NAIM INDAH CORPORATION BERHAD
(19727-P)

Annual Report

2006

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY SECOND ANNUAL GENERAL MEETING** of **NAIM INDAH CORPORATION BERHAD** will be held at the Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 15 June 2007 at 10.30 a.m. or at any adjournment thereof to transact the following business:

<u>AGENDA</u>

AS ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the year ended 31 December 2006 and the Directors and Auditors Reports thereon. (Resolution 1)

2. To re-elect Encik Ramli Bin Harun who retires pursuant to Article 79 of the Company's Articles of Association, and being eligible has offered himself for re-election. (Resolution 2)

3. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 3)

4. To transact any other ordinary business for which due notice shall have been given.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions:

5. <u>**Ordinary Resolution**</u>

Re-appointment of Y. Bhg. Dato' Shamsir Bin Omar as a Director pursuant to section 129(6) of the Companies Act, 1965

"THAT pursuant to Section 129 of the Companies Act, 1965, Y. Bhg. Dato' Shamsir Bin Omar who is over 70 years of age be and is hereby re-appointed a director of the Company and to hold office until the conclusion of the next Annual General Meeting." (Resolution 4)

6. <u>**Ordinary Resolution**</u>

Approval for Issuance of new ordinary shares pursuant to Section 132D of Companies Act, 1965

"THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approval from Bursa Malaysia Securities Berhad or other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Board of Directors be and are also hereby empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad." (Resolution 5)

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

7. **Special Resolution**

Proposed Amendments to the Articles of Association of the Company

"THAT alterations, modifications, additions or deletions to the Articles of Association of the Company contained in Appendix I signed by a Director of the Company for the purpose of identification be and are hereby approved." (Resolution 6)

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
NAIM INDAH CORPORATION BERHAD

YEAP KOK LEONG (MAICSA NO.: 0862549)
YAP WAI BING (MAICSA NO.: 7023640)
Company Secretaries

KUALA LUMPUR
Date: 17 May 2007

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.*

2. *Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities account.*

3. *Proxy Form duly completed must be deposited with the Company's Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*

4. *Explanatory Notes on Special Business*

   <u>Section 129(6) of the Companies Act, 1965</u>

   Pursuant to Section 129(6) of the Companies Act, 1965, the proposed resolution under agenda 5 is to seek shareholders' approval on the re- appointment of Director who is over 70 years of age and above.

   <u>Section 132D of the Companies Act, 1965</u>

   Pursuant to Section 132D of the Companies Act, 1965, the proposed resolution under agenda 6, if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

   <u>Proposed Amendments to the Articles of Association of the Company</u>

   The proposed amendments under agenda 7 will bring the Articles of Association of the Company in line with the amendments to Listing Requirements of Bursa Malaysia Securities Bhd. For further information on Special Resolution agenda 7, please refer to Appendix I enclosed together with the Annual Report 2006.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements appended hereunder are:

DIRECTORS STANDING FOR RE-ELECTION

Directors who are standing for re-election at the Thirty Second Annual General Meeting of the Company which will be held at the Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 15 June 2006 at 10.30 a.m. or at any adjournment thereof are:

Name of Director	Details of Board Meeting Attendance	Profile of Director
Y. Bhg. Dato' Shamsir Bin Omar	Refer to Page 10 of Annual Report	Refer to Page 8 of Annual Report
Encik Ramli Bin Harun	Refer to Page 10 of Annual Report	Refer to Page 9 of Annual Report

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CORPORATE INFORMATION

Board of Directors

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

Tan Lam Hin
Executive Director/Chief Executive Officer
Non-Independent Director

Ramli Bin Harun
Non-Executive Director
Independent Director

Zailan Bin Othman
Non-Executive Director
Independent Director

Listing

Main Board of Bursa Malaysia Securities Bhd

Registered Office

20th Floor, East Wing
Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03 – 4043 9411
Fax: 03 – 4043 1233

Auditors

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
50490 Kuala Lumpur

Company Secretaries

Yeap Kok Leong (MAICSA No. 0862549)
Yap Wai Bing (MAICSA No. 7023640)

Principal Bankers

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

Audit Committee

Ramli Bin Harun
Chairman
Independent Director

Zailan Bin Othman
Non-Executive Director
Independent Director

Dato' Shamsir Bin Omar
Non-Independent Director

Nomination and Remuneration Committee

Zailan Bin Othman
Chairman
Independent Director

Ramli Bin Harun
Independent Director

Registrar

Tenaga Koperat Sdn Bhd (Co. No. 118401-V)
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03 – 4041 6522
Fax: 03 – 4042 6352

Principal Solicitors

Gulam & Wong
Peter Cheah & Co.
Senthi & Associates
Teo, Chew, Rezal & Co.
T.Y. Teh & Partners

Principal Place of Business

Suite 12A, 03 – 05, Level 12A
Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03 – 4041 8288
Fax: 03 – 4045 2471

CORPORATE STRUCTURE

- Naim Indah Corporation Berhad
  Investment Holding
  - 100% Angkasa Lampiran Sdn Bhd
    Property Developer
  - 100% Bitarex Sdn Bhd
    Land Owner
  - 100% Consistent Harvest Sdn Bhd
    Property Investment
  - 100% Jernih Makmur Sdn Bhd
    Timber concessionaire
  - 100% Ni-Corp Oil & Gas Technologies Sdn Bhd
    Oil and gas industry
  - 100% Kewangan Bersatu Berhad*
    Financial Services
    - 100% KBB Nominees (Tempatan) Sdn Bhd
      Nominee Services
    - 100% KBB Properties Sdn Bhd
      Renting of Properties

* Assumed control by Bank Negara Malaysia pursuant to the Banking & Financial Institution (Kewangan Bersatu Berhad) (Assumption of Control), Order 1998.

CHAIRMAIN'S STATEMENT

Dear Shareholders,

The financial year 2006, can be described as a year of expansion for Naim Indah Corporation Berhad. We have spent considerable amount of time and resources in identifying, deliberating and eventually selecting suitable possible growth expansion plans in line with our core business activities with a vision to bring more value to you.

Despite the continued increase in costs of doing business that affects our bottom line, I am pleased to inform you that, we have delivered another profitable year for the organisation.

On behalf of the Board, I am pleased to present to you the Annual Report 2006 together with the Statutory Financial Statements of the Group for the financial year ended 31 December 2006.

FINANCIAL REVIEW

For the financial year under review, the Group recorded an increase in revenue from RM12.5 million to RM15.3, an increase of approximately RM2.8 million. The increase in turnover was mainly contributed by our timber extracting activities and from our investment in a calculated expansion plan - the joint venture development of 3 ½ storey shop offices in Kota Bharu, Kelantan Darul Naim in line with the State Government's planned development of a new town-ship known as Bandar Baru Tunjong. As a result, the Group has managed to achieve a higher gross profit margin of RM5.9 million as compared to RM4.1 million in the preceding financial year.

However, the improvement of gross margin was eventually set-off against unexpected increase in materials cost incurred in our property development segment and increased operating costs in our timber extracting activities.

The adoption of the new applicable Financial Reporting Standard ("FRS") effective 1 January 2006 saw the group's goodwill ceased to be amortised, thus resulting in impairment loss and thereby impacted our financial bottom line. However, this impact has been mitigated with the recognition of an increment from a fair value adjustment in our property investment segment that resulted in a lower profit after tax of RM0.7 million for the current financial year as compared to RM1.3 million in the previous financial year.

CHAIRMAIN'S STATEMENT (CONTD.)

SIGNIFICANT EVENTS AND PROSPECTS

During the financial year, the Company entered into a joint venture agreement with Creative Springs Sdn Bhd. Given the positive responses from its pre-launch marketing activities, significant growth in terms of profitability is expected in the very near future.

Our core business, timber concession and property investment arm will continue to provide our much needed "bread and butter" revenue and efforts are currently being focused to bring in more revenue while keeping rising costs to an acceptable minimum increment.

It is believed that from the limited scope industry trend analysis conducted by the respective heads of departments, it is perceived that the timber prices from our timber extraction segment are extremely volatile and as such the short term profitability impact is rated as neutral. The continued pressure of more availability of retail space in the Seremban market has caused our property investment segment to suffer a decrease in revenue and it is envisaged that this trend will continue in the near short term and thus will have a negative impact on the organisation. Housing development in the Seremban market has reached a near saturated point and a further opportunity in revenue growth in this area is seen limited.

With a focused commitment and exploration of different revenue generating strategies from the management as well as from the Board, we are confident that all measures that we have planned to take will eventually bring long term sustainable revenue growth and thereby by itself creating a solid tangible value.

DIVIDEND

Our calculated expansion plans are at the verge of being converted into executable "quick wins" and as such we need to conserve our working capital in order to participate into these planned actions. Regretfully, the Board is recommending that no dividends be declared for the financial year ended 31 December 2006.

APPRECIATION

My Board and I wish to record our sincere appreciation for the services rendered by Encik Muhamed Bin Abdul Rahman who has chosen to retire during the financial year ended 31 December 2006. We wish him well in his future undertakings.

To our customers, business partners, business associates, bankers, governmental authorities and last but not least our shareholders, we ask you to be patient with us as the management team, the Board and I are committed to bring Naim Indah Corporation Berhad growth and eventually greater profitability.

Y. Bhg. Dato' Shamsir Bin Omar
Executive Chairman
17 May 2007

PROFILE OF THE BOARD OF DIRECTORS

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

A Malaysian aged 72, was appointed as Director and Chairman of the Company on 16 November 1998. He was appointed as the Executive Chairman on 26 August 2002. He is also a member of the Audit Committee. He is a Fellow Member of The Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He commenced his career in 1960 as an Auditor and Accountant in the Department of Co-operative Development. In 1967, he was the Chief Accountant in the Ministry of Education and in 1968, he became the Deputy Accountant General. From 1969 to 1989, he held the position of Accountant General in the Ministry of Finance. He also holds a directorship in Tanah Emas Corporation Berhad.

