

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Naim Indah Corporation Berhad (the “Board”) recognises the importance of and is committed to maintaining a high standard of corporate governance throughout the Company for long-term sustainable business growth and the protection and enhancement of shareholders’ value.

The Board is pleased to disclose below how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2012 (the “Code”) and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 December 2014.

The following sections covering each of the principles outline our policies and practices:

## Principle 1: Establish Clear Roles and Responsibilities

### 1.1 Clear Function of the Board and Management

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 overseeing the conduct of the Group’s businesses, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as a risk management framework are established. Elements under this framework include the operating plan and budget, financial statements and performance reviews reports.

The Board comprises four (4) Executive Directors (including the Managing Director/ Group Chief Executive Officer), two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The present composition of the Board complies with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, 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.

### 1.2 Clear Roles and Responsibilities

The Board recognises the key roles in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- guide the corporate strategies and directions of the Company;
- ensure that management discharges business leadership and the highest quality of management skills with integrity and enterprise; and
- overseeing the conduct of the Group’s business and ensure its compliance.

The roles of the Executive Chairman and Managing Director/Group Executive Officer are separate with clear responsibilities divided between them to ensure balance of power and authority. Formal position descriptions for the Chairman and the Managing Director/Group Executive Officer outlining their respective roles and responsibilities are in place.

### 1.3 Formalised Ethical Standards through Code of Conduct

Code of Ethics seek to represent the Company values and principles of honesty, integrity and respect in doing business and wishes to communicate these values to all the parties engaging in business with/within the Group. A summary of the code of conduct is made available on our corporate website at <http://www.nicorp.com.my>

### 1.4 Strategies Promoting Sustainability

The Board is mindful of the importance of business sustainability. The Board implements the following corporate strategies to promote sustainability:-

- We are committed to developing a winning portfolio of sustainable business;
- We continuously strive to deliver superior financial returns through operational excellence and high performance standards; and
- We provide an environment for our people to realise their full potential

# CORPORATE GOVERNANCE STATEMENT

## Principle 1: Establish Clear Roles and Responsibilities (Continued)

### 1.5 Supply of Information

Notice, agenda and all relevant information are circulated to each member of the Board prior to Board meetings so as to enable them to have sufficient time to understand issues to be raised. In doing so, 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 accessed to senior management and services of the Company Secretary and may also obtain independent professional advice at the Company's expense when necessary.

### 1.6 Qualified and Competent Company Secretary

The Board is supported by two qualified, competent and experienced Company Secretaries who facilitates overall compliance with the Listing Requirements as well as informs and keep the Board updated of the latest enhancements in corporate governance, changes in the regulatory framework, new statutory requirements and best practices.

All Directors have access to the advice and services of the Company Secretary.

### 1.7 Board Charter

The Company's Board Charter and Code of Ethics provides guidance for Directors regarding the acceptable business practice, conflict of interest, and expected standards of ethical and moral behaviour. The Board Charter has been uploaded in its website (<http://www.nicorp.com.my/index-2.html>) in line with Recommendation 1.7 of the Code. Continuous effort will be taken to ensure compliance of the Code of Ethics by frequently and clearly communicates the importance of integrity and ethical behaviour within the Company.

The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board and will be reviewed by the Board from time to time when necessary.

## Principle 2: Strengthen Composition

The current composition of the Board, provide the Group with a wealth of knowledge, experience, and core competencies to draw on. The Board's comprehensive mix of skills which include legal, financial, technical, public service and business expertise also provide a diversity of perspectives which is vital for the continued success of the Group in an increasingly complex and competitive business environment.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board has established three (3) Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee.

# CORPORATE GOVERNANCE STATEMENT

## Principle 2: Strengthen Composition (Continued)

### 2.1 Nomination Committee

The Nomination Committee was established on 28 August 2012. As the Board recognizes the importance of the role of the Committee not only in the selection and assessment of the Directors, but also assist the Board to discharge its fiduciary and leadership functions.

The Nomination Committee met once during the financial year ended 31 December 2014 and details of attendance of members of the Nomination Committee are as follows:

Members	Designation	No. of Meetings Attended
Chua Eng Chin (Chairman)	Independent Non-Executive Director	0/1
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	1/1
George Alfonso Miranda (Appointed on 11 December 2014)	Non-Independent Non-Executive Director	-
Zailan Bin Othman (Chairman) (Resigned on 26 November 2014)	Independent Non-Executive Director	1/1

A summary about the activities of the Nomination Committee in the discharge of its duties during the financial year ended 31 December 2014 are set out in the Nomination Committee Statement in pages 35 to 36 of the Annual Report.

### 2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The Nomination Committee is guided by specific terms of reference. The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and to fill the seats on Board Committees. The Nomination Committee also reviews and determines the required mix of skills, experience of Directors; training courses for Directors and other qualities of the Board, including core competencies of Non-Executive Directors on an annual basis; succession planning. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director.

