

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	2,014	1,835	2,014	1,835
Cost of sales	<u>(2,575)</u>	<u>(2,376)</u>	<u>(2,575)</u>	<u>(2,376)</u>
Gross loss	(561)	(541)	(561)	(541)
Other income	8	4	8	4
Administrative expenses	(428)	(546)	(428)	(546)
Other expenses	(7)	-	(7)	-
Finance cost	<u>(39)</u>	<u>(45)</u>	<u>(39)</u>	<u>(45)</u>
Loss before tax	(1,027)	(1,128)	(1,027)	(1,128)
Tax expense	-	-	-	-
Loss for the period	(1,027)	(1,128)	(1,027)	(1,128)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	<u>(1,027)</u>	<u>(1,128)</u>	<u>(1,027)</u>	<u>(1,128)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(1,027)	(1,128)	(1,027)	(1,128)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,027)</u>	<u>(1,128)</u>	<u>(1,027)</u>	<u>(1,128)</u>
Basic loss per share (sen)	(0.24)	(0.29)	(0.24)	(0.29)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached to this report.)

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019**

	As at 30.11.2019 (Unaudited) RM'000	As at 31.8.2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,800	32,158
Intangible asset	258	277
	<u>32,058</u>	<u>32,435</u>
Currents assets		
Inventories	4,974	5,469
Trade and other receivables	2,403	2,634
Deposits with licensed financial institutions	632	593
Cash and bank balances	1,501	1,369
	<u>9,510</u>	<u>10,065</u>
TOTAL ASSETS	<u>41,568</u>	<u>42,500</u>
EQUITY AND LIABILITIES		
Share capital	112,444	112,063
Share option reserve	-	54
Accumulated losses	(77,686)	(76,713)
Total Equity	<u>34,758</u>	<u>35,404</u>
Non-current liabilities		
Other payables	2,625	2,625
Obligation under finance lease	95	103
	<u>2,720</u>	<u>2,728</u>
Current liabilities		
Trade and other payables	2,338	2,628
Amount due to directors	1,719	1,708
Obligation under finance lease	33	32
	<u>4,090</u>	<u>4,368</u>
Total liabilities	<u>6,810</u>	<u>7,096</u>
TOTAL EQUITY AND LIABILITIES	<u>41,568</u>	<u>42,500</u>
Number of ordinary shares ('000)	431,478	427,253
Net asset per share (RM)	0.0806	0.0829

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompany explanatory notes attached to this report.)

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

(The figures have not been audited)

	← Attributable to owners of the Company →				→
	← Non-distributable	Share option reserve	→ Distributable	Total Total	
	Share capital RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total Total RM'000
GROUP					
As at 1 September 2019	112,063	-	54	(76,713)	35,404
Issuance of ordinary shares	381	-	-	-	381
Released upon surrender of options granted	-	-	(54)	54	-
	381	-	(54)	54	381
Loss for the period	-	-	-	(1,027)	(1,027)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,027)	(1,027)
As at 30 November 2019	112,444	-	-	(77,686)	34,758
As at 1 September 2018	107,863	17,467	54	(91,415)	33,969
Effects of MFRS convergence and adoption of MFRS 9 and MFRS 15	-	(17,467)	-	21,039	3,572
Restated	107,863	-	54	(70,376)	37,541
Loss for the period	-	-	-	(1,128)	(1,128)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,128)	(1,128)
As at 30 November 2018	107,863	-	54	(71,504)	36,413

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached to this report.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

	3 months ended	
	30.11.2019 (Unaudited) RM'000	30.11.2018 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,027)	(1,128)
Adjustment for non-cash flow: -		
Depreciation of property, plant and equipment	358	397
Amortisation of biological, intangible and other assets	19	3
Interest income	(3)	-
Interest expense	39	45
Operating loss before changes in working capital	<u>(614)</u>	<u>(683)</u>
Changes in working capital		
Changes in inventories	495	201
Changes in receivables	231	221
Changes in payables	(290)	(660)
Changes in amount due to directors	11	13
Cash flow used in operations	<u>(167)</u>	<u>(908)</u>
Interest received	3	-
Interest paid	(39)	(45)
Net cash flow used in operating activities	<u>(203)</u>	<u>(953)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and machinery	-	(3)
Proceeds from disposal of assets	-	28
Net cash flow generated from investing activities	<u>-</u>	<u>25</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(7)	(8)
Issuance of ordinary shares	381	-
Net cash flow generated from/(used in) financing activities	<u>374</u>	<u>(8)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	171	(936)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,962</u>	<u>2,220</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>2,133</u></u>	<u><u>1,284</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,501	1,201
Fixed deposit	632	83
	<u><u>2,133</u></u>	<u><u>1,284</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 August 2019, and the accompanying explanatory notes attached to this

NWP HOLDINGS BERHAD (Company No: 199901020576 (495476-M))

(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019

(The figures have not been audited)

1. SELECTED EXPLANATORY NOTES TO THE CONDENSED QUARTERLY REPORT

1.1 Basis of Preparation

The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Group for the financial year ended 31 August 2019 and the accompanying explanatory notes attached to these interim financial statements.

