

NWP HOLDINGS BERHAD

(Registration no. 199901020576 (495476-M))

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MAY 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2022**

	(Unaudited)			(Unaudited)		
	3 months ended (Quarter)			3 Months Ended (Cumulative)		
	31.05.2022	31.05.2021	Chg	31.05.2022	31.05.2021	Chg
	RM '000	RM '000	%	RM '000	RM '000	%
Continuing operations:						
Revenue	697	942	-26.0%	697	942	-26.0%
Cost of Sales	(1,234)	(1,488)		(1,234)	(1,488)	
Gross loss	(537)	(546)	1.6%	(537)	(546)	1.6%
Other income	11	419		11	419	
Administrative expenses	(1,348)	(1,958)		(1,348)	(1,958)	
Other operating expenses	(846)	(2)		(846)	(2)	
Finance cost	(32)	(175)		(32)	(175)	
Loss before taxation	(2,752)	(2,262)	-21.7%	(2,752)	(2,262)	-21.7%
Taxation	-	-		-	-	
Loss for the period from continuing operations	(2,752)	(2,262)	-21.7%	(2,752)	(2,262)	-21.7%
Discontinued operations:						
Profit/(Loss) after tax from discontinued operations	-	(419)		-	(419)	
Loss for the period	(2,752)	(2,681)	-2.6%	(2,752)	(2,681)	-2.6%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive loss for the period	(2,752)	(2,681)	-2.6%	(2,752)	(2,681)	-2.6%
Total comprehensive profit/(loss) for the period attributable to:						
- Owners of the Company	(2,752)	(2,681)		(2,752)	(2,681)	
- Non-controlling interests	-	-		-	-	
	(2,752)	(2,681)		(2,752)	(2,681)	
Total comprehensive profit/(loss) for the period attributable to owners of the Company relates to:						
- Continuing operations	(2,752)	(2,262)		(2,752)	(2,262)	
- Discontinued operations	-	(419)		-	(419)	
	(2,752)	(2,681)		(2,752)	(2,681)	
Basic earnings/(loss) per share (sen) from:						
- Continuing operations	(0.52)	(0.51)		(0.52)	(0.51)	
- Discontinued operations	-	(0.09)		-	(0.09)	
	(0.52)	(0.60)		(0.52)	(0.60)	

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	(Unaudited) As at 31.05.2022 RM '000	Audited) As at 28.02.2022 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	26,510	26,923
Investment property	-	691
Right-of-use asset	52	27
	26,562	27,641
Current assets		
Inventories	2,535	2,555
Trade and other receivables	423	550
Deposits with licensed financial institutions	91	83
Cash and bank balances	765	765
	3,814	3,953
		-
TOTAL ASSETS	30,376	31,594
EQUITY AND LIABILITIES		
Share capital	34,775	34,775
Retained earnings/(Accumulated losses)	(15,676)	(12,924)
Total Equity	19,099	21,851
Non-current liabilities		
Other payables	3,974	3,974
Lease liability	31	-
	4,005	3,974
Current liabilities		
Other payables	7,249	4,984
Lease liability	23	-
Hire purchase creditors	-	785
	7,272	5,769
Total liabilities	11,277	9,743
TOTAL EQUITY AND LIABILITIES	30,376	31,594
Net assets per share (sen)	0.036	0.042

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022, and the accompanying notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2022**

	Attributable to owners of the Company		
	Non- distributable	Distributable Retained earnings / (Accumulated losses)	Total equity
	Share capital RM '000	RM '000	RM '000
As at 1 March 2021	118,052	(87,548)	30,504
Profit/(Loss) for the period	-	(2,681)	(2,681)
Other comprehensive income/(loss)	-	-	-
Issuance of shares	4,606	-	4,606
Share capital reduction	(92,000)	92,000	-
As at 31 May 2021	30,658	1,771	32,429
As at 1 March 2021	34,775	(12,924)	21,851
Profit/(Loss) for the period	-	(2,752)	(2,752)
Other comprehensive income/(loss)	-	-	-
As at 1 March	34,775	(15,676)	19,099

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022, and the accompanying explanatory notes attached to this report).