The criteria used for such assessment is guided by the Corporate Governance Guide issued by Bursa Securities. Where appropriate, the Nomination Committee will review the criteria used in the nomination process and the annual assessment.

The 2014 assessment of the Board was structured to ensure a balanced and objective review by the Directors in the key areas. Where applicable, the Board, Board Committees and individual Directors evaluated the Board's composition and structure, principal responsibilities, governance, and objectivity and independence of Directors. The results of the assessment were presented to the Board for its consideration and formally documented.

The Nomination Committee considered that the performance of the existing Board and all Committees were consistently good and satisfactory and the Board was adequately remunerated.

The Company takes note of the recommendation of the Code pertaining to the need to establish a policy formalising approach to Boardroom diversity and to set targets and measures for the adoption of the said recommendation. The Company believes that individuals with diverse backgrounds on board of directors could improve board functioning and the decision making process. Harnessing strength from a variety of backgrounds, experiences and perspectives allows the Board to bring a more diverse perspective in its deliberation. Ultimately, Board diversity is about providing complementary views that lead to better Board decisions.

# CORPORATE GOVERNANCE STATEMENT

## Principle 2: Strengthen Composition (Continued)

### 2.3 Remuneration Policies

The Remuneration Committee was established on 28 August 2012 to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Chief Executive Officer and senior management. Remuneration packages for Executive Directors are structured so as to link rewards to corporate and individual performance.

The Remuneration Committee met once during the financial year ended 31 December 2014 and details of attendance of members of the Remuneration Committee are as follows:

Members	Designation	No. of Meetings Attended
George Alfonso Miranda (Chairman) (Appointed on 11 December 2014)	Non-Independent Non-Executive Director	-
Chua Eng Chin	Independent Non-Executive Director	-
Md. Noor Bin Abd. Rahim (Redesignated as member on 11 December 2014)	Independent Non-Executive Director	1/1
Zailan Bin Othman (Resigned on 26 November 2014)	Independent Non-Executive Director	1/1
Datuk Raymond Chan Boon Siew (Resigned on 14 November 2014)	Non-Independent Non-Executive Director	1/1

Details of the remuneration of each director who served during the financial year ended 31 December 2014 were as follows:-

Executive Directors	RM'000
Salaries	120
Allowance	27
Others	9
Fee	208
Total	<u>364</u>
<b>Non-Executive Directors</b>	
Fee	210
Total	<u>210</u>

Number of Directors whose remuneration falls into the following bands:-

Executive Directors	Number of Directors
RM50,001 to RM100,000	<u>3</u>
<b>Non-Executive Directors</b>	
RM50,001 to RM100,000	<u>3</u>

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## Principle 3: Reinforce Independence

The board recognized that Independent Non-Executive Directors play an important role in ensuring impartiality of the Board's deliberations and decision-making process.

### 3.1. Annual Assessment of Independent Directors

During the financial year under review, the Nomination Committee has assessed the contribution and performance of the Independent Non-Executive Directors, upon appointment, re-election and their independence. Moving forward, the independence assessments shall be performed on an annual basis. The Board is satisfied with the assessment of the Independent Directors especially with the level of independence demonstrated by all the Independent Directors of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interested parties.

### 3.2. Tenure of Independent Directors

The Board takes cognizance of the Code's recommendation on the tenure of an Independent Non-Executive Director which shall not exceed a cumulative term of nine (9) years. Under the Code, upon completion of the nine (9) years of service, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. However, subject to the assessment of the Nomination Committee, an Independent Director after serving a cumulative nine (9) years are subject to the Shareholders' approval in a general meeting.

As at the date of this Annual Report, none of the Independent Non-Executive Directors had served more than nine (9) years in the Company.

### 3.3 Shareholders' Approval for the Appointment as an Independent Director after serving nine years in that capacity.

Subject to the assessment of the Nomination Committee and shareholders' approval, the Board may retain an Independent Director who has served nine years or more. Presently, none of the Independent Non-Executive Directors had served more than nine (9) years in the Company.

### 3.4 Separation of Positions of the Chairman and Managing Director/Group Chief Executive Officer

The position of Executive Chairman and Managing Director/Group Chief Executive Officer are held by two different individuals. The Executive Chairman is primarily responsible for the leadership of the Board and ensures effectiveness of the Board while the Managing Director/Group Chief Executive Officer manages the business and day-to-day operations of the Company and implements the Board's decisions.

The separation of the role of the Executive Chairman and Managing Director/Group Chief Executive Officer promotes accountability and facilitates division of responsibilities between them to ensure a balance of power and authority. Formal position descriptions for the Executive Chairman and the Managing Director/Group Chief Executive Officer outlining their respective roles and responsibilities are in place.

The Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and act as a facilitator at Board meetings to ensure that contributions from Directors being deliberated and no Board member dominates discussion. , as the Managing Director/Group Chief Executive Officer is responsible for implementing the Group's strategies, policies and decisions of the Board, overseeing the operations and business development of the Group.