Dato' Shamsir does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He has had no convictions for offences within the past ten years other than traffic offences.

Dato' Shamsir attended four (4) Board meetings of the Company held during the financial year ended 31 December 2006.

Tan Lam Hin
Executive Director/Chief Executive Officer
Non-Independent Director

A Malaysian aged 53, was appointed as an Executive Director cum Chief Executive Officer on 30 July 2002 and 13 October 2003 respectively. He graduated from the University of Malaya with a Bachelor of Science (Hons.) degree in 1978. He is a Licentiate Member of the Institute of Chemists. He was involved in the timber industry from 1980 to 1986 and with S.E.A Piling Sdn Bhd before being appointed a Director of Pembinaan Kansalles Sdn Bhd, a development and construction company. He has a strong background in property development and property management skills that he acquired through "hands on" experiences.

Mr. Tan does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He has had no convictions for offences within the past ten years other than traffic offences.

Mr. Tan attended four (4) Board meetings of the Company held during the financial year ended 31 December 2006.

PROFILE OF THE BOARD OF DIRECTORS (CONTD.)

Ramli Bin Harun
Non-Executive Director
Independent Director

A Malaysian aged 49, was appointed as an Independent Non-Executive Director on 30 July 2002. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He was a Director of Palembang Usahaniaga Sdn Bhd from 1984 to 1992, managing various large housing projects in Negeri Sembilan Darul Khusus. During his tenure in Palembang Usahaniaga Sdn Bhd, he focused his attention predominantly on project management. Thereby, he has a good working knowledge in property management and property development.

Encik Ramli does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He has had no convictions for offences within the past ten years other than traffic offences

Encik Ramli attended four (4) Board meetings of the Company held during the financial year ended 31 December 2006.

Zailan Bin Othman
Non-Executive Director
Independent Director

A Malaysian aged 45, was appointed as an Independent Non-Executive Director on 7 August 2002. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He was a Director for Kemayan Resources Sdn Bhd, managing project "Rasah Kemayan" from 1995 to 1998. His role then was predominantly in business development. In 1999, he ventured into trading and distribution of branded sports goods where he is the Director in charge of operations. He has a strong background in successful operational business management.

Encik Zailan does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He has had no convictions for offences within the past ten years other than traffic offences.

Encik Zailan attended four (4) Board meetings of the Company held during the financial year ended 31 December 2006.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Naim Indah Corporation Berhad recognises the importance of the principles and values embodied in the Malaysian Code on Corporate Governance ("the Code") as a catalyst towards achieving a greater disclosure based framework as well maximising shareholder value of the Company.

The Company has also adopted as far as practicable the Code's Best Practices and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

THE BOARD

The Board's primary responsibilities are to develop a Company wide Strategic Charter as well as to put in place adequate "check and balances" procedures to ensure that each segment of the business is properly managed.

In accordance with the Best Practices of the Code, the Chairman and the Chief Executive Officer of the Company are different persons with separate defined responsibilities.

The Board currently consists of four (4) Directors, two (2) of whom are Independent Non-Executive Directors. The Board has complied with the listing requirements of Bursa Securities that at least two (2) or one-third (1/3) of the Board should consist of independent directors. The independent directors provide assurance that Board's decisions are deliberated objectively in the interest of all stakeholders of the Company.

All the members of the Board have attended the Mandatory Accreditation Programme ("MAP") as per the listing requirements of Bursa Securities for all directors of public listed companies. During the financial year, all the directors attended one (1) Continuing Education Programme, namely the “Code of Corporate Compliance and Ethical Conduct” organised by Bursatra Sdn Bhd. To continually upgrade their skills, all Board members will be required to select training courses in the coming years to enable them to effectively discharge their duties.

BOARD MEETINGS

During the financial year ended 31 December 2006, four (4) Board meetings were held.

Details of each Director's attendance were as follows:

Name	Status	Attendance	%
Dato' Shamsir Bin Omar	Non – Independent	4 of 4	100.0
Muhamed Bin Abdul Rahman *	Non – Independent	2 of 3	66.7
Tan Lam Hin	Non – Independent	4 of 4	100.0
Ramli Bin Harun	Independent	4 of 4	100.0
Zailan Bin Othman	Independent	4 of 4	100.0

* Resigned with effective from 27 September 2006.

THE NOMINATION AND REMUNERATION COMMITTEE

The primary responsibilities of this committee are to identify suitable candidates to fill Board vacancies, assessing the effectiveness of the Board and the contribution of each individual director on a progressive basis as well as to assess the adequacy of the directors' remuneration.

During the financial year ended 31 December 2006, one (1) meeting was held and details of the attendance were as follows:

Name	Status	Attendance	%
Ramli Bin Harun	Independent	1 of 1	100.0
Zailan Bin Othman	Independent	1 of 1	100.0

The committee is of the opinion that the existing Board is considered well balanced and adequately remunerated.

SUPPLY OF INFORMATION

Notice, agenda and all relevant information are circulated to every member of the Board prior to board meetings so as to enable them to have sufficient time to understand issues to be raised. In so doing, all issues can be deliberated at the said meetings and that an informed decision can be arrived at the conclusion of each board meeting.

In addition, all Board members have access to senior management and services of the Company Secretary and may also obtain independent professional advice at the Company's expense when necessary.

RE-ELECTION

In accordance with the Company's Articles of Association, any director appointed during the year is to retire and seek re-election by the Shareholders at the following Annual General Meeting immediately after his appointment. The Articles also require that one-third (1/3) of the Directors retire by rotation and seek re-election at each Annual General Meeting and each Director shall submit himself for re-election at least once in every three (3) years.

REMUNERATION OF DIRECTORS

Details of the remuneration of each director who served during the financial year ended 31 December 2006 are as follows:

	RM
Executive Directors	
Salaries and other emoluments	342,000
Fees	-
Pension costs – defined contribution plan	35,000
Benefits-in-kind	-
	377,000
Non – Executive Directors	
Allowance	80,000
Total	457,000

Number of directors whose remuneration falls into the following bands:

	Number of Directors
Executive Directors	
RM50,001 to RM100,000	2
RM200,001 to RM250,000	1
	3
Non – Executive Directors	
Below RM50,000	2
Total	5

DIALOGUE BETWEEN COMPANY AND INVESTORS

The Board has always recognised the importance of an accurate and timely dissemination of information to its shareholders. For this purpose, the Company uses the Annual General Meeting/Extraordinary General Meeting and Public Announcements to provide up-to-date information to explain its business development and financial achievement and to solicit feedback from shareholders and investors.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements to the shareholders, investors and regulatory authorities, the Board takes responsibility to present a balanced and clear assessment of the Group's financial position and its future prospects.

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

In accordance with the Companies Act, 1965, the directors are responsible to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group for the relevant period. While preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable approved accounting standards have been applied, subject to any material departures being disclosed and explained in the financial statements;
- make judgments and estimates that are prudent and reasonable;
- prepare the financial statements on an on-going concern basis.

The directors are also responsible for keeping the accounting records that disclose with reasonable accuracy the financial position of the Company and of the Group and to ensure that the financial statements also comply with the Companies Act, 1965. In addition, the directors are responsible for safeguarding the assets of the Group and for taking reasonable steps for the detection and prevention of fraud and irregularities.

RELATIONSHIP WITH AUDITORS

The Board has a transparent relationship with both the Internal Auditors and the External Auditors through the establishment of the Audit Committee. Both the internal and external auditors have complete access to the Audit Committee to present key material issues that require its attention. Furthermore, the Audit Committee through its charter takes responsibility to ensure that adequate resources are available for both the internal and external auditors to perform their duties.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 19 April 2007, the Board had proposed the establishment of an ESOS to be taken to the forthcoming Extraordinary General Meeting for our shareholders' deliberation.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Statement on Internal Control of the Group is made by the Board of Directors pursuant to the listing requirements of Bursa Securities and with regard to the Group's compliance with The Principles and Best Practices provisions relating to internal controls provided in the Malaysian Code on Corporate Governance ("Code").

BOARD'S RESPONSIBILITIES

The Board of Directors recognises the importance of sound internal control for good corporate governance. The Board affirms its overall responsibility for the Group's systems on internal control, which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of those systems. The Board noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, the Board also noted that these systems could only provide reasonable but not absolute assurance against material misstatement or loss.

Following the issuance of the Code, the Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year and up to the date of approval of the Annual Report and financial statements. The process is regularly reviewed by the Board through its Audit Committee, which is assisted by the Internal Auditors.

The Board ensures that management undertakes such actions as may be necessary in the implementation of the policies and procedures on risks and control approved by the Board whereby management identifies and assesses the risk faced and then designs, implements and monitors appropriate internal controls to mitigate and control those risks.

CONTROL AND MONITORING PROCESS

The key elements of the Group's internal control system include:

- An operational structure with defined line of responsibility and delegation of authority.
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A documented delegation of authority with clear lines of responsibility in identifying the approving authority of various transactions;
- Internal policies and procedures, which are regularly updated to reflect changes, risks or to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported by the internal audit function to the Board via the Audit Committee;
- Effective reporting systems, which monitor performance and highlight significant variances against budget and plan. Key variances are followed up by management and reported to the Board on a quarterly basis;

CONTROL AND MONITORING PROCESS (CONTD.)

Other main activities performed by the internal auditors are as follows:

- The recovery of late payment interest imposed on defaulting property buyers;
- Implementing the policies on identification, selection and retention of the shopping complex tenants; and
- Undertaking special reviews as and when requested by the Audit Committee and/or management.

The system of internal control that is on-going at this point of time has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Group's Annual Report for the financial year under review.

OTHER INFORMATION

Share Buyback

There was no share buyback in the financial year ended 31 December 2006.

Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities in respect of the financial year ended 31 December 2006. During the year, there was an increase in issued and fully-paid share capital by way of conversion of 155,843,000 3 year, 0.5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM0.20 each into 155,843,000 ordinary shares of the Company with a nominal value of RM0.20 each.

