

NWP HOLDINGS BERHAD

(Registration no. 199901020576 (495476-M))
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOV 2022**

	(Unaudited)			(Unaudited)		
	3 months ended (Quarter)			9 Months Ended (Cumulative)		
	30.11.2022	30.11.2021	Chg	30.11.2022	30.11.2021	Chg
	RM '000	RM '000	%	RM '000	RM '000	%
Continuing operations:						
Revenue	824	68	1112%	2,146	2,353	-8.8%
Cost of Sales	(1,526)	(1,076)		(3,981)	(4,648)	
Gross loss	(702)	(1,008)	30.4%	(1,835)	(2,295)	20.0%
Other income	13	548		41	1,488	
Administrative expenses	(478)	(1,744)		(2,347)	(5,915)	
Other operating expenses	(48)	(1)		(938)	(16)	
Finance cost	(39)	(149)		(81)	(488)	
Loss before taxation	(1,254)	(2,354)	46.7%	(5,160)	(7,226)	28.6%
Taxation	-	-		-	-	
Loss for the period from continuing operations	(1,254)	(2,354)	46.7%	(5,160)	(7,226)	28.6%
Discontinued operations:						
Profit/(Loss) after tax from discontinued operations	-	(376)		-	(982)	
Loss for the period	(1,254)	(2,730)	54.1%	(5,160)	(8,208)	37.1%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive loss for the period	(1,254)	(2,730)	54.1%	(5,160)	(8,208)	37.1%
Total comprehensive profit/(loss) for the period attributable to:						
- Owners of the Company	(1,254)	(2,727)		(5,160)	(8,205)	
- Non-controlling interests	-	(3)		-	(3)	
	(1,254)	(2,730)		(5,160)	(8,208)	
Total comprehensive profit/(loss) for the period attributable to owners of the Company relates to:						
- Continuing operations	(1,254)	(2,351)		(5,160)	(7,223)	
- Discontinued operations	-	(376)		-	(982)	
	(1,254)	(2,727)		(5,160)	(8,205)	
Basic loss per share (sen) from:						
		(restated)			(restated)	
- Continuing operations	(0.23)	(0.46)		(0.96)	(1.41)	
- Discontinued operations	-	(0.07)		-	(0.19)	
	(0.23)	(0.53)		(0.96)	(1.60)	

(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 30 NOV 2022**

	(Unaudited) As at 30.11.2022 RM '000	Audited) As at 28.02.2022 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	26,048	26,923
Investment property	-	691
Right-of-use asset	40	27
Amount due from related company	49	-
	26,137	27,641
Current assets		
Inventories	2,014	2,555
Trade and other receivables	1,064	550
Deposits with licensed financial institutions	83	83
Cash and bank balances	4,274	765
	7,435	3,953
TOTAL ASSETS	33,572	31,594
EQUITY AND LIABILITIES		
Share capital	43,442	34,775
Retained earnings/(Accumulated losses)	(18,084)	(12,924)
	25,358	21,851
Non-controlling interests	49	-
Total Equity	25,407	21,851
Non-current liabilities		
Other payables	2,974	3,974
Lease liability	13	-
	2,987	3,974
Current liabilities		
Trade payables	123	-
Other payables	5,028	4,984
Lease liability	27	-
Hire purchase creditors	-	785
	5,178	5,769
Total liabilities	8,165	9,743
TOTAL EQUITY AND LIABILITIES	33,572	31,594
Net assets per share (RM)	0.047	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 30 NOV 2022**

	Attributable to owners of the Company			
	Non-distributable	Distributable	Non-controlling interests	Total equity
	Share capital	Retained earnings / (Accumulated losses)		
	RM '000	RM '000	RM '000	RM '000
As at 1 March 2021	118,052	(87,548)	-	30,504
Profit/(Loss) for the period	-	(8,205)	(3)	(8,208)
Other comprehensive income/(loss)	-	-	-	-
Issuance of shares	8,722	-	-	8,722
Share capital reduction	(92,000)	92,000	-	-
Incorporation of new subsidiary	-	-	1	1
As at 30 Nov 2021	34,774	(3,753)	(2)	31,019
As at 1 March 2022	34,775	(12,924)	-	21,851
Profit/(Loss) for the period	-	(5,160)	-	(5,160)
Other comprehensive income/(loss)	-	-	-	-
Issuance of shares	8,667	-	-	8,667
Incorporation of new subsidiary	-	-	49	49
As at 30 Nov 2022	43,442	(18,084)	49	25,407