# CORPORATE GOVERNANCE STATEMENT

## Principle 4: Foster Commitment

### 4.1 Time Commitment

Four (4) Board Meetings were held for the financial year ended 31 December 2014. Details of attendance of the Board members are as follows: -

Name of Director	Designation	No. of Meetings Attended
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar (Appointed on 7 October 2014)	Executive Chairman	1/1
Dato' Siaw Swee Hin	Managing Director/ Group Chief Executive Officer	4/4
Hud Bin Abu Bakar (Appointed on 26 November 2014)	Executive Director	-
Cheang Soon Siang (Appointed on 11 April 2014)	Executive Director	3/3
Chua Eng Chin	Independent Non-Executive Director	3/4
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	4/4
George Alfonso Miranda (Appointed on 11 December 2014)	Non-Independent Non-Executive Director	-
Datuk Raymond Chan Boon Siew (Resigned on 14 November 2014)	Non-Independent Non-Executive Director	2/3
Datin Khoo Lay Wah (Resigned on 26 November 2014)	Executive Director	4/4
Zailan Bin Othman (Resigned on 26 November 2014)	Independent Non-Executive Director	2/4
Datuk Tan Choon Hwa, JP, JMK (Resigned on 4 April 2014)	Executive Director	1/1

The Nomination Committee ensures that although some of the Directors sit on the boards of various companies, they devote sufficient time and attention to the affairs of the Group.

Newly appointed Directors are given briefings by Management on the business activities of the Group and its strategic directions. Directors are also briefed and provided with relevant information on the Group's policies and procedures relating to corporate conduct and governance.

### 4.2 Appropriate Continuing Education Programmes

The Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, the listing rules and the Code on Corporate Governance, and industry-related matters, so as to update them on matters that affect or may enhance their performance as Board.

In order to keep abreast with the latest regulatory development, all Directors are required to attend training programmes. All members of the Board have attended the Mandatory Accreditation Programme (MAP) as per the Listing Requirements of Bursa Securities. The Board has taken on the responsibility in evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors will continue to undergo relevant programs and seminars to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

# CORPORATE GOVERNANCE STATEMENT

## Principle 4: Foster Commitment (Continued)

### 4.2 Appropriate Continuing Education Programmes (Continued)

During the financial year under review, the Directors have attended and participated in various programmes and seminars which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The programmes and seminars attended by them individually or collectively included areas of economy, technology, leadership, strategic management, tax and regulatory updates.

The details of the training programmes, courses and seminars attended by the Directors during the year were as follows:

Director	Title of Programmes/Seminars/Courses/Forum
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Goods and Services Tax Training
Dato' Siaw Swee Hin	Goods and Services Tax Training
Hud Bin Abu Bakar	Mandatory Accreditation Programme
Cheang Soon Siang	- Goods and Services Tax Training - Detecting Financial Fraud
Chua Eng Chin	- Goods and Services Tax Training - Analysis Pick Stocks
Md. Noor Bin Abd. Rahim	Goods and Services Tax Training
George Alfonso Miranda (Appointed on 11.12.2014)	N/A

## Principle 5: Uphold Integrity in Financial Reporting

### 5.1 Compliance with Applicable Financial Reporting Standard

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.

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 judgements and estimates that are prudent and reasonable; and
- 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.

In that, the Board has established the Audit Committee to assist the Board in fulfilling the above responsibilities.

The Audit Committee is also established to assist the Board in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control with the overall objective of ensuring the Management creates and maintain an effective control environment in the Group. The Audit Committee also provides communication channel between the Board, Management, External Auditors and Internal Auditors.

# CORPORATE GOVERNANCE STATEMENT

## Principle 5: Uphold Integrity in Financial Reporting (Continued)

### 5.2 Assessment of Suitability and Independences of External Auditors

The Board has a transparent relationship with both the Internal and External through the establishment of 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.

The Audit Committee had met the External Auditors once without the executive board members present during the financial year. No subsequent meeting was held as there were no major issues that required their immediate attention. Nevertheless, they met the External Auditors and raised their concern at other Audit Committee meetings during the financial year.

The External Auditors have given their assurance confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all professional and regulatory requirements.

## Principle 6: Recognise and Manage Risk

### 6.1 Sound Framework to Manage Risk

The Company believes that it has in place a robust and effective system of internal controls addressing financial, operational and compliance risks to safeguard shareholders' interests and the Group's assets, and also to manage risks.

### 6.2 Internal Audit Function

The Company has in place Internal Audit function, which reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The internal audit function is independent of the activities it audits and the scope of work it covered during the financial year under review is provided in the Audit Committee Report as set out on page 30 of the Annual Report.

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, and operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile.

Information on the Group's system of Internal Control is outlined in the Statement on Risk Management and Internal Control on page 25 of the Annual Report.

## Principle 7: Ensure Timely and High Quality Disclosure

### 7.1 Corporate Disclosure Policy

The Board and the Management facilitate effective communications with the shareholders, analysts, fund managers and the media. The Group's results for the first three quarters and full year for financial year 2014 were all released on a timely basis.