Material Contracts

During the financial year under review, there were no material contracts entered into by the Company and/or its subsidiary companies which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year 2006 or which was entered into since the end of the previous financial year other than those if any, disclosed in the Statutory Financial Statements.

Sanction and/or Penalty Imposed

There were no sanctions and/or penalties imposed on the Company, Directors or management by the relevant authorities during the financial year ended 31 December 2006.

Non-Audit Fees Paid To External Auditors

The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2006 was RM6,000.

Corporate Social Responsibility

During the financial year, no activity was conducted by the Group in relation to the Corporate Social Responsibility.

AUDIT COMMITTEE REPORT

MEMBERS

The Audit Committee comprises three Directors, the majority of whom are independent. The composition of the Audit Committee is as follows:

Ramli Bin Harun	Chairman, Independent Non-Executive Director
Zailan Bin Othman	Member, Independent Non-Executive Director
Dato' Shamsir Bin Omar	Member, Non-Independent Executive Director

OBJECTIVE

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities on financial reporting and internal control in line with the corporate governance.

FREQUENCY OF MEETING AND MINUTES

Meetings are required to be held not less than three (3) times a year. The External Auditors may request a meeting if they consider that one is necessary. A quorum shall consist of majority of independent Non-Executive Directors and shall not be less than two.

The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection if required. The Audit Committee shall report to the Board and its minutes tabled and noted by the Board.

DETAILS OF MEETING

The Audit Committee met four (4) times during the financial year ended 31 December 2006 and details of the attendance were as follows:

Name	Attendance	%
Ramli Bin Harun	4/4	100
Dato' Shamsir Bin Omar	4/4	100
Zailan Bin Othman	4/4	100

AUTHORITY

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.

The Committee will seek approval from the Board to obtain independent legal or other professional advice and to secure the attendance of outsiders with the relevant experience at the Company' expense if it considers this necessary.

AUDIT COMMITTEE REPORT (CONTD.)

ROLE AND RESPONSIBILITY

The duties of the Audit Committee include the following:

- To consider the nomination and appointment of external auditors including the audit fees and to review the reasons of resignation or dismissal of external auditors;
- To discuss with the external auditors before the audit commences, the nature and scope of the audit and to ensure co-ordination where more than one audit firms are involved;
- To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary);
- To review the quarterly results and year end financial statements prior to their approval by the Board of Directors focusing particularly on: -
    - Any changes in accounting policies and practices;
    - Major judgemental areas;
    - The going concern assumption;
    - Compliance with accounting standards and regulatory requirements.
- To review major findings provided by external auditors and the management's response thereto;
- To review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its works;
- To review the internal audit programme, the results of the internal audit processes or investigation undertaken and to ensure that appropriate action is taken on the recommendations of the internal audit function;
- To review any appraisal or assessment of the performance of the members of the internal audit function;
- To approve any appointment or termination of senior staff members of the internal audit function;
- To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- To review related party transactions and conflict of interests situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- To consider major findings of internal investigations and management's response thereto;
- To review the risk management framework; and
- To consider other topics as defined by the Board.

SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out its duties in accordance with its term of reference. Other main issues reviewed by the Audit Committee were as follows:

- the financial impact subsequent to the adoption of the new financial reporting standards.

ANALYSIS OF SHAREHOLDINGS – AS AT 20 APRIL 2007

SHARE CAPITAL

Authorised Share Capital	: 2,500,000,000 Ordinary Shares of RM0.20 per share
Issued and Fully Paid-Up Share Capital	: 702,033,964 Ordinary Shares of RM0.20 per share
Voting Rights	: One voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1 to 99	242	1.52	11,039	# 0.00
100 to 1,000	2,355	14.80	2,090,349	0.30
1,001 to 10,000	8,275	52.02	43,869,501	6.25
10,001 to 100,000	4,379	27.53	162,040,962	23.08
100,001 to less than 5% of issued shares	655	4.12	276,110,393	39.33
5% and above of issued shares	2	0.01	217,911,720	31.04
Total	15,908	100.00	702,033,964	100.00

Negligible

SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	Direct interest		Indirect interest	
		Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Crest Energy Sdn. Bhd	160,063,744	22.80	-	-
2.	HDM Nominees (Tempatan) Sdn. Bhd. Quantum Discovery Sdn. Bhd.	65,847,976	9.38	-	-
4.	Dato' Tan Ah Chak *1	-	-	160,063,744	22.80
5.	Lee Keck Keong *2	-	-	160,063,744	22.80
6.	Wong Kui Yeong *3	-	-	65,847,976	9.38
7.	Tan Wei Loon *4	-	-	65,847,976	9.38
8.	Khoo Lay Wah *5	-	-	65,847,976	9.38

Notes:

*1 Deemed interest by virtue of his shareholding in Crest Energy Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*2 Deemed interest by virtue of his shareholding in Crest Energy Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*3 Deemed interest by virtue of her shareholding in Quantum Discovery Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*4 Deemed interest by virtue of his shareholding in Quantum Discovery Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*5 Deemed interest by virtue of her shareholding in Quantum Discovery Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS (CONTD.) – AS AT 20 APRIL 2007

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholders	Number of Shares Held	Percentage (%) of Issued Capital
1.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Crest Energy Sdn Bhd	160,063,744	22.80
2.	HDM Nominees (Tempatan) Sdn Bhd Quantum Discovery Sdn Bhd	57,847,976	8.24
3.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Wong Foot Kheong	10,000,002	1.42
4.	Mohd Noor Bin Setapa	7,539,000	1.07
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Robert Ong Thien Cheng	6,351,000	0.90
6.	MAYBAN Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kek Lian Lye	4,407,800	0.63
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Chow Lee	4,069,200	0.58
8.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chow Ling	3,900,000	0.56
9.	Liaw Kit Siong	3,390,900	0.48
10.	Yeoh Kean Hua	3,330,000	0.47
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Liaw Kit Siong	3,200,000	0.46
12.	Lim Chee Sing	3,039,900	0.43
13.	M & A Nominee Securities Sdn Bhd IVT (B)	3,025,300	0.43
14.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	2,900,000	0.41
15.	Fong Wui Hoong	2,900,000	0.41
16.	Lim Seng Tee	2,884,000	0.41
17.	RC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Abd Azis Bin Md Aris	2,821,500	0.40

ANALYSIS OF SHAREHOLDINGS (CONTD.) – AS AT 20 APRIL 2007

THIRTY (30) LARGEST SHAREHOLDERS (CONTD.)

No.	Names of Shareholders	Number of Shares Held	Percentage (%) of Issued Capital
18.	Shamsudin Bin Md Dubi	2,765,200	0.39
19.	Lim Sin Seong	2,550,000	0.36
20.	Ng Pei Peng	2,100,000	0.30
21.	Teoh Cheoh Thin @ Chung Soo Chern	2,006,800	0.29
22.	Teoh Hunt Thuim	2,000,341	0.28
23.	Tan Chin Yee Grace	1,960,000	0.28
24.	MERCSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Foot Kheong	1,950,000	0.28
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Hoy Egg Sun	1,789,300	0.25
26.	Nor Zuraini Binti Mohd Saad	1,785,100	0.25
27.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Chin An	1,746,500	0.25
28.	Lim Seng Qwee	1,721,700	0.25
29.	Fun Yoon Fah	1,711,000	0.24
30.	Law Ka Hieng	1,500,000	0.21
	Total	307,256,263	43.77

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LIST OF PROPERTIES

Location	Description/ Existing Use	Area	Tenure	Approximate age of property	Date of revaluation	Date of acquisition	Net book value RM'000
Lot No. 20890 and 20891 in the Municipality and District of Seremban Darul Khusus	3 ½ Storey shopping complex for rental and open air car park	Complex net lettable area of 217,096 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 87 years)	11 years	15.9.2006	25.8.2003	82,000

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NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	655	1,538

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results 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 other than the effect arising from the changes in accounting policy due to the adoption of the new and revised FRSs which has resulted in an increase in the Group's profit for the year by RM1,052,000 as disclosed in Note 2.3(a) and (b) to the financial statements.

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 in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Shamsir Bin Omar
Tan Lam Hin
Ramli Bin Harun
Zailan Bin Othman
Muhamed Bin Abdul Rahman (resigned on 27 September 2006)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares, Irredeemable Convertible Unsecured Loan Stocks ("ICULS") or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements) by reason of a contract made by the Company or related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the 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.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

On 25 August 2003, the Company issued RM122,738,611 ICULS comprising 613,693,055 nominal value of 3 year, 0.5% ICULS at a nominal value of RM0.20 each for the purpose of acquiring Consistent Harvest Sdn Bhd and Jernih Makmur Sdn Bhd.

During the financial year, the balance of the ICULS totalling RM31,169,000 (representing 155,843,000 units) were converted into ordinary shares of RM0.20 each in the Company on or before the maturity date of the ICULS, on 24 August 2006.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM109,238,000 to RM140,407,000 following the conversion of ICULS. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provisions had been made for doubtful debts, and;

  (ii) to ensure that any current assets which were unlikely to realise their value 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) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off as bad debts or the amount of the provisions for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONTD.)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 April 2007.

Dato' Shamsir Bin Omar　　　　Tan Lam Hin

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Shamsir Bin Omar and Tan Lam Hin, being two of the directors of Naim Indah Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 76 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 April 2007.