(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 30 NOV 2022**

	(Unaudited)	
	9 Months Ended	
	30.11.2022	30.11.2021
	RM '000	RM '000
Cash Flows from Operating Activities		
Profit/(Loss) before taxation from:		
- Continuing operations	(5,160)	(7,226)
- Discontinued operations	-	(982)
	(5,160)	(8,208)
<u>Adjustments for:</u>		
Non-cash items	1,649	4,466
Non-operating items	81	376
Operating profit/(loss) before working capital changes	(3,430)	(3,366)
<u>Changes in working capital:</u>		
Decrease/(Increase) in current assets	27	(5,518)
Increase /(Decrease) in current liabilities	(834)	764
Cash generated from operations	(4,237)	(8,120)
Interest (paid)/received	(81)	4
Net cash generated/(used) in operating activities	(4,318)	(8,116)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(95)	1,422
Shares subscribed by non controlling interest	-	1
Net cash generated/(used) in investing activities	(95)	1,423
Cash Flows from Financing Activities		
Proceeds from issuance of shares	8,667	8,722
Repayment of lease liabilities	40	(2,870)
Net repayment of hire purchase creditors	(785)	(86)
Interest paid	-	(2)
Net cash generated/(used) in financing activities	7,922	5,764
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,509	(929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	765	1,431
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,274	502
<u>Cash and cash equivalents comprise:</u>		
Fixed deposits with licensed banks	83	83
Cash and bank balances	4,274	502
	4,357	585
Less: fixed deposits pledged with licensed banks	(83)	(83)
TOTAL CASH AND CASH EQUIVALENTS	4,274	502

(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 – 30 NOVEMBER 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 year 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 year 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 – 30 NOVEMBER 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>9 Months Ended 30.11.2022</u>	Moulding & Timber RM '000	Investment & Others RM '000	Discontinued Operations RM '000	Consolidated RM '000
Total revenue	2,146	-	-	2,146
Segment result: Profit/(Loss) for the period	(2,421)	(2,739)	-	(5,160)

9 Months Ended 30.11.2021

Total revenue	1,236	1,117	497	2,850
Segment result: Profit/(Loss) for the period	(2,605)	(4,621)	(982)	(8,208)

(b) Information about geographical segment

	<u>9 months ended</u>	
	<u>30.11.2022</u>	<u>30.11.2021</u>
	RM '000	RM '000
Revenue from geographical segments:		
Malaysia - Continuing operations	442	1,117
Malaysia - Discontinued operations	-	497
Asia Pacific	1,704	1,236
Total	2,146	2,850

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

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

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

1.9. Changes in the Composition of the Group

On 14 September 2022, NOAA Marine Sdn Bhd was incorporated as a joint venture company between NWP Marine and OOA Marine. The issued share capital of NOAA Marine is RM100,000 comprising 100,000 ordinary shares, where NWP Marine holds 51% and OOA Marine holds 49%. NWP Marine is in turn, a wholly-owned subsidiary of the Company.

Based on the shareholdings as described, NOAA Marine is an indirect 51%-owned subsidiary of NWP Holdings and the Company will consolidate the financial results of NOAA Marine.

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

1.10. Contingent Liabilities and Contingent Assets

There were no contingent liabilities nor contingent assets 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 – 30 NOVEMBER 2022

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

2.1. Review of Performance

3rd Quarter 2022 vs 3rd Quarter 2021

Group revenue from continuing operations for the third quarter ended 30 November 2022 was RM0.82 million compared to RM0.07 million for the same period last year ended 30 November 2021. Loss for the period from continuing operations was about RM1.25 million which was lower than the loss of RM2.35 million for the same period last year. Lower loss in current year was mainly due to savings following termination of a lease coupled with lower financing cost for the lease. The Group also recorded lower administrative expenses in the current quarter compared to the same period last year due to lower headcount.

3rd Quarter 2022 YTD vs 3rd Quarter 2021 YTD

The Group revenue from continuing operations for the nine months' period ended 30 November 2022 was marginally lower at RM2.15 million compared to RM2.35 million recorded for the corresponding period in the previous year.

Loss for the period from continuing operations was RM5.16 million compared to RM7.23 million for the same period last year. The lower loss for the period was due to savings following termination of a lease coupled with lower financing cost for the lease. The Group also recorded lower administrative expenses following Management's effort in managing its expenses and a reduced headcount.

Total comprehensive loss for the nine months' period was RM5.16 million compared to a loss of RM8.21 million for the same period last year. Last year's results included loss after taxation from discontinued operations of RM0.98 million.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

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

	(Unaudited)		Chg %
	3 months ended		
	30.11.2022	31.08.2022	
	RM '000	RM '000	
Continuing operations:			
Revenue	824	625	31.8%
Cost of Sales	(1,526)	(1,223)	
Gross loss	(702)	(598)	17.4%
Other income	13	18	
Administrative expenses	(478)	(521)	
Other operating expenses	(48)	(44)	
Finance cost	(39)	(9)	
Loss for the period from continuing operations	(1,254)	(1,154)	8.7%
Discontinued operations:			
Profit/(Loss) after tax from discontinued operations	-	-	
Loss for the period	(1,254)	(1,154)	8.7%
Other comprehensive income, net of tax	-	-	
Total comprehensive loss for the period	(1,254)	(1,154)	8.7%
Total comprehensive profit/(loss) for the period attributable to:			
- Owners of the Company	(1,254)	(1,154)	
- Non-controlling interests	-	-	
	(1,254)	(1,154)	
Total comprehensive profit/(loss) for the period attributable to owners of the Company relates to:			
- continuing operations	(1,254)	(1,154)	

Revenue for the Group for the third quarter was higher at RM0.82 million compared to RM0.63 million in the preceding quarter ended 31 August 2022. The Group recorded marginally higher loss from continuing operations of RM1.25 million for the quarter under review compared to loss of RM1.15 million for the preceding quarter ended 31 August 2022.