The Board reviews the promptness and comprehensiveness of corporate disclosure issues and announcements made to the Bursa Securities Malaysia, and ensures the adoption of good corporate governance and best practices in terms of transparency to shareholders and the investing community.

### 7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company leverages on information technology for effective dissemination of information through its website. Those principal governance information such as board charter, board committees' term of reference would be separately posted in the website.



# CORPORATE GOVERNANCE STATEMENT

## Principle 8: Strengthen Relationship between Company and Shareholders

### 8.1 Encourage Shareholder Participation at General Meeting

The Board has always recognized the importance of 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.

The Company supports the Code's principle to encourage shareholder participation. Shareholders receive the summary financial report and notice of Annual General Meeting. Notice of the Annual General Meeting is also advertised in the press. At the Annual General Meeting and immediately thereafter, shareholders have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Group. Also, shareholders are informed of their right to demand a poll vote during the Annual General Meeting.

### 8.2 Encourage Poll Voting

The board encourage putting substantive resolution to vote by poll and to make an announcement of the detailed results showing the number of votes cast for and against each resolution.

### 8.3 Effective Communication and Proactive Engagement

The Company recognises the importance of effective communication and proactive engagement with its shareholders and prospective investors. The shareholders and prospective investors can access the corporate information, financial performance, press releases, corporate developments and any other matters affecting their interests through various channels of communications such as annual report, relevant announcements and circulars to shareholders and prospective investors.

## ACCOUNTABILITY AND AUDIT

### (i) Corporate Responsibility ("CR")

The Board recognises the importance of the Group as a socially and environmentally responsible corporate citizen. The Group's business and operational practices reflect its values and the interests of all stakeholders including customers, investors, employees, the community at large and environment.

### (ii) Workforce Diversity

The Company do not discriminate on the basis of age, gender, physical disability or religion. Diversity enriches our work environment. The experience and perspectives help us connect better with a wide cross-section of customers. The Company have made it a policy to hire talented people of diverse backgrounds from both Malaysia and abroad.

The Board takes the view that, for the time being, the composition and structure of the Board should be maintained. The Board has no immediate plans to implement a gender, ethnicity and age diversity policy or target for the time being. However, the Board is open to board changes as and when appropriate.

## COMPLIANCE STATEMENT

The Board is of the view that the Group has taken necessary steps throughout the financial year under review to comply with the principles and best practices of the Code. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity.

This Statement is made in accordance with a resolution of the Board of Directors dated 7 May 2015.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2014.

The Statement is made by the Board of Directors pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and after taking into consideration of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”) and taking into consideration the recommendations underlying Principle 6 of the Malaysian Code on Corporate Governance 2012.

## 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 system of 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 and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

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 under review up to the date of approval of the this Statement for inclusion in the Annual Report. The process is applied in reviewing the risk management and internal control system and that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. The process is regularly reviewed by the Board through its Audit Committee with the assistance of the Internal Auditors.

The Board regularly reviews the adequacy and effectiveness of the Group’s system of internal controls, including financial, operational and compliance controls, risk management and the Group’s high-level internal control arrangements. In performing its review of adequacy and effectiveness of the Group’s Statement of Internal Control, the Audit Committee considered the following reporting:

- The External Auditors present their proposed annual audit plan for approval by the Audit Committee and report on any issues identified in the course of their work, including internal control reports on control weaknesses, which were provided to the Audit Committee as well as the management.
- The Internal Auditors present their proposed annual audit plan for approval by the Audit Committee and reports on reviews and tests of key business processes and control activities, including following up the implementation of management action plans to address any identified control weaknesses and reporting any overdue actions to the Audit Committee. During the year under review, the Internal Auditors had reviewed the control activities of a key segment within the Group.

## Control and Monitoring Process

The key features of the Group’s risk management and internal control systems in relation to the financial reporting process include:

- Business Planning – all business units produce and agree an annual business plan against which the performance of the business is regularly monitored.
- Financial analysis – the Group’s operating profitability and capital expenditure are closely monitored. Results are reviewed by the management and key financial information is reported to the Board on a quarterly basis.
- Risk Assessment – a risk assessment is embedded into the operations of the Group. The Group considers risk in terms of probability of occurrence and potential impact on performance, and mitigating actions, control effectiveness and management responsibility are identified to address these risks.
- Group Authority Framework – an operation structure with defined line of responsibility and delegation of authority to which a process of hierarchical reporting that will provide for a documented and auditable trail of accountability.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Control and Monitoring Process (Continued)

There are no material joint ventures that have not been dealt with as part of the Group for applying the Guidelines.

The system of risk management and internal control is currently on-going and thus far nothing has come to the attention of the management that would result in the disclosure of any material loss, contingency or uncertainty in the Group's Annual Report for the financial year under review.