Dato' Shamsir Bin Omar   Tan Lam Hin

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Dato' Shamsir Bin Omar, being the director primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 76, are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared
by the abovenamed Dato' Shamsir Bin Omar
at Kuala Lumpur in Wilayah Persekutuan
on 9 April 2007   Dato' Shamsir Bin Omar

Before me,

19727-P

REPORT OF THE AUDITORS TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 29 to 76. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

19727-P

REPORT OF THE AUDITORS TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD (CONTD.)
(Incorporated in Malaysia)

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

George Koshy
No. 1846/07/07(J)
Partner

Kuala Lumpur, Malaysia
9 April 2007

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

		Group		Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	3	15,308	12,519	7,765	4,443
Cost of sales	4	(9,404)	(8,437)	(2,112)	-
Gross profit		5,904	4,082	5,653	4,443
Other income	5	1,303	61	239	-
Administrative expenses		(5,216)	(2,229)	(2,204)	(1,308)
Other expenses		(697)	(299)	(1,966)	(85)
Operating profit		1,294	1,615	1,722	3,050
Finance costs	6	(345)	(447)	(184)	(231)
Profit before tax	7	949	1,168	1,538	2,819
Income tax expense	10	(294)	152	-	-
Profit for the year		655	1,320	1,538	2,819

Earnings per share (sen):

Basic	11	0.1	0.3
Diluted	11	0.1	0.3

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

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
ASSETS					
Non-Current Assets					
Plant and equipment	12	1,484	1,566	730	802
Investment property	13	82,000	81,039	-	-
Intangible assets	14	36,799	38,745	-	-
Investments in subsidiaries	15	-	-	73,500	73,500
Deferred tax assets	16	92	140	-	-
Amounts due from subsidiaries	17	-	-	54,520	53,164
		120,375	121,490	128,750	127,466
Current Assets					
Property development costs	18	4,543	4,369	-	-
Trade receivables	19	6,129	5,314	-	3,001
Other receivables	20	7,959	6,866	7,724	6,078
Cash and bank balances	21	569	1,226	111	87
		19,200	17,775	7,835	9,166
TOTAL ASSETS		139,575	139,265	136,585	136,632

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2006 (CONTD.)

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	140,407	109,238	140,407	109,238
Accumulated losses		(6,607)	(7,262)	(4,652)	(6,190)
ICULS	23	-	31,071	-	31,071
Total equity		133,800	133,047	135,755	134,119
Non-Current Liabilities					
Borrowings	24	492	516	492	516
Current Liabilities					
Borrowings	24	1,953	2,128	78	86
Trade payables	25	1,860	453	-	-
Other payables	26	1,127	1,994	260	1,762
Income tax payable		343	978	-	-
ICULS	23	-	149	-	149
		5,283	5,702	338	1,997
Total liabilities		5,775	6,218	830	2,513
TOTAL EQUITY AND LIABILITIES		139,575	139,265	136,585	136,632

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

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Share Capital (Note 22) RM'000	ICULS (Note 23) RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2005	62,461	77,250	(8,582)	131,129
Conversion of ICULS into share capital				
- Equity component	46,179	(46,179)	-	-
- Liability component	598	-	-	598
Profit for the year	-	-	1,320	1,320
At 31 December 2005	109,238	31,071	(7,262)	133,047
At 1 January 2006	109,238	31,071	(7,262)	133,047
Conversion of ICULS into share capital				
- Equity component	31,071	(31,071)	-	-
- Liability component	98	-	-	98
Profit for the year	-	-	655	655
At 31 December 2006	140,407	-	(6,607)	133,800

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

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

	Share Capital (Note 22) RM'000	ICULS (Note 23) RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2005	62,461	77,250	(9,009)	130,702
Conversion of ICULS into share capital				
- Equity component	46,179	(46,179)	-	-
- Liability component	598	-	-	598
Profit for the year	-	-	2,819	2,819
At 31 December 2005	109,238	31,071	(6,190)	134,119
At 1 January 2006	109,238	31,071	(6,190)	134,119
Conversion of ICULS into share capital				
- Equity component	31,071	(31,071)	-	-
- Liability component	98	-	-	98
Profit for the year	-	-	1,538	1,538
At 31 December 2006	140,407	-	(4,652)	135,755

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

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash Flows From Operating Activities				
Profit before tax	949	1,168	1,538	2,819
Adjustments for:				
Amortisation of intangible assets	1,728	215	-	-
Bad debts written off	3	63	-	-
Depreciation of plant and equipment	183	302	86	213
Fair value adjustments of investment property	(961)	-	-	-
Goodwill written off	-	6	-	-
Interest expense	345	447	184	231
Interest income	(163)	(51)	(135)	-
Impairment of investments in subsidiaries	-	-	-	428
Impairment of goodwill	218	-	-	-
Provision for doubtful debts	-	83	1,587	-
Reversal of provision for doubtful debts	(75)	-	-	-
Operating profit before working capital changes	2,227	2,233	3,260	3,691
(Increase)/decrease in property development costs	(174)	3,442	-	-
Decrease in inventories	-	59	-	-
(Increase)/decrease in receivables	(1,701)	(3,676)	1,464	(5,481)
Increase/(decrease) in payables	540	(449)	(248)	(130)
Net change in amounts due from subsidiaries	-	-	(4,062)	111
Cash generated from/(used in) operations	892	1,609	414	(1,809)
Interest paid	(397)	(525)	(236)	(310)
Taxes paid	(881)	(278)	-	-
Taxes recovered	1,691	-	1,691	-
Net cash generated from/(used in) operating activities	1,305	806	1,869	(2,119)

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTD.)

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash Flows From Investing Activities				
Advance to joint venturer	(1,800)	-	(1,800)	-
Purchase of plant and equipment	(101)	(1,101)	(14)	(253)
Investment in a subsidiary	-	-	-	(2)
Interest received	138	1	-	-
Net cash used in investing activities	(1,763)	(1,100)	(1,814)	(255)
Cash Flows From Financing Activities				
Repayment of term loan	(168)	(1,055)	-	-
Repayment of hire purchase	(31)	(423)	(31)	(423)
Net cash used in financing activities	(199)	(1,478)	(31)	(423)
Net (decrease)/increase in cash and cash equivalents	(657)	(1,772)	24	(2,797)
Cash and cash equivalents at beginning of year	1,226	2,998	87	2,884
Cash and cash equivalents at end of year (Note 21)	569	1,226	111	87

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

NAIM INDAH CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 20th Floor, East Wing, Plaza Permata, No. 6, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared under the historical basis, except for investment property that has been measured at its fair value.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains and losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transaction and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(ii) Basis of Consolidation (Contd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Jointly Controlled Operations

The Group has an interest in a joint venture which is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled operation is a joint venture that involves the use of the assets and other resources of the joint venture parties rather than as a separate entity. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(c) Plant and Equipment and Depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer equipment	25%
Electrical and fittings	10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Renovations	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon its disposal or when no future economic benefits are expected 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Investment Properties

Investment properties consist of investment in leasehold land and building held to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(ii) Concession Rights

Concession rights represents the initial costs incurred in obtaining the exclusive right to fell, extract and harvest merchantable timber logs from the concession areas granted under the timber concession agreement.

Following initial recognition, concession rights are carried at cost less any accumulated amortisation and any accumulated impairment losses. Concession rights are assessed to have finite useful lives and are amortised in proportion to timber resources in the concession area based on the amount of tonnes logged every year. The total timber resources derived are based on estimates provided by professional and forester at the point of acquisition. The concession rights are also assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at each balance sheet date.

(f) Land Held for Property Development and Property Development Costs

(i) Land held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Land Held for Property Development and Property Development Costs (Contd.)

(ii) Property Development Costs (Contd.)

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(g) Impairment of Non-Financial Assets

The carrying amounts of assets, other than investment property, property development costs and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Impairment of Non-Financial Assets (Contd.)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual assets basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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 allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in the prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount in which case, such reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, and deposit at call which have an insignificant risk of changes in value.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest Bearing Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(h) Financial Instruments (Contd.)

(v) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS are regarded as equity instruments. Under the effective interest rate method, the interest expense on the ICULS is computed by applying the prevailing market interest rate for a similar redeemable loan stocks to the instrument. The difference between this amount and the interest paid is considered as the liability component of the ICULS.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Leases (Contd.)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is consistent with that for depreciable plant and equipment as described in Note 2.2(c).

(iii) Operating Leases - the Group as Lessee

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.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(m)(iii)).

(j) Provision

Provisions are recognised when the Company has a present obligation as a result of a past event 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 each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if 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 profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Employee Benefits (Contd.)

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Properties

Revenue from sale of properties is accounted for by the stages of completion method as described in Note 2.2(f)(ii).

(ii) Sale of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Dividend Income

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies

(m) Revenue Recognition (Contd.)

(vi) Commission Income

Commission income is recognised on an accrual basis.

(vii) Management Fees

Management fees are recognised when services are rendered.

2.3 Adoption of Financial Reporting Standards ("FRSs") for the Financial Year

The accounting policies adopted are consistent with those of the previous year except that the Group and the Company have adopted all new and revised standards mandatory for the years beginning on or after 1 January 2006. The revised accounting policies are described in the summary of significant accounting policies respectively.

At the date of authorisation of these financial statement, the Group has not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following new and revised FRSs that have been issued but not yet effective:

(i) FRS 6: Exploration for and Evaluation of Mineral Resources
(ii) FRS 117: Leases
(iii) Amendment to FRS 119_{2004}: Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
(iv) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
(v) FRS 124: Related Party Disclosures
(vi) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
(vii) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
(viii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(ix) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
(x) IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economics
(xi) IC Interpretation 8: Scope of FRS 2

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of Financial Reporting Standards ("FRSs") for the Financial Year (Contd.)

FRS 6 and the amendments to both FRS 119_{2004} and FRS 121 are not relevant to the Group's operations and the adoption of the above interpretations will have no impact on the financial statements of the Group.

The adoption of the new and revised standards did not result in significant changes in accounting policies of the Group, except for the following:

(a) FRS 3: Business Combinations; FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of not more than ten (10) years and at each balance sheet date, the Group assessed if there was any indication of impairment of the CGU in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM271,000 against the carrying amount of goodwill. The net carrying amount of goodwill of RM635,000 has ceased to be amortised thereafter.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Adoption of Financial Reporting Standards ("FRSs") for the Financial Year (Contd.)

(a) FRS 3: Business Combinations; FRS 136: Impairment of Assets and FRS 138: Intangible Assets (Contd.)