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2022**

	(Unaudited)	
	3 Months Ended	
	31.05.2022	31.05.2021
	RM '000	RM '000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from:		
- Continuing operations	(2,752)	(2,262)
- Discontinued operations	-	(419)
	<u>(2,752)</u>	<u>(2,681)</u>
<u>Adjustments for:</u>		
Non-cash items	1,169	1,541
Non-operating items	32	186
Operating profit/(loss) before working capital changes	<u>(1,551)</u>	<u>(954)</u>
<u>Changes in working capital:</u>		
Decrease/(Increase) in current assets	147	(2,154)
Increase /(Decrease) in current liabilities	2,264	(385)
Net cash generated/(used) in operating activities	<u>860</u>	<u>(3,493)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(95)	(101)
Net cash generated/(used) in investing activities	<u>(95)</u>	<u>(101)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of shares	4	4,606
Repayment of lease liabilities	55	(485)
Interest paid	(32)	-
Net repayment of hire purchase creditors	(785)	(9)
Net cash generated/(used) in financing activities	<u>(758)</u>	<u>4,112</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7	518
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	765	1,514
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>772</u>	<u>2,032</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	91	83
Cash and bank balances	765	1,949
	<u>856</u>	<u>2,032</u>
Less: fixed deposits pledged with licensed banks	(84)	-
TOTAL CASH AND CASH EQUIVALENTS	<u>772</u>	<u>2,032</u>

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022, and the accompanying explanatory notes attached to this report).

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.1. Basis of Preparation

The interim financial report is unaudited and NWP Holdings Berhad (“the Group”) has prepared its financial report in compliance with the 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 report should be read in conjunction with the audited financial statements of the Group for the financial period ended 28 February 2022 and the accompanying explanatory notes attached to the interim financial statements.

The accounting policies and methods of computations used in the preparation of this interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial period ended 28 February 2022, except for the adoption of the new MFRS and revision and amendments to MFRS and IC Interpretations effective as of 1 April 2021 as issued by the Malaysian Accounting Standards Board.

These new MFRS and revision and amendments do not have any significant impact on the financial statements of the Group.

1.2. Seasonal or Cyclical Factors

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

1.3. 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 the current period under review.

1.4. Material Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current financial period under review.

1.5. Issuances and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities nor any share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

1.6. Dividends paid or declared

There were no dividends paid nor declared in the current period under review.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.7. Segmental Reporting

(a) Information about business segment

The reportable business segments of the Group comprise the following:

- Moulding and timber; and
- Investment and others

<u>3 Months Ended 31.05.2022</u>	Moulding & Timber RM '000	Investment & Others RM '000	Discontinued Operations RM '000	Consolidated RM '000
Total revenue	697	-	-	697
Segment result:				
Profit/(Loss) for the period	(789)	(1,963)	-	(2,752)

3 Months Ended 31.05.2021

Total revenue	942	-	67	1,009
Segment result:				
Profit/(Loss) for the period	(830)	(1,432)	(419)	(2,681)

(b) Information about geographical segment

	3 months ended	
	31.05.2022	31.05.2021
	RM '000	RM '000
Revenue from geographical segments:		
Malaysia - Continuing operations	61	45
Malaysia - Discontinued operations	-	67
Asia Pacific	636	897
Total	697	1,009

1.8. Material Events Subsequent to the End of the Current Quarter

On 20 June 2022, the Company incorporated a new wholly-owned subsidiary, namely, NWP Marine Sdn Bhd with paid-up capital of RM2 comprising of 2 ordinary shares. The intended principal activities of NWP Marine are as follows:

- (i) to carry on the business of sand dredging, sand trading, sand mining, sand dredger/vessel hiring, excavation of sand, sand supply, land reclamation works and other related business; and
- (ii) to carry on any other trade or business whatsoever which can, in the opinion of the board of directors, be advantageously or conveniently carried on by the company by way of extension of or in connection with or as ancillary to any such business as aforesaid, or is calculated directly or indirectly to develop, any branch or the company's business or to increase the value of or turn to account any of the company's assets, property or rights.

There were no other material events subsequent to the end of the current quarter under review.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part A. EXPLANATORY NOTES PURSUANT TO MFRS 134 -INTERIM FINANCIAL REPORTING

1.9. Changes in the Composition of the Group

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

1.10. Contingent Liabilities

There were no contingent liabilities as at the end of the quarter under review.