The Board is the midst of defining the appropriateness process and personnel to provide assurance to the Board on the effectiveness and adequacy of risk management and internal control system. The Board shall take into consideration that such personnel shall be at positions similar and/or equivalent to CEO.

The internal audit function for the financial year ended 31 December 2014 was outsourced and the cost incurred was RM10,000.00.

## Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2014. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Group.

# ADDITIONAL COMPLIANCE INFORMATION

## Share Buy-back

There was no share buy-back exercised during the financial year ended 31 December 2014.

## Options or Convertible Securities

The Company did not issue any options or convertible securities in respect of the financial year ended 31 December 2014.

## Share Issuance Scheme

There was no Share Issuance Scheme established during the financial year ended 31 December 2014.

## Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2014.

## Profit Guarantees

During the financial year ended 31 December 2014, the Company did not provide any profit guarantee nor is there any profit guarantee given to the Company.

## Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries which involving the interests of Directors and major shareholders during the financial year ended 31 December 2014.

## Utilisation of Proceeds

The Company had completed its listing of private placement comprising of 70,203,000 new ordinary shares of RM0.10 each was completed and the shares were granted listing and quotation on the Main Board of Bursa Malaysia Securities Berhad on 29 August 2014. The issue price was RM 0.12 per share. The status of the utilisation of the proceeds as at 30 April 2015 is as follows

	Proposed Utilisation (RM'000)	Utilised (RM'000)	Unutilised/ Over (RM'000)
Renovation of shopping mall	2,637	1,999	638
Occupying a new office	696	844	-148
Repayment of bank borrowings	2,075	1,798	277
Working capital requirements for the Group	2,825	3,705	-880
Estimated expenses in relation to the Proposed Private Placement	192	79	113
<b>TOTAL</b>	<b>8,425</b>	<b>8,425</b>	<b>0</b>

## Imposition of Sanctions and/or Penalties

There were no significant sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year ended 31 December 2014.

## Non-Audit Fees

The amount of non-audit fees paid and payable to Messrs Crowe Horwath and their affiliates by the Group for the financial year ended 31 December 2014 is RM15,000.00.

# ADDITIONAL COMPLIANCE INFORMATION

## Variation in Results

There is no material variation in the Company's audited financial results for the financial year ended 31 December 2014 from the unaudited results as previously announced. The Company did not make or release any profit estimate, financial forecast or projection in the financial year ended 31 December 2014.

## Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company had at the Thirty Ninth Annual General Meeting held on 26 June 2014 obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions of a revenue or trading nature.

The aggregate value of transactions conducted during the financial year ended 31 December 2014 pursuant to the Shareholders' Mandate is as follows:

Related Party	Nature of Transactions	Amount transacted during the financial year (RM'000)
Sagajuta Creatives & Communications Sdn Bhd	Receipt of advertisement, marketing and event management services	80
Sagajuta and subsidiaries	Provision and/or receipt of construction work for mixed development project	350
	Provision and/receipt of project management and development for mixed development	
	Supply of timber and timber products, construction and building materials	
Harvest Court Industries Bhd and subsidiaries	Provision and/or receipt of construction work for mixed development project	0
	Provision and/receipt of project management and development for mixed development	
	Supply of timber and timber products, construction and building materials	

## Corporate Social Responsibility

Whilst we pursue our business, we acknowledge our responsibility to our employees, business partners and the communities in which we carry out our business activities as well as the environment we operate in.

In recognising the importance of such social responsibilities to make positive contributions to the community we live in, we have undertaken initiatives to integrate corporate social responsibility concepts into our operations and decision making, which includes communicating the Group's actions to its stakeholders and encouraging their feedback through prompt and detail disclosure. As we do so, we hope that our actions will improve the quality of life for the people of the Group as well as the community at large.

Some of the activities undertaken during the year include:

- recycling of paper based products;
- ban open burning at worksites;
- ad-hoc donations to charitable organisations; and
- adoption of health and safety policy and programme to look into the overall safety of our employees, customers and properties.

# ADDITIONAL COMPLIANCE INFORMATION

## Workforce Diversity

The Company do not discriminate on the basis of age, gender, physical disability or religion. Diversity enriches our work environment. The experience and perspectives it brings help us connect better with a wide cross-section of customers. We have made it our policy to hire talented people of diverse backgrounds from both Malaysia and abroad.

### Total Workforce by Gender, Age and Races as at 30 April 2015 are as follow

Gender/ Age Group/ Races	21 – 30			31 – 40			41 - 55			Total workforce
	Malay	Chinese	Indian	Malay	Chinese	Indian	Malay	Chinese	Indian	
Female	1	4	0	0	1	0	0	0	0	6
Male	0	0	0	1	1	1	5	3	0	11
Total	1	4	0	1	2	1	5	3	0	17

# AUDIT COMMITTEE REPORT

## OBJECTIVE

The purpose of establishing the Audit Committee (“AC” or “Committee”) is to assist the Board of Directors in discharging its responsibilities to safeguard the Company’s assets, maintain adequate accounting records, develop and maintain effective systems of internal control with the overall objective of ensuring the Management creates and maintain an effective control environment in the Group. The Committee also provides a communication channel between the Board of Directors, Management, External Auditors and Internal Auditors.