(i) Goodwill (Contd.)

Because the revised accounting policy has been applied prospectively, the change has had no impact on the amounts reported for 2005 or prior periods. Had the previous policy been applied in the current year, the reported intangible assets and profit of the Group would have been lower by RM91,000.

(b) FRS 140: Investment Property

Prior to 1 January 2006, investment property was stated at cost less impairment losses. Upon the adoption of FRS 140, the investment property is now stated at its fair value and gains and losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The change in accounting policy, where applied retrospectively, does not have a material effect on amounts reported for 2005 or prior periods. There were no effects on the consolidated financial statements for the year ended 31 December 2006 other than the fair value adjustments as disclosed in Note 7.

2.4 Significant Accounting Judgements and Estimates

(a) Judgements

In the process of preparing these financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Significant Accounting Judgements and Estimates (Contd.)

(b) Estimation Uncertainty

Assumptions and other sources of estimation at the balance sheet date that potentially post a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are as follows:

(i) Impairment of Goodwill and Concession Right

The Group determines whether goodwill and concession right are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which the goodwill and concession right are allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU also to choose a suitable discount rate in order to calculate the present value of those cash flows. The expected future cash flows which is projected based on past records of the CGU are discounted at 8.5% which reflects the cost of capital of the Group. Except for an impairment loss recognised in respect of goodwill of RM218,000 as disclosed in Note 7, based on the opinion of the directors, the estimated value-in-use have provided reasonable assumptions that the carrying amount of the other assets at the balance sheet date are not impaired.

(ii) Property Development

The Group recognises property development revenue and costs in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

3. REVENUE

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sale of properties	3,365	4,961	2,965	-
Sale of goods	8,006	506	-	-
Rental income from investment property	3,937	4,552	-	-
Management fees from subsidiaries	-	-	4,800	1,943
Commission income	-	2,500	-	2,500
	15,308	12,519	7,765	4,443

4. COST OF SALES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Property development costs	4,195	5,461	2,112	-
Cost of goods sold	3,187	669	-	-
Maintenance cost of rented properties	2,022	2,307	-	-
	9,404	8,437	2,112	-

Included in property development costs is RM2,112,000 representing costs shared from the joint venture project (Note 20).

5. OTHER INCOME

Included in other income of the Group and the Company is interest income of RM163,000 (2005: RM51,000) and RM135,000 (2005: Nil) respectively.

6. FINANCE COSTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- hire purchase	81	28	81	28
- ICULS	103	203	103	203
- other borrowings	161	216	-	-
	345	447	184	231

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Auditors' remuneration:				
- statutory audit	94	67	65	35
- overprovision in prior year	(4)	-	-	-
- other services	6	28	6	13
Amortisation of intangible assets, included in administrative expenses (Note 14)	1,728	215	-	-
Bad debts written off	3	63	-	-
Goodwill written off (Note 14)	-	6	-	-
Depreciation of plant and equipment	183	302	86	213
Doubtful debts recovered	-	(1,587)	-	(1,587)
Fair value adjustments of investment property (Note 13)	(961)	-	-	-
Impairment of intangible assets, included in administrative expenses (Note 14)	218	-	-	-
Impairment of investment in subsidiaries (Note 15)	-	-	-	428
Reversal of provision for doubtful debts	(75)	-	-	-
Provision for doubtful debts:				
- third parties	-	83	-	-
- due from a subsidiary	-	-	1,587	-
Rental of motor vehicles and equipment	5	161	5	161
Rental of premises	162	221	162	221
Staff costs (Note 8)	2,329	2,189	1,428	1,269
Non-executive directors' remuneration (Note 9)	80	40	80	40

8. STAFF COSTS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Executive directors' remuneration (Note 9)	377	395	377	395
Wages and salaries	1,368	1,275	722	624
Social security contributions	12	11	3	3
Contributions to defined contribution plan	143	142	68	65
Other staff related expenses	429	366	258	182
	2,329	2,189	1,428	1,269

9. DIRECTORS' REMUNERATION

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	342	360	342	360
Contributions to defined contribution plan	35	35	35	35
Benefits-in-kind	-	30	-	30
	377	425	377	425
Non-Executive:				
Allowance	80	40	80	40
Total	457	465	457	465
Directors of the Company				
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	377	395	377	395
Total non-executive directors' remuneration	80	40	80	40
Total directors' remuneration excluding benefits-in-kind	457	435	457	435

9. DIRECTORS' REMUNERATION (CONTD.)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors 2006	2005
Executive:		
RM50,001 to RM100,000	2	2
RM200,001 to RM250,000	1	1
Non-executive:		
Below RM50,000	2	2

10. INCOME TAX EXPENSE

	Group 2006 RM'000	2005 RM'000
Income tax:		
Malaysian income tax	229	-
Under/(over)provision in prior years	17	(12)
	246	(12)
Deferred tax (Note 16):		
Relating to originating temporary difference	48	(140)
Total income tax expense	294	(152)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. For subsidiaries in the Group with paid up capital of RM2.5 million and below at the beginning of the basis period, the domestic income tax is calculated at the Malaysian statutory tax rate of 20% on the first RM500,000 (2005: RM500,000) chargeable income and 28% on subsequent chargeable income (2005: 28%).

The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

10. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	2006 RM'000	2005 RM'000
Group		
Profit before tax	949	1,168
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	266	327
Effect of reduction in income tax rate to 20% for the first RM500,000 (2005: RM500,000) chargeable income	(40)	-
Deferred tax assets recognised at different tax rates	(221)	-
Expenses not deductible for tax purposes	88	75
Utilisation of previously unrecognised tax losses	(560)	(582)
Deferred tax assets not recognised during the year	744	40
Under/(over)provision of income tax expense in prior years	17	(12)
Income tax expense for the year	294	(152)
Company		
Profit before tax	1,538	2,819
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	431	789
Expenses not deductible for tax purposes	129	1
Utilisation of previously unrecognised tax losses	(560)	(790)
Income tax expense for the year	-	-

Tax savings during the financial year arising from:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Utilisation of previously unrecognised tax losses	560	582	560	790

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	**2005**
Profit for the year (RM'000)	655	1,320
Weighted average number of ordinary shares in issue ('000)	601,960	424,043
Basic earnings per share (sen)	0.1	0.3

(b) Diluted

As at 31 December 2006, the remaining units of ICULS have been converted into ordinary shares of the Company during the financial year. Accordingly, the Group has no potential dilutive ordinary shares as at the balance sheet date and hence basic and diluted earnings per share are equal.

	Group	
	2006	**2005**
Profit for the year (RM'000)	655	1,320
After-tax effect of interest on ICULS (RM'000)	-	203
Adjusted profit for the year (RM'000)	655	1,523
Weighted average number of ordinary shares in issue ('000)	601,960	424,043
Assumed conversion of ICULS ('000)	-	155,843
Adjusted weighted number of ordinary shares in issue and issuable ('000)	601,960	579,886
Diluted earnings per share (sen)	0.1	0.3

12. PLANT AND EQUIPMENT

Group	Computer Equipment RM'000	Electrical and Fittings RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2006	96	39	483	860	496	94	2,068
Additions	11	-	3	-	10	77	101
At 31 December 2006	107	39	486	860	506	171	2,169
Accumulated depreciation							
At 1 January 2006	30	3	52	353	54	10	502
Charge for the year	25	1	50	42	52	13	183
At 31 December 2006	55	4	102	395	106	23	685
Net carrying amount							
At 31 December 2006	52	35	384	465	400	148	1,484
Cost							
At 1 January 2005	28	4	29	856	31	19	967
Additions	68	35	454	4	465	75	1,101
At 31 December 2005	96	39	483	860	496	94	2,068
Accumulated depreciation							
At 1 January 2005	7	2	3	181	4	3	200
Charge for the year	23	1	49	172	50	7	302
At 31 December 2005	30	3	52	353	54	10	502
Net carrying amount							
At 31 December 2005	66	36	431	507	442	84	1,566

12. PLANT AND EQUIPMENT (CONTD.)

Company	Computer Equipment RM'000	Electrical and Fittings RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2006	51	12	186	860	30	75	1,214
Additions	9	-	3	-	2	-	14
At 31 December 2006	60	12	189	860	32	75	1,228
Accumulated depreciation							
At 1 January 2006	18	3	21	353	7	10	412
Charge for the year	14	1	19	42	3	7	86
At 31 December 2006	32	4	40	395	10	17	498
Net carrying amount							
At 31 December 2006	28	8	149	465	22	58	730
Cost							
At 1 January 2005	25	4	29	856	28	19	961
Additions	26	8	157	4	2	56	253
At 31 December 2005	51	12	186	860	30	75	1,214
Accumulated depreciation							
At 1 January 2005	6	2	3	181	4	3	199
Charge for the year	12	1	18	172	3	7	213
At 31 December 2005	18	3	21	353	7	10	412
Net carrying amount							
At 31 December 2005	33	9	165	507	23	65	802

12. PLANT AND EQUIPMENT (CONTD.)

Included in plant and equipment of the Group and of the Company are motor vehicles with net book value of RM465,000 (2005: RM507,000) held under hire purchase arrangements.

13. INVESTMENT PROPERTY

	Group	
	2006	2005
	RM'000	RM'000
At 1 January	81,039	81,039
Fair value adjustments (Note 7)	961	-
At 31 December	82,000	81,039

Investment property consists of commercial retail spaces leased to third parties. These leases are generally cancellable operating lease arrangements which the third parties are required to give a three-month notice for the termination of those agreements.

