**NWP HOLDINGS BERHAD (495476-M)**

(Incorporated in Malaysia)

# NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED

# 31 AUGUST 2015

**The figures have not been audited**

1. **SELECTED EXPLANATORY NOTES TO THE CONDENSED QUARTERLY REPORT**

**(Requirement of MFRS 134 paragraph 16)**

* 1. **Basis of Presentation**

The interim quarterly reports are unaudited and have been prepared in accordance with the Malaysia Financial Reporting Standards (MFRS) 134, "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The interim quarterly reports should be read in conjunction with the Group's audited financial statements for the year ended 31 August 2014 in which the group prepared its financial statement in accordance with Financial Reporting Standards(“FRS”) The explanatory notes attached to the quarterly reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2014.

**Malaysian Financial Reporting Standards (MFRS Framework)**

The accounting policies and methods of computation adopted by the Group in preparing this Interim Financial Statements are consistent with those adopted in the Audited Financial Statements for the year ended 31 August 2014, except for the compliance with the new/revised Financial Reporting Standards (“FRSs”) that came into effect during the financial quarter under review.

The adoption of the new/revised FRSs that came into effect during the financial quarter under review do not have any significant financial impact on the Group’s financial result for the financial quarter under review nor the Group’s shareholders’ funds as at 31 August 2014.

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the Malaysian Accounting Standard Board (“MASB”) had on 19 November 2011 issued the Malaysian Financial Reporting Standards (“MFRS”), which are mandatory for annual financial period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred as “Transitioning Entity”).

The Group is subject to the application of MFRSs 141 Agriculture and is therefore a Transitioning Entity. As such, the Group elected to continue preparing its financial statements in accordance with the FRSs framework for the annual periods beginning on or before 1 January 2015.

Pursuant to MASB Notice issued on 2 September 2014, Transitioning Entity that has in the alternative chosen to apply “FRSs” shall comply with MFRSs for the annual period on or after 1 January 2017.

The Group is currently in the process of determining the impact arising from the initial application of MFRS framework.

At the date of issuance of this quarterly report, the following MFRS, IC Interpretations and amendment to IC Interpretations in issue were adopted in the presentation of the financial statements are as listed below:-

**Financial periods beginning on or after 1st January 2014**

Amendment to MFRS 10 Consolidated Financial Statement

Amendment to MFRS 12 Disclosure of Interests in Other Entities

Amendment to MFRS 127 Consolidated and Separate Financial Statements

Amendment to MFRS 132 Offsetting Financial Assets and Financial Liabilities

Amendment to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

Amendment to MFRS 139 Novation of Derivatives and Continuation of Hedge

Accounting

IC Interpretation 21 Levies

**Financial periods beginning on or after 1st July 2014**

Amendment to MFRS 119 Defined Benefit Plans Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

Annual Improvements to MFRSs 2012 – 2014 Cycle

Standards and Interpretations issued but not yet effective are listed below:-

**Financial periods beginning on or after 1st January 2016**

Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Operations

Amendments to MFRS 116 and 138 Clarification of Acceptable Methods of Depreciation and

Amortisation

Amendments to MFRS 116 and 141 Agriculture : Bearer Plants

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10 and 128 Sale or Contribution of Assets between an Investor and its

Associates or Joint Venture

Amendments to MFRS 127 Equity Method in Separate Financial Statements

**Financial periods beginning on or after 1st January 2017**

MFRS 15 Revenue from Contracts with Customers

**Financial periods beginning on or after 1st January 2018**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in

July 2014

The adoption of the above MFRS and IC Interpretations will have no material impact on the interim financial statements in the period of initial application of the Group.

**1.2 Qualification of Audit Report of Preceding Financial Statements.**

The auditor’s reports on the financial statements for the year ended 31 August 2014 were not subject to any qualification.

**1.3 Seasonal or Cyclical Factors.**

The group’s businesses were not affected by any seasonal or cyclical factors.

**1.4 Unusual Items**

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group during the period.

**1.5 Changes in Estimates Reported in Prior Interim Periods of the Current Financial Year or Prior Financial Year.**

There were no estimations of amounts used in previous reporting quarter having a material impact in the current reporting quarter.

**1.6 Issuances and Repayment of Debt and Equity Securities**

There were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the period.

**1.7 Dividend Paid**

No payment of dividend was made during the quarter under review.

**1.8 Segmental Reporting**

1. **Information about business segment**

The Group is principally engaged in the manufacturing and trading of timber and timber related products, provision of logging services and plantation and land clearing.

**3 months ended 31 August 2015**

Moulding Logging Plantation & Investment Total

& Timber & others Land Clearing & others

RM’000 RM’000 RM’000 RM’000 RM’000

Total Revenue 2,533 0 334 0 2,867

Segment result (248) 0 81 (2,681) (2,843)

Share of results of associates (14)

(Loss)/Profit for the period (2,857)

1. **Information about geographical segment**

|  |  |  |
| --- | --- | --- |
|  | **Revenue** | |
|  | **01/06/15 to 31/08/15** | **01/09/2014 to 31/08/15** |
| **Country** | **( RM'000 )** | **( RM'000 )** |
| Malaysia | 490 | 2,497 |
| Asia Pacific | 2,321 | 15,014 |
| North America | 49 | 49 |
| Total | 2,860 | 17,560 |

**1.9 Valuation of Property, Plant and Equipment.**

The Property, plant & equipment are stated at cost or valuation less accumulated depreciation and impairment losses if any have been brought forward without amendments from the previous annual financial statement ended 31 August 2014. No valuation has been carried out since then.