1.11. Capital Commitments

There were no capital commitments as at the end of the quarter under review.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.1. Review of Performance

1st Quarter 2022 vs 1st Quarter 2021

The Group revenue from continuing operations for the first quarter ended 31 May 2022 was RM0.70 million which was a 26.0% decrease from RM0.94 million for the same quarter last year ended 31 May 2021. Loss for the period from continuing operations was about RM2.75 million which was higher than the loss of RM2.26 million for the same period last year. The higher loss for the period under review was mainly due to timing of depreciation expenses and a rental discount arising from the Movement Control Order in the corresponding quarter in the prior year.

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

	(Unaudited)	
	3 months ended	
	31.05.2022	28.02.2022
	RM '000	RM '000
Continuing operations:		
Revenue	697	818
Cost of Sales	(1,234)	(1,430)
Gross loss	(537)	(612)
Other income	11	1,179
Administrative expenses	(1,348)	(3,080)
Other operating expenses	(846)	(8,455)
Finance cost	(32)	(114)
Loss for the period from continuing operations	(2,752)	(11,082)
Discontinued operations:		
Profit/(Loss) after tax from discontinued operations	-	1,934
Loss for the period	(2,752)	(9,148)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	(2,752)	(9,148)

Revenue for the Group was lower at RM0.70 million compared to RM0.82 million in the preceding quarter ended 28 February 2022. The Group recorded lower loss for the period of RM2.75 million compared to RM9.15 million for the preceding quarter ended 28 February 2022. Results for the last quarter ended 28 February 2022 was mainly affected by impairment losses and write-offs of receivables of about RM7.6 million.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.3. Prospects for the Financial Year Ending 28 February 2023

The NWP Group is principally involved in wood-based industry which encompasses 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.

The Group remains focused on growing orders from new and existing customers and managing its production capacity and operating expenses. With the reopening of international borders following the transition to an endemic phase with Covid-19, the Group is geared to tap the surge in demand for its timber manufacturing business, in particular, orders from China. Coupled with the increase in timber prices of about 20% from the average selling prices in 2021, the Board is cautiously optimistic of recording a turnaround in the upcoming financial year.

The proposed diversification to the sand concession business as announced on 26 July 2022 and mentioned in item 2.8 below, if approved by shareholders of the Company, would allow the Group to generate additional revenue and earnings. Based on the positive outlook for the sand business industry, the Board is optimistic about the enhancement of the financial performance of the Group moving forward, barring any unforeseen circumstances.

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

This is not applicable as no profit forecast was published.

2.5. Taxation

There was no provision for tax in the current quarter as the subsidiaries of the Group have sufficient unutilised tax losses, unabsorbed capital allowances and 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/or 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.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.8. Status of Corporate Proposals

On 26 July 2022, the Board of Directors announced the following corporate proposals:

(a) Proposed Joint Venture

NWP Marine Sdn Bhd, a wholly-owned subsidiary of the Company had on 26 July 2022 entered into a joint venture agreement with OneOne Auro Marine Sdn Bhd ("OOA Marine") for the purpose of undertaking the contracting work to dredge, transport and load marine sand from the concession area onto vessel(s) for export purposes and/ or dredge and transport marine sand from the concession area to local reclamation sites for reclamation purposes. A joint venture company would be established for the purposes of carrying out the joint venture operations with OOA Marine.

(b) Proposed Diversification; and

In conjunction with the joint venture in the abovementioned, the Company proposes to diversify the existing business activities of NWP and its subsidiaries to include sand mining, trading and export of sand and related business activities. With the aim of expanding the NWP Group's revenue and income stream, the Board has identified the sand concession business as a new business segment. The execution of the joint venture with OOA Marine anticipates that this new business may contribute more than 25% of the net profits of the Group. This, in turn, results in a diversion of more than 25% of the net assets of the Group towards the new business activities moving forward. As such, the Board proposes to seek approval from shareholders of NWP at an extraordinary meeting for the proposed diversification.

(c) Proposed Private Placement

The private placement would entail an issuance of up to 10% of the total number of shares of the Company to third party investors to be identified later. The proceeds from the private placement would be used to fund working capital requirements of existing businesses and also capital requirements of the joint venture.

Further details of the proposals are set out in the announcement made to Bursa Malaysia Securities Berhad on 26 July 2022.

2.9. Borrowings and Debt Securities

There were no borrowings and debt securities as at the end of the quarter under review.

2.10. Off Balance Sheet Financial Instruments

The Group had not entered into any forward foreign exchange contracts maturing within 6 months to hedge its trade transactions. There Group has no off-balance sheet financial instrument exposure as at the end of the quarter under review.