The audited financial statements of the Group for the year ended 31 August 2019 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The accounting policies and methods of computations used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2019, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2019 as issued by the Malaysian Accounting Standards Board, which does not have any significant impact on the financial statements of the Group.

1.2 Qualification of Audit Report of Preceding Financial Statements.

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 31 August 2019.

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 in current quarter under review.

1.5 Material Changes in Estimates

There were no material changes in estimates amount that had a material effect for the current financial period under review.

1.6 Issuances and Repayment of Debt and Equity Securities

Save as disclosed below, there were no other issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial period under review

On 12 November 2019, the Company issued and allotted the final tranche of 4,225,300 Placement Shares at issued price of RM0.09 each to raised gross proceed of RM380,277.00.

1.7 Dividend Paid

There were no dividends paid in current quarter under review.

1.8 Segmental Reporting

a) 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 30 November 2019

	Moulding & Timber RM'000	Investment & Others RM'000	Consolidated RM'000
Total revenue	2,014	-	2,014
Segment result	(892)	(135)	(1,027)
Loss for the period			(1,027)

3 months ended 30 November 2018

	Moulding & Timber RM'000	Investment & Others RM'000	Consolidated RM'000
Total revenue	1,835	-	1,835
Segment result	(952)	(176)	(1,128)
Loss for the period			(1,128)

b) Information about geographical segment

	Revenue	
	3 months ended 30.11.2019 RM'000	3 months ended 30.11.2018 RM'000
Malaysia	556	187
Asia Pacific	1,458	1,648
Total	2,014	1,835

1.9 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.

1.10 Changes in the Composition of the Group

There were no changes in the composition of Group during the quarter under review.

1.11 Contingent Liabilities

There were no contingent liabilities as at the date of this announcement.

1.12 Capital Commitments

There were no capital commitments as at the date of this announcement.

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

2.1 Review of Performance

The Group recorded revenue of RM2.01 million for current quarter ended 30 November 2019 as compared to RM1.83 million in the corresponding quarter ended 30 November 2018. Higher revenue in current quarter under review was mainly due to delivered higher sales volume as the Group managed to secure few new orders toward end of the financial year 31 August 2019. The Group made a flattish pre-tax loss of RM1.03 million for current quarter under review as compared to a pre-tax loss of RM1.13 million in the corresponding period.

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

The Group posted higher revenue of RM2.01 million for current quarter under review against RM1.42 million in the preceding quarter. Higher revenue in current quarter under review was mainly due to delivered higher sales volume as the Group managed to secure few new orders toward end of the financial year 31 August 2019. The Group posted a pre-tax loss of RM1.03 million as compared to the preceding quarter pre-tax loss of RM2.95 million. Significant lower pre-tax loss for current quarter under review was mainly due to absent of aggregated amount of RM1.60 million impairment losses on plant and machinery, impairment losses on receivables and impairment losses on inventories registered in preceding quarter..

2.3 Prospect for the Next Quarter

The Group will continue to focus on timber processing and moulded products and will prudently continue to focused in their core business with concerted efforts to develop new products, new design for existing products (where applicable), derive better cost efficiencies and effective cost management across all functions. The Group will continuously explore new raw material sources to ensure consistent supply at economic prices.

The Group observed that within foreseeable short period of time the intense competitive in raw material supply environment will be remain. This supply risk will be able to mitigate as and until the Group's Collaboration For Supply Agreement ("SA") with Borneo Resources (as announced on 11 April 2019) start to delivered the raw material for production.

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 disposal of unquoted investment and property 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

- a) On 23 April 2019, the Board announced that NWP Holdings Berhad (“the Company” or “NWP”) entered into a Memorandum of Agreement (“MOA”) with Henan Dazhi Papermaking Equipment & Engineering Co., Ltd (“Henan Dazhi”) for the purpose to explore and set forth the current intention of both parties with respect to the proposed development and operations of pulp mill located at Sabah, Malaysia.

Pursuant to the MOA, Henan Dazhi shall provide a turnkey project to supply engineering, procurement, construction and commissioning of pulp mill (“EPCC Pulp and Paper Mill”) with annual production of up to 100,000 metric tons to be constructed in Sabah, Malaysia and transfer the technology and “know-how” to NWP to jointly undertake and provision of EPCC Pulp and Paper Mill subject to a due diligence review of costs and other relevant documentations.