## SALIENT TERMS OF REFERENCE

### Composition and Size

The Committee is appointed by the Board of Directors based on the recommendation of the Nomination Committee from amongst the Directors of the Company which fulfils the following requirements:

- The AC must be composed of no fewer than 3 members;
- All Committee Members must be Non-Executive Directors, with a majority of them being Independent Directors;
- All Committee Members should be financially literate; and
- At least one (1) member of the AC must fulfil the financial expertise requisite of the Listing Requirements of Bursa Malaysia Securities Berhad as follows:
  - > He must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - > If he is not a member of the MIA, he must have at least three (3) years’ working experience and:
    - √ He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - √ He must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.
  - > Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the absence of the Nomination Committee, the Board appoints the AC Members from amongst its number.

The Board of Directors must ensure that no Alternate Director is appointed as a Committee Member.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements pertaining to composition of the AC, the Board of Directors must fill the vacancy within three (3) months of the occurrence of that event.

The Board of Directors should assess the effectiveness of the AC and each of its Members at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their Terms of Reference.

The existing Audit Committee comprises three (3) members of the Board, two (2) of its members are Independent Non-Executive Director and one (1) of its member is a Non-Independent Non-Executive Director.

As at the date of this Annual Report, the composition of the Audit Committee is as follows:-

Chua Eng Chin	Chairman, Independent Non-Executive Director
Md. Noor Bin Abd. Rahim	Member, Independent Non-Executive Director
George Alfonso Miranda (Appointed on 11 December 2014)	Member, Non-Independent Non-Executive Director

### Chairman

The Board of Directors or members of the AC must elect a Chairman among the Committee members who is an Independent Non-Executive Director.

In the absence of the Chairman of the AC in a Meeting, the members present shall elect one of their numbers to be Chairman of the Meeting.

# AUDIT COMMITTEE REPORT

## Chairman (Continued)

The Chairman of the AC should assume, amongst others, the following responsibilities:-

- Planning and conducting meetings;
- Overseeing reporting to the Board of Directors;
- Encouraging open discussion during Meetings; and
- Developing and maintaining an active on-going dialogue with Senior Management and both the Internal and External Auditors.

## Meetings

The AC shall meet at least four (4) times in each financial year, i.e. on a quarterly basis, to properly carry out its duties and ensure effective discharge of its responsibilities as spelt out in its Terms of Reference. Additional meetings may be called as the need arises.

Sufficient time must be allocated to thoroughly address all items in the Agenda and for all parties involved to ask questions or provide input.

The quorum for each meeting shall consist of a majority of Independent Non-Executive Directors.

The AC may call for a meeting as and when required with reasonable notice as the Committee members deem fit. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

Relevant staffs from the Finance Division, Internal Auditors and External Auditors normally attend the meetings. Other Directors and senior management staff may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

The AC shall meet with the External Auditors without the presence of the executive Board Members and Management at least twice a year and whenever deemed necessary.

Upon the request of the Internal Auditors and/or External Auditors, the Chairman of the AC must convene a Meeting to consider any matter the Internal Auditors and/or External Auditors believe should be brought to the attention of the Board of Directors or the Shareholders.

The Minutes of each meeting shall be circulated to each Member of the Audit Committee and the Audit Committee Chairman and each report on each meeting to the Board.

The Board of Directors should be kept aware of the Committee's activities by way of the Committee Minutes being circulated together with the Board meeting papers.

A resolution in writing signed or approved via letter, telex or facsimile by all the Audit Committee members shall be effective for all purposes as a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.



# AUDIT COMMITTEE REPORT

## Chairman (Continued)

Details of the Committee members and the attendance of each member at the Committee held during the financial year ended 31 December 2014 are set out below:

Name	Designation	Meetings Attended
Chua Eng Chin (Chairman)	Independent Non-Executive Director	3/4
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	4/4
George Alfonso Miranda (Appointed on 11 December 2014)	Non-Independent Non-Executive Director	-
Zailan Bin Othman (Resigned on 26 November 2014)	Independent Non-Executive Director	3/4

## Secretary

The Company Secretary shall be the Secretary to the Committee or in his absence, another person authorised by the Chairman of the Committee.

## Rights

The AC shall have explicit authority to investigate any matter within its Terms of Reference, the resources to do so and full access to information.

Each Committee Member shall have full and unrestricted access to information and is entitled to ask for further information required to make informed decisions and has the right to obtain independent professional or other advice for the performance of his duties.

The AC may use the services of outside expertise or advisors and invite outsiders with relevant experience to attend Meeting, if necessary, at the cost of the Company in accordance with a procedure to be determined by the Board of Directors towards performance of its duties.

The AC shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any, which can be outsourced).