14. INTANGIBLE ASSETS

	Goodwill RM'000	Concession Right RM'000	Total RM'000
Group			
Cost			
At 1 January 2005	906	42,243	43,149
Acquisition of a subsidiary	6	-	6
Written off (Note 7)	(6)	-	(6)
At 31 December 2005 and 1 January 2006	906	42,243	43,149
Effect of adopting FRS 3 (Note 2.3(a)(i))	(271)	-	(271)
At 31 December 2006	635	42,243	42,878
Accumulated amortisation and impairment			
At 1 January 2005	180	4,009	4,189
Amortised during the year (Note 7)	91	124	215
At 31 December 2005 and 1 January 2006	271	4,133	4,404
Effect of adopting FRS 3 (Note 2.3(a)(i))	(271)	-	(271)
Impairment loss during the year (Note 7)	218	-	218
Amortised during the year (Note 7)	-	1,728	1,728
At 31 December 2006	218	5,861	6,079

14. INTANGIBLE ASSETS (CONTD.)

	Goodwill RM'000	Concession Right RM'000	Total RM'000
Group (Contd.)			
Net carrying amount			
At 31 December 2005	635	38,110	38,745
At 31 December 2006	417	36,382	36,799

Goodwill has been allocated to the Group's CGUs identified according to business segment as follows:

	2006 RM'000	2005 RM'000
Group		
Timber concession	-	218
Investment property holding	417	417
Total	417	635

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	78,570	78,570
Less: Accumulated impairment losses		
At 1 January	(5,070)	(4,642)
Impairment loss during the year (Note 7)	-	(428)
At 31 December	(5,070)	(5,070)
	73,500	73,500

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidairies	Paid-up capital RM'000	Equity interest (%) held 2006	2005	Principal Activities
Kewangan Bersatu Berhad and its subsidiaries				
Kewangan Bersatu Berhad ("KBB") #	147,500	100	100	Financing
KBB Nominees (Tempatan) Sdn Bhd #	10	100	100	Nominee services
KBB Properties Sdn Bhd #	410	100	100	Renting of properties
Angkasa Lampiran Sdn Bhd	300	100	100	Propertry developer
Bitarex Sdn Bhd	4,000	100	100	Investment holding
Consistent Harvest Sdn Bhd	1,000	100	100	Property management
Jernih Makmur Sdn Bhd	1,000	100	100	Logging and selling of round end timber logs
Ni-Corp Oil & Gas Technologies Sdn Bhd *	-**	100	100	Oil and gas industry - dormant

* Audited by firms of auditors other than Ernst & Young

** RM2 only

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

On 4 January 1999, Bank Negara Malaysia ("BNM") assumed control of the whole property, business and affairs of Kewangan Bersatu Berhad ("KBB"), a wholly owned subsidiary of the Company, pursuant to the Banking and Financial Institutions (Kewangan Bersatu Berhad) (Assumption of Control) Order, 1998 issued by the Minister of Finance.

Arising from the above, the financial statements of KBB and its subsidiaries ("KBB Group") had not been consolidated in the preparation of the Group financial statements as the directors were of the opinion that the Company had lost effective control in KBB Group as the control and management of the affairs of KBB Group had been assumed by BNM since 4 January 1999. Consequently, the audited financial statements of KBB Group for the financial year ended 31 December 2006 were not annexed to the Group financial statements as exempted by the Assistant Registrar of Companies on 14 November 2006.

The Company's investments in KBB Group has been fully impaired in prior years. It is the intention of the management to dispose of the equity interest in KBB Group to BNM. The management is in the midst of discussions with BNM on the procedures in relation to the intended disposal.

16. DEFERRED TAX ASSETS

	Group	
	2006	2005
	RM'000	RM'000
At 1 January	140	-
Recognised in income statement (Note 10)	(48)	140
At 31 December	92	140
Presented after appropriate offsetting:		
Deferred tax assets	(140)	(140)
Deferred tax liabilities:		
- subject to capital gain tax	48	-
	(92)	(140)

According to FRS 112.45, deferred tax assets and liabilities should be measured based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Pursuant to the Real Property Gains Tax (Exemption) (No. 2) Order 2007, with effect from 1 April 2007, disposals of real property will be exempted from all provisions of the Real Property Gains Tax Act, 1976. As the Order was made after the balance sheet date of 31 December 2006, deferred tax liabilities and assets at this date has not been adjusted to reflect the change.

16. DEFERRED TAX ASSETS (CONTD.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	17,000	16,890	15,510	16,070
Unabsorbed capital allowances	256	230	-	-
	17,256	17,120	15,510	16,070

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

	Investment Property RM'000	Unused Tax Losses RM'000	Total RM'000
At 1 January 2006	-	(140)	(140)
Recognised in income statement	48	-	48
At 31 December 2006	48	(140)	(92)
At 1 January 2005	-	-	-
Recognised in income statement	-	(140)	(140)
At 31 December 2005	-	(140)	(140)

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2006	2005
	RM'000	RM'000
Amounts due from subsidiaries	56,107	53,164
Less: Provision for doubtful debt	(1,587)	-
	54,520	53,164

The amounts due from subsidiaries relates to long term loans which are not due for repayment within the next 12 months. The loans are unsecured and interest free.

18. PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Development costs RM'000	Total RM'000
Group			
At 31 December 2006			
Cumulative property development costs			
At 1 January 2006	4,071	6,650	10,721
Costs incurred during the year	184	2,073	2,257
At 31 December 2006	4,255	8,723	12,978
Cumulative costs recognised in income statement			
At 1 January 2006	2,057	4,295	6,352
Recognised during the year (Note 4)	-	1,303	1,303
Foreseeable loss	-	780	780
At 31 December 2006	2,057	6,378	8,435
Property development costs at 31 December 2006	2,198	2,345	4,543
At 31 December 2005			
Cumulative property development costs			
At 1 January 2005	4,071	4,694	8,765
Costs incurred during the year	-	1,956	1,956
At 31 December 2005	4,071	6,650	10,721
Cumulative costs recognised in income statement			
At 1 January 2005	954	-	954
Recognised during the year (Note 4)	1,103	4,263	5,366
Foreseeable loss	-	32	32
At 31 December 2005	2,057	4,295	6,352
Property development costs at 31 December 2005	2,014	2,355	4,369

Property development costs of RM4,543,000 (2005: RM4,369,000) are pledged as securities for borrowings (Note 24).

19. TRADE RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	5,801	4,340	-	3,001
Accrued billings in respect of property development cost	401	1,122	-	-
	6,202	5,462	-	3,001
Less: Provision for doubtful debts	(73)	(148)	-	-
	6,129	5,314	-	3,001

The Group's normal trade credit term is 30 (2005: 30) days. Other credit terms are assessed and approved on a case-to-case basis.

As at 31 December 2006, the Group has a significant concentration of credit risk in the form of outstanding balance from one (2005: one) debtor representing 85% (2005: 81%) of total trade receivables.

In prior year, the Company had a significant concentration of credit risk in the form of outstanding balance from one customer representing the entire trade receivable.

20. OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Prepayments	116	638	-	5
Advance to joint venturer (i)	2,250	-	2,250	-
Deposits for a proposed joint venture (ii)	5,400	4,400	5,400	4,400
Deposits for proposed acquisition of investments	-	39,000	-	39,000
Other deposits	101	104	-	20
Sundry receivables	92	137	74	66
Tax recoverable	-	2,715	-	2,715
	7,959	46,994	7,724	46,206
Less: Provision for doubtful debts	-	(40,128)	-	(40,128)
	7,959	6,866	7,724	6,078

20. OTHER RECEIVABLES (CONTD.)

(i) During the financial year, the Company entered into a joint venture agreement with Creative Spring Sdn. Bhd., a company incorporated in Malaysia to jointly construct 139 units of shops office in Kota Bahru, state of Kelantan. Pursuant to the joint venture agreement dated 9 November 2006, the Company was required to advance RM2.5 million as working capital to fund the property development project and is entitled to share of 50% of the risks and rewards arising thereof. Included in the amount due from joint venturer is RM1.8 million representing part contribution to the property development project. The advance is unsecured, interest free and has no fixed term repayment. In addition to the advance, the Company was required to provide a bridging loan of not more than RM4.0 million for the completion of the entire project.

(ii) The deposits for a proposed joint venture relates to part contribution pursuant to a joint venture agreement with Uzma Engineering Sdn. Bhd., a company incorporated in Malaysia on 21 October 2005 to form an unincorporated joint venture, known as Nicorp Uzma JV, to jointly provide goods and services to the oil and gas industry. As part of the said arrangement, the Company was required to contribute RM6 million as working capital for the unincorporated joint venture. As at 31 December 2006, RM5.4 million (2005: RM4.4 million) had been deposited with a stakeholder with an interest rate of 2.5% (2005: 2.5%) per annum.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	304	1,226	111	87
Deposits with a licensed bank	265	-	-	-
	569	1,226	111	87

The weighted average effective interest rate and average maturities of deposits with a licensed bank at the balance sheet date is 3.1% and 30 days respectively. The deposits are pledged to the bank in obtaining the following bank guarantees:

(i) for utility deposits of the investment property owned by the Group, and

(ii) in favour of two fellow subsidiaries for a join development project.

Included in cash at banks of the Group is RM8,700 (2005: RM118,000) maintained pursuant to the Housing Developers (Housing Development Account) Regulations, 1991.

22. SHARE CAPITAL

	Number of Ordinary Shares of RM0.20 Each		Amount	
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Authorised:				
At 1 January / 31 December	2,500,000	2,500,000	500,000	500,000
Issued and fully paid:				
At 1 January	546,191	312,307	109,238	62,461
Conversion of ICULS (Note 23)	155,843	233,884	31,169	46,777
At 31 December	702,034	546,191	140,407	109,238

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM109,238,000 to RM140,407,000 by way of conversion of approximately 155,843,000 units of ICULS at nominal value of RM0.20 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

On 25 August 2003, the Company issued RM122,738,611 ICULS comprising 613,693,055 nominal value of 3 year, 0.5% ICULS at a nominal value of RM0.20 each for the purpose of acquiring Consistent Harvest Sdn Bhd and Jernih Makmur Sdn Bhd.. The ICULS were constituted by a Trust Deed dated 14 July 2003 made between the Company and the Trustees for the holders of the ICULS. The ICULS were listed on Bursa Malaysia Securities Berhad on 28 August 2003.

