356	(31,527,758)	62,648,289
Liabilities							
Segment liabilities	33,180,406	-	-	1,165,697	26,870,166	(44,896,956)	16,319,313

NWP Holdings Berhad

(Incorporated in Malaysia)
Company No : 495476-M

36. Segment information (cont'd)

(c) Operating segments (cont'd)

2016	Molding and Timber RM	Logging RM	Construction and Development RM	Agriculture RM	Investment and Other RM	Adjustments and Eliminations RM	Consolidated RM
Revenue	12,338,207	-	-	340,043	1,988	-	12,680,238
External sales							
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

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

36. Segment information (cont'd)

(d) Geographical Non-Current Assets

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

	2017 RM	2016 RM
Malaysia	36,733,148	36,601,274
Lao People's Democratic Republic	<u>1,723,533</u>	<u>2,484,472</u>
	<u>38,456,681</u>	<u>39,085,746</u>

37. Significant events

- (a) 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 for a contract value of RM22 million. However, the Board of Directors is in the midst of obtaining approval for diversification from Bursa Malaysia Berhad.
- (b) On 21 November 2017, the Board of Directors has accepted the offer to surrender the unexercised SIS Options.
- (c) On 23 November 2017, the Board of Directors has accepted the recommendation of the Option Committee to grant SIS options shares of 33,220,000 at the market price of RM0.120.

38. Comparative figure

Prior year adjustment

A prior year adjustment has been made in relation to reinstatement of share premium account of approximately RM7,600,000 in the financial year ended 31 August 2015. The share premium account has been restated with its corresponding adjustments to the accumulated losses for the financial year ended 31 August 2015.

As the result of the above prior year adjustments, corresponding treatments have been made to the statement of financial position and statement of changes in equity.

The effect of the said adjustments are detailed below:

	As Previously Reported RM	Prior Year Adjustment RM	As Restated RM
Group			
Statement of financial position			
Share premium account	4,018,960	7,600,000	11,618,960
Accumulated losses	<u>(56,943,454)</u>	<u>(7,600,000)</u>	<u>(64,543,454)</u>

NWP Holdings Berhad

(Incorporated in Malaysia)

Company No : 495476-M

39. Material litigation

- (a) NWP Industries Sdn. Bhd. (“NWPI”) against Sabah Forest Industries Sdn. Bhd. (“SFI”)

On 10 September 2017, NWPI, the subsidiary of the Company, had filed proof of debt with the receiver for SFI for sum of RM53,642.

40. Corporate guarantee

	Company	
Unsecured	2017	2016
	RM	RM
Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary	<u>400,000</u>	<u>800,000</u>

LIST OF PROPERTIES AS AT 31ST AUGUST 2017

Location	Description/ Existing Use	Tenure/ Expiry 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/ (28/10/2016)	4.046	24	6,330
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 expiring on 31 December 2096	28/08/1997/ (28/10/2016)	2.683	21	4,276
Country Lease 025359951, Kampung Lanas, Mukim of Kimanis, Papar District, Sabah.	Open shed timber stock and moulding yard	99 years lease expiring on 31 December 2098	01/04/2004/ (28/10/2016)	2.515	15	4,010

ANALYSIS OF SHAREHOLDINGS AS AT 29 DECEMBER 2017

ISSUED AND FULLY PAID-UP SHARE CAPITAL	:	RM104,014,460
CLASSES OF SHARES	:	382,240,000 Ordinary Shares
VOTING RIGHTS	:	One vote per ordinary share (on poll)

SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of holders	%	No. of Shares	%
1 - 99	50	2.31	1,511	0.00
100 – 1,000	109	5.03	44,146	0.01
1,001 - 10,000	944	43.58	5,003,755	1.31
10,001 – 100,000	845	39.01	30,211,084	7.90
100,001 – less than 5% issued shares	214	9.88	191,186,108	50.02
5% and above issued shares	4	0.18	155,792,396	40.76
TOTAL	2,166	100.00	382,240,000	100.00

SUBSTANTIAL SHAREHOLDER

As per the Register of Substantial Shareholders

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Sepang Heights Sdn. Bhd.	77,827,196	20.36	-	-
Wong See Ming ⁽ⁱ⁾	19,407,000	5.18	77,827,196	20.36
Dato' Sri Kee Soon Ling	38,188,500	9.99	-	-
Tong Sian Shyen	21,220,000	5.55	-	-
Mak Hon Leong	20,000,000	5.23	-	-
TOTAL	176,642,696	46.31	77,827,196	20.36

⁽ⁱ⁾ Deemed interest by virtue of his shareholdings in Sepang Heights Sdn. Bhd. pursuant to Section 8 (4) of the Companies Act 2016.