Results for the quarter under review was mainly due to gross loss from lower selling prices to an export customer to clear existing timber stock from the Sabah factory.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 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 the 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 mould and timber businesses of the Group has been a money losing concern for a number of years. Management is now streamlining the business and focusing efforts on controlling overhead costs to curtail operating losses. The Board is hopeful of recording a turnaround in the not too distant future.

The Group also proposed to diversify into the sand dredging business, which would allow the Group to generate additional revenue and earnings. NWP Marine Sdn Bhd (“NWP Marine”), a wholly-owned subsidiary of NWP had on 26 July 2022 entered into a joint venture agreement with OneOne Auro Marine Sdn Bhd for the purpose of undertaking the contracting work to dredge, transport and load marine sand from the concession area onto vessels for export and to dredge marine sand from the concession area to local reclamation sites. Shareholders at an Extraordinary General Meeting (“EGM”) held on 9 January 2023 had approved the proposed diversification into the sand dredging business.

Additionally, the Board is on the lookout for profitable businesses to further diversify the Group’s bottomline.

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.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

2.6. Status of Corporate Proposals

On 23 August 2022, Bursa Securities Malaysia Berhad approved the listing for up to 52,640,350 shares to be issued pursuant to a proposed private placement as first announced on 26 July 2022.

Details of shares issued and allotted during the quarter under review pursuant to the private placement were as follows:

Placement tranche	Date of price fixing	Issuance date	No. of shares issued & allotted	Issue price per share (RM)	Basis for issue price
Tranche 1	24-Aug-22	2-Sep-22	12,613,400	0.2085	9.97% discount to 5-day VWAP of NWP shares of RM0.2316 / share
Tranche 2	13-Sep-22	22-Sep-22	13,957,000	0.2085	7.99% discount to 5-day VWAP of NWP shares of RM0.2266 / share
Tranche 3	28-Sep-22	6-Oct-22	14,311,700	0.2185	9.97% discount to 5-day VWAP of NWP shares of RM0.2427 / share

Total placement shares issued and allotted as at the end of 30 November 2022 was 40,882,100.

Status of utilisation of proceeds raised from the abovementioned private placement tranches were as follows:

Purpose	Timeframe for Utilisation	Estimated Proceeds & Proposed Utilisation RM'000	Actual Proceeds Raised RM'000	Actual Utilisation RM'000	Deviation / Unutilised RM'000
Working capital	Within 24 months	6,274	6,274	5,372	902
Investment in joint venture	Within 24 months	4,957	2,043	3	2,040
Estimated expenses	Upon completion	350	350	49	301
TOTAL		11,581	8,667	5,424	3,243

The balance of proceeds raised and unutilised is held as cash in the Company pending utilisation.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

2.7. Loans and Borrowings

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

2.8. 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.

2.9. Related Party Transactions

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

2.10. Material Litigation

On 12 January 2023, NWP Builder Sdn Bhd (“NWPB”), a wholly-owned subsidiary of the Company had issued a Notice of Arbitration against Ismail Bin Hassan (“the Respondent”) in connection with a sale of shares agreement (“SSA”) dated 14 October 2016. NWPB had entered into the SSA with the Respondent to acquire 300 common shares representing 30% equity interest in Aviation A.I. Inc. for a cash consideration of USD1,500,000 from the Respondent.

The Company seeks the return of RM4.1 million, which had been paid to the Respondent and/or any other sum deemed appropriate by the Arbitral Tribunal. This claim is based on allegations of non-fulfillment of conditions precedent set out in the SSA, including the failure to transfer the ownership and title of the shares in Aviation A.I. Inc to NWPB.

The Company is not engaged in any other material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

2.11. Earnings / (Loss) Per Share

(a) Basic loss per share

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		9 Months Ended (Cumulative)	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Net loss attributable to owners of the Company (RM'000):				
- Continuing operations	(1,254)	(2,351)	(5,160)	(7,223)
- Discontinued operations	-	(376)	-	(982)
Total	(1,254)	(2,727)	(5,160)	(8,205)
Weighted average no. of shares ('000)	536,694	512,136	536,694	512,136
Basic loss per share (sen) from:		<i>(restated)</i>		<i>(restated)</i>
- Continuing operations	(0.23)	(0.46)	(0.96)	(1.41)
- Discontinued operations	-	(0.07)	-	(0.19)
Total	(0.23)	(0.53)	(0.96)	(1.60)

(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.

2.12. 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.

NOTES TO THE QUARTERLY REPORT – 30 NOVEMBER 2022

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

2.13. 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>9 Months Ended (Cumulative)</u>	
	<u>30.11.2022</u>	<u>30.11.2021</u>	<u>30.11.2022</u>	<u>30.11.2021</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Interest expense	(39)	(149)	(81)	(488)
Depreciation and amortisation	(229)	(1,128)	(1,539)	(3,378)
Foreign exchange gain/(loss)	3	-	12	-

Dated: 19 January 2023