The salient features of the ICULS are as follows:

(i) Conversion rights - the registered holders of the ICULS will have the option at any time during the conversion period to convert the ICULS at the conversion rate into new ordinary shares of RM0.20 each in the Company;

(ii) Conversion rate - on the basis of one (1) ICULS for one (1) new ordinary share of RM0.20 each in the Company;

(iii) Conversion period - period commencing from and including 25 August 2003 to maturity date 24 August 2006;

23. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (CONTD.)

(iv) All outstanding ICULS will be mandatorily converted in full by the Company on 24 August 2006 into ordinary shares of RM0.20 each in the Company;

(v) The ICULS bear an interest of 0.5% per annum payable annually in arrears, with the first payment due on 24 August 2004; and

(vi) The new ordinary shares to be allotted and issued upon conversion of the ICULS will rank pari passu in all respects with the existing ordinary shares of the Company save for and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions prior to the entitlement date which is on or before the date of allotment and issue of the Company's shares pursuant to the conversion of the ICULS.

The ICULS are regarded as equity instruments. Under the effective interest rate method, the interest expense of the ICULS is computed by applying the prevailing market interest rate for a similar non-redeemable loan stocks to the instrument. The difference between this amount and the interest paid is considered as the liability component of the ICULS. The ICULS were accounted for in the balance sheet of the Group and of the Company as follows:

	Group/Company	
	2006	**2005**
	RM'000	**RM'000**
Nominal value of ICULS at 1 January	31,169	77,946
Nominal value of ICULS converted into share capital (Note 22)	(31,169)	(46,777)
Nominal value of ICULS outstanding at balance sheet date	-	31,169
Equity component	-	(31,071)
Liability component at date of issue	-	98
Interest expense accrued	-	51
Liability component at 31 December	-	149

Interest expense on the ICULS was calculated on the effective yield basis by applying the coupon interest rate of 8% for an equivalent non-redeemable ICULS on the equity component of the convertible ICULS.

During the financial year, the balance of the ICULS of approximately RM31,169,000 (representing approximately 155,843,000 units) were converted into ordinary shares of RM0.20 each in the Company on or before the maturity date of the ICULS at 24 August 2006.

24. BORROWINGS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Short term borrowings				
Secured:				
Term loans	1,874	2,042	-	-
Hire purchase (Note 27)	79	86	79	86
	1,953	2,128	79	86
Long term borrowings				
Secured:				
Hire purchase (Note 27)	492	516	492	516
Total borrowings				
Term loans	1,874	2,042	-	-
Hire purchase (Note 27)	571	602	571	602
	2,445	2,644	571	602

The weighted average effective interest rate at the balance sheet date for borrowings was 8.4% (2005: 8.4%). The loans are secured by the following:

(i) A first and third party legal charge created on the land owned by a subsidiary, Bitarex Sdn. Bhd.

(ii) A debenture incorporating a fixed and floating charge over all present and future assets of Angkasa Lampiran Sdn. Bhd.

(iii) Joint and several guarantee by all the directors of Angkasa Lampiran Sdn. Bhd.

25. TRADE PAYABLES

The normal trade credit term granted to the Group is 30 (2005: 30) days.

26. OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Rental deposits received	492	494	-	-
Accruals	363	656	219	224
Sundry payables	272	844	41	284
Amount due to a subsidiary	-	-	-	1,254
	1,127	1,994	260	1,762

The amount due to a subsidiary was unsecured, interest free and had no fixed term of repayment.

27. HIRE PURCHASE PAYABLES

	Group/Company	
	2006	2005
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	112	111
Later than 1 year and not later than 2 years	224	111
Later than 2 years and not later than 5 years	333	333
Later than 5 years	18	244
	687	799
Less: Future finance charges	(116)	(197)
Present value of finance lease liabilities	571	602
Present value of finance lease liabilities		
Not later than 1 year	79	86
Not later than 1 year and not later than 2 years	173	86
Later than 2 years and not later than 5 years	302	253
Later than 5 years	17	177
	571	602
Analysed as:		
Due within 12 months (Note 24)	79	86
Due after 12 months (Note 24)	492	516
	571	602

27. HIRE PURCHASE PAYABLES (CONTD.)

The hire purchase liabilities attracted weighted average effective interest at the balance sheet date at 3.64% (2005: 3.64%) per annum.

The Group has finance leases and hire purchase contracts for motor vehicles (see Note 12). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the Company holding the lease. There are no restrictions placed upon the Company by entering into these leases and no arrangements have been entered into for contingent rental payments.

28. PROFIT GUARANTEE

Pursuant to a Profit Guarantee Agreement, Arus Murni Sdn. Bhd. ("AMSB"), a shareholder of the Company guaranteed that the profit before tax of KBB should not be less than RM30,192,000 per annum for each of the financial years ended 31 December 1997 to 1999. As at 31 December 1997, 1998 and 1999, there were shortfalls in the guaranteed profit amounting to RM134,321,000, RM359,286,000 and RM102,948,000 respectively.

The Company initiated legal action for the recovery of the shortfall in the guaranteed profit of RM134,321,000 for the financial year ended 31 December 1997 and obtained judgement from the High Court in favour of the Company. The Company's solicitors served the judgement on AMSB on 15 January 2003 and the solicitors had been requested to carry out a search on AMSB to ascertain whether or not AMSB was in a financial position to honour the judgement sum. The Group and the Company decided that the next course of action was to proceed with the filing of the winding-up petition of AMSB. On a prudent basis, the recovery of the judgement sum, if any, will be included in the financial statements of the Group and the Company on a receipt basis.

29. COMMITMENTS

In addition to the commitments detailed elsewhere in the financial statements, the Group and the Company have non-cancellable long term commitments for payment of rented equipment as summarised below:

	Group/Company	
	2006	**2005**
	RM'000	**RM'000**
Not later than 1 year	705	5
Later than 1 year and not later than 2 years	2	5
Later than 2 years and not later than 5 years	-	2

In prior year, the Group and the Company had provided an unsecured corporate guarantee of RM250,000 for bank facilities granted to a director. The corporate guarantee has been revoked during the financial year.

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

The Group's exposure to market risks for changes in interest rate risk relate primarily to the Group's borrowing arrangement. The Group's policy is to borrow only from large financial institutions with a "fixed" base lending rate ("BLR") as determined by Bank Negara Malaysia and an agreed spread above the BLR in order to determine the maximum exposure of the Group to interest rate risk. This strategy allows the Group to protect its interest exposure against interest rate hikes.

Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting process.

As at 31 December 2006, the Group has a significant concentration of credit risk in the form of outstanding balance from one (2005: one) debtor representing 85% (2005: 81%) of total trade receivables.

In prior year, the Company had a significant concentration of credit risk in the form of outstanding balance from one customer representing the entire trade receivable.

30. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Value

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the amounts due from subsidiaries, principally due to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

31. SEGMENT INFORMATION

(a) Business Segments

The Group is organised into four major business segments:

(i) Property development - the development of residential properties

(ii) Timber concessionaire - logging and selling of round end timber logs

(iii) Investment property holding

(iv) Investment holding

The other business segment is of insufficient size to be reported separately.

(b) Geographical Segments

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

31. SEGMENT INFORMATION (CONTD.)

	Property Develoment 2006 RM'000	Property Develoment 2005 RM'000	Timber Concessionaire 2006 RM'000	Timber Concessionaire 2005 RM'000	Investment Property Holding 2006 RM'000	Investment Property Holding 2005 RM'000	Investment Holding 2006 RM'000	Investment Holding 2005 RM'000	Others 2006 RM'000	Others 2005 RM'000	Elimination 2006 RM'000	Elimination 2005 RM'000	Consolidated 2006 RM'000	Consolidated 2005 RM'000
REVENUE AND RESULTS														
Revenue														
External revenue	3,366	4,961	8,006	506	3,936	4,552	-	2,500	-	-	-	-	15,308	12,519
Intersegment revenue	-	-	-	-	-	-	4,800	1,943	-	-	4,800	1,943	-	-
Total revenue	3,366	4,961	8,006	506	3,936	4,552	4,800	4,443	-	-	4,800	1,943	15,308	12,519
Results														
Segment results	(1,597)	479	(246)	(609)	666	(286)	1,102	3,050	(1)	(1)	1,370	(1,018)	1,294	1,615
Finance costs	(161)	(216)	-	-	-	-	(184)	(231)	-	-	-	-	(345)	(447)
Profit before tax													949	1,168
Income tax expense													(294)	152
Profit for the year													655	1,320
ASSETS AND LIABILITIES														
Segment assets	5,760	6,784	41,791	39,419	83,403	82,902	136,585	136,632	2	2	(127,966)	(126,474)	139,575	139,265
Segment liabilities	6,497	5,144	26,074	23,505	38,407	36,250	830	2,512	5	4	(66,038)	(61,197)	5,775	6,218
OTHER INFORMATION														
Fair value adjustment	-	-	961	-	-	-	-	-	-	-	-	-	961	-
Amortisation of intangible assets	-	-	1,728	-	-	-	-	-	-	-	-	215	1,728	215
Depreciation	2	1	12	11	83	77	86	213	-	-	-	-	183	302
Impairment losses	-	-	-	-	-	-	-	428	-	-	218	(428)	218	-
(Reversal of)/provision for doubtful debt	-33	44	-	-	(42)	39	1,587	-	-	-	(1,587)	-	(75)	83
Doubtful debt recovered	-	-	-	-	-	-	-	-1,587	-	-	-	-	-	(1,587)

NAIM INDAH CORPORATION BERHAD
(Company No. 19727-P)
(Incorporated in Malaysia)

APPENDIX I
IN RELATION TO
THE PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION

This is the Appendix I referred to in Agenda 7 of the Notice of Annual General Meeting dated 17 May 2007 signed by me for the purpose of identification.