**1.10 Material Events Subsequent to the end of the Current Quarter.**

There were no material events subsequent to the end of this quarter that has not been reflected in the financial statements.

**1.11 Changes in the Composition of the Group**

There were no changes in the composition of group during the interim financial report.

**1.12 Contingent Liabilities**

There were no contingent liabilities as at the date of this announcement except corporate guarantee given to banks for credit facilities extended to subsidiary.

**1.13 Capital Commitments**

There were no capital commitments as at balance sheet date.

**2. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS BY BURSA MALAYSIA SECURITIES BERHAD**

**2.1 Review of Performance**

The group recorded revenue of RM17.56 million for the year ended 31 August 2015 as compared to RM8.969 million for the corresponding year ended 31 August 2014. The increase in the group’s revenue for the current year was due to increase in demand for the group’s core products. The group made a profit from its core operations of RM 1.025 million but provision for doubtful debts of RM 3.249 million resulted in a net loss before tax of RM2.249 million for the current year, compared to a net loss before tax of RM3.467 million for the corresponding year ended 31 August 2014. The increase in revenue of 196% is attributable to better demand for the Group’s core products.

**2.2 Material Changes in the Quarterly Results Compared to the Immediate Preceding Quarter's Results**

The group posted revenue of RM2.867 million against RM5.821 million in the preceding quarter. The group posted a pre-tax loss of RM2.874 million compared with preceding quarter pre-tax profit of RM0.375 million. The decrease in revenue for the quarter was due mainly to the slow down in demand for the Group’s core products in China. The loss in the current quarter is attributable to the provision for doubtful debts of RM3.249 million in the current quarter.

* 1. **Prospect for the Next Quarter**

The group will continue to focus on timber processing and moulded products and will increase its processing capabilities as demand for its products is expected to be strong. Barring unforeseen circumstances, the financial performance of the group will remain satisfactory for the next financial year.

**2.4 Variance of Actual Profit from Forecast Profit / Profit Guarantee**

The disclosure requirements for explanatory notes on the variation of actual profit after tax and shortfall in profit guarantee are not applicable.

**2.5 Taxation**

No taxation was provided for the period as the subsidiaries have available sufficient unutilized tax losses, unabsorbed capital allowances & reinvestment allowances to set off against any taxable profit.

**2.6 Sale of Unquoted Investment and/or Properties.**

There were no sale of unquoted investment and properties during the quarter under review.

**2.7 Purchases or Disposal of Quoted Securities**

There were no purchases or disposals of quoted securities during the quarter under review.

**2.8 Status of Corporate Proposals**

There were no corporate proposals announced or pending completion as of the date of this quarterly report.

**2.9 Borrowings and Debt Securities**

|  |  |  |
| --- | --- | --- |
|  |  | Unsecured |
|  |  | RM’000 |
| i) | Short term borrowings | 831 |
| ii) | Long term borrowings | 32 |
|  | Total | 863 |

* 1. **Off Balance Sheet Financial Instruments**

The Group has not entered into any forward foreign exchange control maturing within 6 months to hedge its trade transactions.

The Group also has no off-balance sheet financial instrument exposure as at the date of this quarter report.

* 1. **Related Party Transactions**

Interest paid to a company in which a director has a financial interest in it.

* 1. **Material Litigation**

Full provisions have been made for any liabilities which may have material effects on the financial position of the Group. The company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant, and the Board has no knowledge of any impending legal proceeding against the company or its subsidiaries, which may have a material effect on the financial position of the group.

**2.13 Dividend**

No dividend was paid during the current financial quarter.

**2.14 Earnings Per Share**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|  |  | Current | Preceding | Current | Preceding |
|  |  | Year Qtr | Year Qtr | Year | Year |
|  |  | 31/08/15 | 31/08/14 | 31/08/15 | 31/08/14 |
| **a)** | **Basic earnings per share** |  |  |  |  |
|  | Net loss for the period (RM'000) after tax attributable to equity holder of the parent. | (2,857) | (629) | (2,225) | (3,446) |
|  | Number of ordinary shares issued ('000) | 320,000 | 320,000 | 320,000 | 320,000 |
|  |
|  | Basic earnings per share (sen) | (0.89) | (0.20) | (0.70) | (1.08) |
| **b)** | **Diluted earnings per share** | N/A | N/A | N/A | N/A |

The earnings per share are calculated based on ordinary shares of 320,000,000 of RM0.25 each.

**2.15 Realized / Unrealized profit/(loss) Disclosures**

As at As at

31 August 2015 31 August 2014

(RM’000) (RM’000)

Total accumulated losses of the company

And its subsidiaries:

- Realised (57,804) (55,366)

- Unrealised 218 0

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Total group accumulated losses (57,586) (55,366)

As per consolidated account ------------------ ------------------

**------------------------------END------------------------------------**