The Committee is authorised, if it considers necessary to convene Meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.

## Functions

The Terms of Reference of the AC are to be reviewed by the Committee annually and updated as appropriate. The Committee should recommend any change to the Terms of Reference to the Board of Directors for approval. The annual review of its Terms of Reference should be a robust process, reflecting changes to the Company's circumstances and any new regulations that may impact upon the AC's responsibilities.

The AC is responsible for:-

- Assessing the risks and control environment;
- Overseeing financial reporting;
- Evaluating the internal and external audit process;
- Reviewing conflict of interest situations and related party transactions that may arise within the Company or the Group including any transactions, procedures or course of conduct that raises questions or management integrity;

# AUDIT COMMITTEE REPORT

## Functions (Continued)

- Reviewing the quarterly results and year-end financial statements, before submission to the Board of Directors for approval, focusing particularly on:-
  - > Changes in or implementation of major accounting policies and practices;
  - > Major risk areas;
  - > Significant and unusual events;
  - > Significant adjustments resulting from the audit; and
  - > Compliance with accounting standards, Listing Requirements and other legal requirements.
- Reviewing the following with the External Auditors and report the same to the Board of Directors:
  - > The audit plan;
  - > The audit report;
  - > Evaluation of the system of internal controls;
  - > Letter to Management and the Management's response;
  - > The assistance given by the employees to the External Auditors; and
  - > Any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response.
- Reviewing the following with the Internal Auditors and report the same to the Board of Directors:
  - > The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
  - > The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Undertaking such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC.
- Establishing procedures for receipt, retention and treatment of complaints received by the Company and the Group regarding inter alia, criminal offences involving the Company and the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company and the Group.
- Monitoring, reviewing and assessing the utilization of proceeds are consistent with the intention presented to investors for any fund raising exercise.
- Considering and recommending the appointment or re-appointment of the Internal and External Auditors and matters relating to the resignation or dismissal of the auditors.
- Reviewing resignation from the External Auditors.
- Undertaking such other functions and duties as may be required by statute or the Listing Requirements, or by such amendments as may be made thereto from time to time.
- Accessing the suitability and independence of the External Auditors;

Where the AC is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Bursa Malaysia Securities Berhad.

## SUMMARY OF ACTIVITIES

A brief summary and an overview of the activities of the Audit Committee in discharging their duties and responsibilities during the financial year ended 31 December 2014 are as follows:-

- (i) reviewed the unaudited quarterly financial results of the Group for recommendation to the Board of Directors for approval;

# AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES (Continued)

- (ii) reviewed the audited financial statements of the Group with the External Auditors before recommending the same for the Board's approval and release to Bursa Malaysia Securities Berhad;
- (iii) reviewed the annual audit planning memorandum and the scope of work prepared by the external auditors;
- (iv) reviewed the proposed audit fees for external auditors;
- (v) discussed with the external auditors their report on the financial statements and management letter relating to their audit;
- (vi) met with the external auditors for a private session without the presence of the Executive Board members and Management staff;
- (vii) reviewed major findings in the reports prepared by the outsourced internal auditors together with the recommended Management's responses;
- (viii) reviewed on a quarterly basis the actual transacted value of recurrent related party transactions to ensure they are within the mandate obtained from the shareholders;
- (ix) reviewed the Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and its recommendation to the Board I for inclusion in the Annual Report 2014; and
- (x) Accessed the suitability and independence of the External Auditors;

## INTERNAL AUDIT FUNCTION

The Group has established an internal audit function for assisting the Audit Committee in reviewing the state of the systems of internal control maintained by the management. This function is outsourced to an internal audit consulting company. The audit team members are independent of the activities audited by them. Functionally, the Internal Auditors review and assess the Group's system of internal control and report to the Committee directly. Before the commencement of audit reviews, an audit plan is presented to the Audit Committee for review and approval. This is to ensure that the audit direction is in line with the Audit Committee's expectations.

During the financial year, the Internal Auditors conducted internal control reviews on certain key operating functions and procedures and recommended action plans for improvement. The audit reports containing audit findings and recommendations together with Management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the Management for further action.

In year 2014, a total of one internal audit plan were issued and presented to the Audit Committee with recommended corrective actions acted upon.

The Audit Committee is satisfied with the performance of the Internal Auditors and have in the interest of greater independence and continuity in the internal audit function.

## STATEMENT ON SHARE ISSUANCE SCHEME BY AUDIT COMMITTEE

There was no Share Issuance Scheme in place during the financial year ended 31 December 2014.

# NOMINATION COMMITTEE STATEMENT

The Nomination Committee was established on 28 August 2012 by the Board and comprises wholly of Non-Executive Directors, majority of whom are Independent Directors.