Dato' Shamsir Bin Omar
Chairman

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The existing Articles of Association that are to be amended are reproduced below with the Proposed Amendments (including new additions):

Article No.	Existing Articles	New/ amended Articles
2.	Definition In these Articles the words standing in the first column of the Table hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context. Words — Meanings <u>Approved Market Place</u> — <u>A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) exemption order (No. 2) 1998.</u> <u>Central Depository</u> — <u>The Malaysian Central Depository Sdn. Bhd.</u> Depositor — A holder of securities account. Rules — The Rules of the <u>Central</u> Depository or any statutory modification, amendment or re-enactment thereof for the time being in force. Exchange — <u>Kuala Lumpur Stock Exchange.</u>	Definition In these Articles the words standing in the first column of the Table hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context. Words — Meanings Approved Market Place — **Deleted** **the Depository** — **Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W)** Depositor — A holder of Securities account **established by the Depository** Rules — The Rules of the Depository or any statutory modification, amendment or re-enactment thereof for the time being in force. Exchange — **Bursa Malaysia Securities Berhad**
	The term "**Central Depository**", wherever it appears in this Articles of Association, shall be replaced with the term "**the Depository**".	
6.	Nil	**(vi)** **No director shall participate in an issue of shares to employees unless Members in general meeting have specifically approved the allotment to such director. A non-executive director may participate in an issue of shares pursuant to a public issue or public offer.**

Article No.	Existing Articles	New/ amended Articles
7.	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue Securities (which are prescribed Securities) despatch notices of allotment to the allottees and make an application for the quotation of such Securities within the following prescribed periods, or such other period as may be prescribed by the Stock Exchange:	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue Securities (which are prescribed Securities) despatch notices of allotment to the allottees and make an application for the quotation of such Securities within the period as may be prescribed by the Exchange.
	(a) in respect of a rights issue, within fifteen (15) market days of the final applications date for the rights issue,	(a) **Deleted**
	(b) in respect of a bonus issue, within ten (10) market days of the books closing date for the bonus issue;	(b) **Deleted**
	(c) in respect of any issuance of shares pursuant to an employees share option scheme, within ten (10) market days of the date of receipt of notice of exercise of the option duly accompanied by the requisite payment;	(c) **Deleted**
	(d) in respect of any issuance of shares pursuant to an exercise of a right or a conversion, within ten (10) market days of the date of receipt of a subscription form duly accompanied by the requisite payment.	(d) **Deleted**

Article No.	Existing Articles	New/ amended Articles
8.	Subject to the Act, any preference shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed <u>but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and</u> the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, to propose the winding up, or during the winding up of the Company, or sanctioning the sale of the whole of the Company's property, business and undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months. The holder of a preference share shall be entitled a return of capital in preference to holders of ordinary shares when the Company is wound up.	Subject to the Act, any preference shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, to propose the winding up, or during the winding up of the Company, or sanctioning the sale of the whole of the Company's property, business and undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months. The holder of a preference share shall be entitled a return of capital in preference to holders of ordinary shares when the Company is wound up.

29.	The registration of transfers may be suspended at such times and for such period as the Directors may form time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. At least three (3) market days prior notice shall be given to the Central Depository to prepare the Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, at least seven (7) market days prior notice shall be given to the Central Depository. At least twelve (12) market days notice of book closure shall be given to the Exchange and advertised in a local daily newspaper circulating in Malaysia.	The registration of transfers may be suspended at such times and for such period as the Directors may form time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. At least three (3) market days prior notice shall be given to the Depository to prepare the Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, at least seven (7) market days prior notice shall be given to the Depository. At least **ten (10)** market days notice of book closure shall be given to the Exchange.

Article No.	Existing Articles	New/ amended Articles
35.	TRANSMISSION OF SECURITIES FROM FOREIGN REGISTER (a)(1) The Securities of the Company are listed on an Approved Market Place; and	TRANSMISSION OF SECURITIES (a)(1) The Securities of the Company are listed on **another stock exchange**; and
49.	(i) Except in the case of an issue of Securities on a pro rata basis to shareholders, the Company must ensure that it or any of its subsidiaries shall not issue shares or other convertible Securities to a Director, major shareholder or person connected with any Director or major shareholder (hereinafter referred to as "the interested Director", "interested major shareholder" or "interested person connected with a Director or major shareholder" respectively) unless shareholders in general meeting have approved of the specific allotment to be made to such aforesaid person.	(i) Except in the case of an issue of Securities on a pro rata basis to shareholders, the Company must ensure that it or any of its subsidiaries shall not issue shares or other convertible Securities to a Director, major shareholder **or chief executive officer of the Company** or person connected with any Director or major shareholder or **chief executive officer** (hereinafter referred to as "the interested Director", "interested major shareholder", **"interested chief executive officer"** or "interested person connected with a Director or major shareholder **or chief executive officer**" respectively) unless shareholders in general meeting have approved of the specific allotment to be made to such aforesaid person.
56.	Subject to the provisions of the Act relating to Special Resolutions and agreements for shorter notice, fourteen days notice at the least or twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business the general nature of that business shall be given to such persons as are entitled to receive such notices from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the purpose of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days notice in the case where any special resolution is to be proposed or where it is an annual general meeting of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange upon which the Company is listed.	Subject to the provisions of the Act relating to Special Resolutions and agreements for shorter notice, fourteen days notice at the least or twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business the general nature of that business shall be given to such persons as are entitled to receive such notices from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the purpose of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days notice in the case where any special resolution is to be proposed or where it is an annual general meeting of every such meeting shall be given by advertisement in **at least one nationally circulated Bahasa Malaysia or English** daily press and in writing to each stock exchange upon which the Company is listed.

Article No.	Existing Articles	New/ amended Articles
56. *(Cond.)*	(a) The Company shall request the <u>Central</u> Depository in accordance with the Rules of the <u>Central</u> Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.	(a) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company**, as at the latest date which is reasonably practicable which shall in any event be** not less than (3) market days before the general meetings (hereinafter referred to as "the General Meeting Record of Depositors").
67.	Subject to Article 56(a) and any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney in respect of any share or shares upon which all calls due to the Company have been paid and on a show of hands <u>every person who</u> is a member or representative or proxy of a member shall <u>have</u> one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each share he holds.	Subject to Article 56(a) and any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney in respect of any share or shares upon which all calls due to the Company have been paid and on a show of hands **a holder of ordinary shares or preference shares who is present as a** member or representative or proxy of a member **or attorney and entitled to vote** shall **be entitled to** one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each share he holds.
72.	(a) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and a member may appoint <u>any person to be his proxy without limitation and</u> the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.	(a) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and a member may appoint **not more than two proxies to attend the meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.** The provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.
90.	(ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;	(ii) becomes bankrupt or makes any arrangement or composition with his creditors generally **during his term of office;**

Article No.	Existing Articles	New/ amended Articles
90. *(Contd.)*	(iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relation to mental disorder; (vi) is absent from more that 50% of the board of Directors' meetings held during a financial year.	(iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relation to mental disorder **during his term of office; and** (vi) **Deleted**
139.	All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.	All dividends unclaimed for one year **shall be surrendered to the Registrar of Unclaimed Moneys in accordance with the provisions of the Unclaimed Monies Act, 1965.**
141.	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid **by way of direct transfer by means of the electronic payment systems upon terms and subject to conditions as the directors may stipulate or** by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.
149.	(a) (i) every member with a registered address in Malaysia or the Republic of Singapore or an address for service of notices in Malaysia or Republic of Singapore. (d) At least fourteen days' notice of every general meeting shall be given by advertisement in one issue of a daily newspaper circulating in West Malaysia and the Republic of Singapore.	(a) (i) every member **holding shares conferring the right to attend and vote at the meeting who, at the time of convening of the meeting shall have paid all calls or other sums presently payable by him in respect of any such shares in the Company.** (d) At least fourteen days' notice of every general meeting shall be given by advertisement in **at least one nationally circulated Bahasa Malaysia or English daily press.**

Renumbering of the existing Article

The existing Article 155 be renumbered as Article 154.

NAIM INDAH CORPORATION BERHAD

(Company No. 19727-P)
(Incorporated in Malaysia)

PROXY FORM

CDS account no. of authorised nominee

I/We ____ (name of shareholder as per NRIC, in capital letters) IC No./ID No./Company No. __________________________ (new) ______________ (old) of

____

(full address) being a member(s) of the abovenamed Company, hereby appoint __________________________________ (name of proxy as per NRIC, in capital letters) IC No. __________________________________ (new) __________________________________ (old) of

____

(full address) or failing him/her ____________________________________ (name of proxy as per NRIC, in capital letters) IC No. __________________________ (new) ______________ (old) of

____

(full address) failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held at the Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 15 June 2007 at 10.30 a.m. and at each and every adjournment thereof.

My/Our proxy is to vote as indicated below:

	RESOLUTIONS		FOR	AGAINST
1.	To receive the Statutory Financial Statements for the financial year ended 31 December 2006	Resolution 1		
2.	To re-elect Encik Ramli Bin Harun who retires pursuant to Article 79 of the Company's Articles of Association	Resolution 2		
3.	To re-appoint Messrs. Ernst & Young as Auditors of the Company	Resolution 3		
4.	To approve the re-appointment of Y. Bhg. Dato' Shamsir Bin Omar as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965	Resolution 4		
5.	To approve of the Ordinary Resolution pursuant to Section 132D of Companies Act, 1965	Resolution 5		
6.	Proposed Amendments to the Articles of Association of the Company	Resolution 6		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

____
Signature/Common Seal

Number of shares held: ________________

Date: ________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities account.*
3. *Proxy Form duly completed must be deposited with the Company's Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*
4. *A Corporation must complete the proxy form under its common seal or under the hand of a duly authorised officer or attorney. A proxy need not be a member of the company. The instrument appointing a proxy shall be deemed to confer authority to join in demanding a poll.*
5. *Unless voting instructions are indicated in the spaces provided the proxy may vote as he thinks fit.*

Please fold here to seal

Affix
Postage
Stamp

TENAGA KOPERAT SDN BHD
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur

Please fold here to seal