2.11. Related Party Transactions

There were no related party transactions during the quarter under review.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.12. Material Litigation

NWP Builder Sdn Bhd -vs- Listari Marina

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 provided 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 a refund of advances (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, to LMSB. This event was announced to Bursa on 7 November 2018.

On 18 December 2018, the Board announced that NWPBu had received Statement of Defense 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 advances and also vigorously defend the said Counter-Claim.

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 is 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 matter is now fixed for further hearing on 3 August 2020.

On 3 August 2020, by a consent order was entered at the Kuala Lumpur High Court, in relation to the original Judgment dated 18 September 2019 entered against the Defendant be amended as follows:

- (1) LMSB to serve NWPBu with a notice of arbitration relating to the counter-claim on or before 10 August 2020;
- (2) A stay of execution in relation to the original Judgment, inter alia, the sum of RM6.5 million awarded to NWPBu and termination of the Turnkey Construction Agreement under the original Judgment including winding-up proceeding until disposal of the arbitration;
- (3) NWPBu is given the liberty to apply for security to be provided during the arbitration;
- (4) Costs in cause at the arbitration; and
- (5) In the event LMSB failed to provide the notice as stated under the condition in Paragraph (1) above, then the original Judgment will automatically be reinstated.

On 7 August 2020, LMSB served the Notice of Arbitration to NWPBu. The claim contained in the said Notice of Arbitration is essentially LMSB counter-claim on the said KL High Court suit. LMSB is claiming against NWPBu for a sum of RM15,632,784.88 being alleged damages and losses suffered by LMSB due to LMSB allegation that NWPBu’s failure, refusal and/or neglect to commence and perform the work pursuant to the Turnkey Contract and Supplementary Agreement.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

On 16 March 2021, Dato' Sri Gopal Sri Ram was appointed as the sole Arbitrator by the Director of AIAC. The arbitration process is still on-going as at the date of this report.

2.13. Earnings / (Loss) Per Share

(a) Basic loss per share

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 Months Ended (Cumulative)	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM '000	RM '000	RM '000	RM '000
Net loss attributable to owners of the Company:				
- Continuing operations	(2,752)	(2,262)	(2,752)	(2,262)
- Discontinued operations	-	(419)	-	(419)
Total	(2,752)	(2,681)	(2,752)	(2,681)
Weighted average no. of shares ('000)	526,404	444,616	526,404	444,616
Basic loss per share:				
- Continuing operations	(0.52)	(0.51)	(0.52)	(0.51)
- Discontinued operations	-	(0.09)	-	(0.09)
Total	(0.52)	(0.60)	(0.52)	(0.60)

(b) Diluted loss per share

The fully diluted earnings per share for the Group is not presented as there are no potential dilutive shares outstanding as at the balance sheet date.

NOTES TO THE QUARTERLY REPORT – 31 MAY 2022

Part B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2.14. Auditor's Report

The Company's external auditors, Messrs. HLB Ler Lum Chew PLT expressed their unqualified opinion with material uncertainty relating to going concern in the audited financial statements of the Company for the financial year ended 28 February 2022.

The Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that:

- (a) the Group and the Company incurred a net loss of RM17,354,415 and RM8,727,063 respectively during the financial year ended 28 February 2022;
- (b) the Group and the Company reported a net operating cash outflow of RM6,027,323 and RM3,700,263 respectively during the financial year ended 28 February 2022; and
- (c) as at 28 February 2022, the Group's and the Company's current liabilities exceeded its current assets by RM1,815,900 and RM705,590 respectively.

These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

Pursuant to the above, the Directors of the Company have engaged an advisor to undertake a private placement exercise which, upon completion, is expected to resolve any cash flow requirements of the Company.

2.15. Notes to the Statement of Comprehensive Income

Profit/(Loss) before taxation is arrived at after crediting/(charging) the following income/(expense) items:

	<u>3 months ended (Quarter)</u>		<u>3 Months Ended (Cumulative)</u>	
	<u>31.05.2022</u>	<u>31.05.2021</u>	<u>31.05.2022</u>	<u>31.05.2021</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Interest expense	(32)	(175)	(32)	(175)
Depreciation and amortisation	(1,065)	(1,541)	(1,065)	(1,541)
Foreign exchange gain/(loss)	4	-	4	-

Dated: 28 July 2022