- b) On 23 April 2019, the Board announced that the Company had entered into a Memorandum of Agreement (“MOa”) with Henan Jianghe Paper Co., Ltd (“Henan Jianghe”) for the purpose to explore and set forth the current intention of both parties with respect to a potential purchase contract whereby Henan Jianghe would purchase as off-taker of the pulp from NWP.

Pursuant to the MOa, Henan Jianghe desire to purchase 100,000 metric tonnes of bleached hardwood pulp annually produced by NWP’s pulp mill to be constructed at Sabah, subject to the terms and conditions of the final purchase agreement. This Moa shall not constitute a binding obligation on the parties to enter into a Purchase Agreement. Neither party shall be finally bound to buy or sell Goods unless and until the Purchase Agreement is executed by the parties and delivered to each other.

- c) On 11 April 2019, NWP proposed to undertake a private placement of new ordinary shares up to 10% of the total number of issued shares in the Company. Bursa Malaysia Securities Berhad (Bursa Securities) had vide its letter dated 23 April 2019, resolved to approve the listing and quotation of up to 39,424,000 new NWP shares (“Placement Shares”) to be issued pursuant to the Proposed Private Placement.

On 24 April 2019, the Board fixed the issue price for 39,225,300 Placement Shares at RM0.12 each. As at the date of this announcement, payment for 35,000,000 Placement Shares has been received and the Board shall re-fix the issue price for the remaining 4,225,300 Placement Shares in due course.

On 17 October 2019, NWP submitted application to Bursa Securities for an extension of time of 6 months (i.e. from 23 October 2019 until 22 April 2020) for NWP to complete the implementation of the Private Placement. Bursa Securities had vide its letter dated 24 October 2019 approved the extension of time until 22 April 2020 to complete the Private Placement.

On 7 November 2019, the Board fixed the issue price for final tranche 4,225,300 Placement Shares at RM0.09 each to raised gross proceed of RM380,277.00. The final tranche of Placement Shares was listed on Bursa Securities on 13 November 2019 hence the private placement exercise was deemed completed on the even date.

2.8 Status of Corporate Proposals (Continued)

The status of utilisation of proceeds raised from the abovementioned Placement Shares were as follows:

Details of Utilisation	Estimated ⁽¹⁾ Proceeds from and Proposed Utilisation of Private Placement	Actual ⁽²⁾ Proceeds from and Proposed Utilisation of Private Placement	Estimated Timeframe of Utilisation after completion	Utilisation as at 30 November 2019
	RM'000	RM'000		RM'000
Performance bond payment to Borneo Resources	2,500	2,500	Within 6 months	1,600
Staff costs and administrative expenses (working capital)	448	1,890	Within 6 months	1,890
Expenses in relation to the Proposed Private Placement	190	190	Within 2 weeks	190
Total	3,138	4,580		3,680

Note (1) : The estimated proceeds from and proposed utilisation of Private Placement is based on minimum scenario of the Proposed Private Placement as the Outstanding SIS Options have been surrendered.

Note (2) : The actual proceeds is based on payment of 39,225,300 Placement Shares received.

- d) On 19 September 2019, the Board announced that the Board has accepted the offer to surrender the unexercised Share Issuance Scheme ("SIS") Options ("Outstanding SIS Options") from Mak Hon Leong. The Outstanding SIS Options were 1,987,000 SIS Option shares. The surrendered portion shall be included as part of ungranted options, the granting of which will be determined by the SIS Option Committee of the Company.

2.9 Borrowings and Debt Securities

The Group borrowings as at 30 November 2019 are as follow:

	Short term (RM' 000)	Long Term (RM' 000)	Total (RM'000)
Obligation under finance lease	33	95	128

2.10 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.

2.11 Related Party Transactions

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

2.12 Material Litigation

- a) On 20 June 2019, the Board announced that NWP together with its wholly owned subsidiary, NWP Builder Sdn Bhd (the “Plaintiffs”) had served a Writ of Summons and Statement of Claim to Dato’ Zhang Li (the “Defendant”). The Defendant was previous Executive Director of NWP from 6 May 2016 to 12 February 2018. On 5 December 2019, both the Writ of Summons and Statement of Claim were amended to add Dato Sri’ Teh Chee Teong as second Defendant.

The Plaintiffs alleged that the Defendants owes a duty of loyalty and fidelity to the Plaintiffs which duty obliges the Defendant to act in good faith and in the best interest of Plaintiffs and the Defendant owes the Plaintiffs fiduciary duties and/or a general duty of care.

Further, the Defendants owed obligations under the Companies Act 1965 and/or 2016 and under common law and equity, including the duty to exercise reasonable care, to act honestly and use reasonable diligence in the discharge of duties.