DIRECTORS' INTERESTS IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Mak Hon Leong	20,000,000	5.23	-	-
Dato' Sri Kee Soon Ling	38,188,500	9.99	-	-
Yew Onn Chong	500,000	0.13	-	-
TOTAL	58,688,500	15.35	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 29 DECEMBER 2017

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Shares
1.	Sepang Heights Sdn Bhd	77,827,196	20.36
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Kee Soon Ling	36,745,200	9.61
3.	Tong Sian Shyen	21,220,000	5.55
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mak Hon Leong	20,000,000	5.23
5.	Wong See Ming	18,783,800	4.91
6.	Cheok Wi Kim	14,203,596	3.72
7.	Lee Ying Ying	13,636,528	3.57
8.	Tegas Erti Sdn Bhd	13,580,000	3.55
9.	Rimba Plantation Sdn Bhd	9,476,000	2.48
10.	Wong Kok Hoong	6,002,552	1.57
11.	Hoh Kim Ling	5,654,536	1.48
12.	Pang Kwee Yin	5,333,336	1.40
13.	Heliodoro Canalija Dayanan	4,944,000	1.29
14.	Wong Yoon Moi	4,538,668	1.19
15.	Gan Seong Keat	4,100,000	1.07
16.	Chew Thoo Lai	4,000,000	1.05
17.	Penta Wealth Sdn Bhd	3,293,000	0.86
18.	Yeo Chai Poh	3,273,900	0.86
19.	Lai Kon Fah	3,216,500	0.84
20.	Gan Chia Hee	3,071,400	0.80
21.	Lim Keng Loong	2,868,432	0.75
22.	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Jenny Lim Fen Fua	2,500,000	0.65
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kooi Choong	2,355,620	0.62
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for On Li Sar @ Oon Li Sar	2,000,000	0.52
25.	Goh Kah Yen	1,921,600	0.50
26.	DB (Malaysia) Nominee (ASING) Sdn Bhd Exempt an for EFG Bank AG (A/C client)	1,798,100	0.47
27.	Yeo Chai Poh	1,600,000	0.42
28.	Dato' Sri Kee Soon Ling	1,443,300	0.38
29.	Ding Ming Tiong	1,440,936	0.38
30.	Kee Ooi Khum	1,030,000	0.27
Total		291,858,200	76.35

This page is intentionally left blank

*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 Eighteenth 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, 12th February 2018 at 11.00a.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 Dato' Zhang Li as a Director. (Article 77)		
2.	To re-elect Mr. Yew Onn Chong as a Director. (Article 77)		
3.	To re-appoint Messrs. Ecovis AHL PLT as the Company's Auditors		
4.	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

Signed this _____ day of _____ 2018



No. of shares held

Signature(s) of Shareholder(s)

Notes:

- 1 A member of the Company entitled to attend and vote at the meeting may appoint more than 2 proxies to attend and vote on the same occasion. A proxy appointed may but need not be a member of the Company. If a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- 2 If the appointer is a corporation, the form of proxy must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
- 3 Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act 1991.
- 4 The proxy form must be deposited at the registered office of the Company at Unit 1119, 11th Floor, Block A, Damansara Intan, No. 1, Jalan S20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.

* Delete where applicable

Please fold here

Affix
Stamp
Here

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.

Please fold here

NWP HOLDINGS BERHAD (495476-M)
Suite 7.01, 7th Floor, The Garden North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : +6(03) 22013809
Fax : +6(03) 22011672
Email : info@nwp.com.my

www.nwp.com.my