The matter now fixed for further case management at Kuala Lumpur High Court for parties to file all necessary pleadings to close pleadings and thereafter the Kuala Lumpur High Court will give pre trial case management directions.

- b) On 30 April 2019, Dato’ Zhang Li (“ZL”) served an amended Writ of Summons and Statement of Claim to NWP, Wong See Ming (“WSM”) and Dato’ Sri Kee Soon Ling (“KSL”). ZL was previous Executive Director of NWP from 6 May 2016 to 12 February 2018.

ZL alleged that NWP has failed to pay 3 months Director’s Fee in the sum of RM60,000. Further, ZL alleged that NWP, WSM and KSL had committed fraud against ZL by failing or refusing to pay ZL the said Director’s Fee as the Director’s Fee was approved by the Company’s Board in the Company’s Annual General Meeting.

The matter is pending a case management date to be fixed by the Kuala Lumpur High Court.

- c) On 7 November 2016, the Board announced that a Turnkey Construction Agreement (“TCA”) has been entered into between Listari Marina (MM2H) Sdn Bhd (“LMSB”) and NWP Builder Sdn Bhd (“NWPBu”) for a total contract sum of RM22 million for the construction of 9-storey tower block with 160 units of service suites on HS(D) 70398 PT 497 Pekan Klebang , Sek 11, Daerah Melaka Tengah, Melaka.

Despite sufficient time was given to LMSB to hand over the project site to NWPBu in order for NWPBu to perform its role as Turnkey Contractor, LMSB has continuously failed, neglected and/or unfulfilled its obligation.

Due to alleged failure and breach of TCA by LMSB, NWPBu is seeking refund of Advance (RM6.5 million) made under TCA. NWPBu had served a sealed Writ of Summons together with Statement of Claim both dated 5 November 2018, through its solicitors, Messrs. Weng Seng & Co, on LMSB. This event was announced to Bursa on 7 November 2018.

On 18 December 2018, the Board announced that NWPBu had received Statement of Defence and Counter-Claim from LMSB. The Company has given instruction to its solicitor to in no uncertain terms to enforce NWPBu’s right to the fullest extent claiming the refund of Advance and also vigorously defend the said Counter-Claim.

2.12 Material Litigation (continued)

On 18 September 2019, judgment was entered against LMSB ordering that the TCA is terminated by LMSB, LMSB to pay RM6.5 million to NWPBu within 14 days from date of Order, LMSB to pay to NWPBu interest at rate of 5% p.a. on the sum of RM6.5 million from 27 March 2018 to full settlement, costs in the sum of RM5,000-00 and LMSB's counter-claim struck off.

On 25 October 2019, LMSB filed an application at the Kuala Lumpur High Court applying to set aside the judgment entered on 18 September 2019. The said application is fixed for hearing on 24 February 2020.

- d) On 14 October 2016, the Board announced that a wholly owned subsidiary of the Company, NWPBu, had entered into a conditional Sale of Shares Agreement ("SSA") with Dato' Ismail Bin Hassan ("Dato' Ismail" or "the seller") to acquire 300 common shares representing 30% equity interest in Aviation A.I. Inc. for a cash consideration of USD 1,500,000.

With reference to the announcements made on 13 January 2017, 27 November 2017 and 26 January 2018 in relation to the above, NWPBu and Dato' Ismail have mutually agreed to extend the Conditional Period for the SSA to 13 April 2017, 31 December 2017 and 31 March 2018 respectively.

On 2 April 2018, NWPBu had via a letter informed Dato' Ismail that the Company will terminate the SSA due to non-fulfillment of conditions precedent by Dato' Ismail. The event was subsequently announced to Bursa on 16 April 2018.

Due to Dato' Ismail failed to return and refund the Sum Paid (RM4.1 million) made under the SSA to NWPBu, NWPBu has commenced arbitration proceeding against Dato' Ismail at Asian International Arbitration Centre (AIAC) to recover the Sum Paid.

The matter is pending the agreement on the appointment of an arbitrator between NWPBu and Dato' Ismail failing which the Director of AIAC will appoint an arbitrator.

2.13 Dividend

No dividend has been recommended during the quarter under review.

2.14 Loss Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Qtr 30/11/19	Preceding Year Qtr 30/11/18	Current Year 30/11/19	Preceding Year 30/11/18
a) Basic loss per share				
Net loss for the period (RM'000) after tax attributable to equity holder of the parent.	(1,027)	(1,128)	(1,027)	(1,128)
Weighted average number of ordinary shares issued ('000)	428,051	392,253	428,051	392,253
Basic loss per share (sen)	(0.24)	(0.29)	(0.24)	(0.29)
b) Diluted loss per share	N/A	N/A	N/A	N/A

The earnings per share are calculated based on weighted average number of ordinary shares stated above.

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