The Nomination Committee comprises of the following members:

- Chua Eng Chin (Chairman)  
(Independent Non-Executive Director)
- Md. Noor Bin Abd. Rahim  
(Independent Non-Executive Director)
- George Alfonso Miranda  
(Non-Independent Non-Executive Director)

The Nomination Committee is responsible for identifying, evaluating and recommending suitable candidates to the Board, suitable candidates to fill the Board's vacancies at the Company as well as its subsidiaries' level. The Nomination Committee also assess the performance of the Directors on an on-going basis and carried out evaluation on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. Such evaluation also includes the evaluation of Independent Non-Executive Directors on their independences and that all assessments and evaluations by the Nomination Committee would be properly documented. The Board will have the ultimate responsibility and final decision for appointment, either to fill vacancies or as additions to meet the changing needs of the Group. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines the skill matrix to support the strategic direction and needs of the Company.

The members of the Nomination Committee shall be appointed by the Board from amongst their number and shall not consist of less than three (3) members.

The members of the Committee shall elect the Chairman from amongst their members.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board will shoulder this responsibility collectively. Pursuant to the recommendation of the Malaysian Code on Corporate Governance 2012, the Nomination Committee should be chaired by a Senior Independent Director identified by the Board. The Board is of the opinion that the Independent Non-Executive Chairman of the Board is suitable to act as Chairman of the Nomination Committee in view of his experience, background and commitment.

If a member of the Committee ceases to be a member with the result that the number of the members is reduced below (3), the Board shall with three (3) members as may be required to make up the minimum number of three (3) members.

A quorum shall consist of two (2) members.

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman.

The Nomination Committee met once during the financial year ended 31 December 2014. The minute of each meeting are to be kept by the Company Secretary as evidence that the Nomination Committee has discharged its functions. The Chairman of the Nomination Committee reports to the Board after each Committee Meeting.

Details of attendance of members of the Nomination Committee were as follows:

<b>Name of Committee Members</b>	<b>Attendance</b>
Chua Eng Chin (Chairman) (Redesignated as Chairman on 11 December 2014)	0/1
Md. Noor Bin Abd. Rahim	1/1
George Alfonso Miranda (Appointed on 11 December 2014)	-
Zailan Bin Othman (Chairman) (Resigned on 26 November 2014)	1/1

# NOMINATION COMMITTEE STATEMENT (Continued)

The Board takes note of the recommendation 2.2 of Malaysian Code on Corporate Governance 2012 pertaining to the need to establish a policy formalising the approach to boardroom gender diversity and to set targets and measures for the adoption of the said recommendation. However, as disclosed in the Corporate Governance Statement, the Board takes the view that, for the time being, the composition and structure of the Board should remain unchanged. The Board has no immediate plans to implement a gender, ethnicity and age diversity policy or target for the time being. However, the Board is open to board changes as and when appropriate.

## OBJECTIVE

The Nomination Committee is guided by specific terms of reference, among others, the responsibilities of the Nomination Committee include:-

- To recommend candidates for all directorships to be approved by the Board and shareholders;
- To recommend to the Board the directors to fill the seats on the various Board committees;
- To review the mix of skills, knowledge, expertise and experience of the Directors and other qualities, including core competencies required for the Board;
- To develop and maintain the criteria to be used in the recruitment process and the annual assessment of Directors;
- To assist the Board in annual reviewing of the independence of the Independent Non-Executive Directors; and
- To assess the effectiveness of the Board as a whole, as well as that of the Board Committees and the contribution of each individual Director; and
- To consider other matters as referred to the Committee by the Board.

The Board is assisted by the Nomination Committee to consider the following aspects:

- Integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness
- Competence and capability – the person must have the necessary qualification and experience, skills, ability and commitment to carry out the role.

## BOARD EFFECTIVENESS ASSESSMENT

The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis through Board Assessment, an Individual Self-Assessment and an Assessment of Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. For Individual Self-Assessment, the assessment criteria include contribution to interaction, quality of inputs and understanding of role.

The Nomination Committee conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Members in respect of the financial year ended 31 December 2014. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Nomination Committee for review and deliberation.

The Board was satisfied with the results of the annual assessment and the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

## SUMMARY OF ACTIVITIES

The activities undertaken by the Nomination Committee in relation to the financial year ended 31 December 2014 were as follows:

- Conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Committees. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and deliberation;
- Conducted an annual assessment on the independence of each independent director;
- Reviewed and made recommendations to the Board for the appointment of Directors to the Board; and
- Made recommendations to the Board for the re-election or re-appointment of the Directors who are subject to retirement at the forthcoming Annual General Meeting.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 APRIL 2015

### SHARE CAPITAL

Authorised Share Capital	: 5,000,000,000 Ordinary Shares of RM0.10 per share
Issued and Fully Paid-Up Share Capital	: 772,236,964 Ordinary Shares of RM0.10 per share
Voting Rights	: One voting right for one Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Percentage (%) of Total	No. of Shares Held	Percentage (%) of Total
1 to 99	367	2.95	16,573	Negligible
100 to 1,000	1,809	14.55	1,522,696	0.20
1,001 to 10,000	5,158	41.48	26,919,368	3.48
10,001 to 100,000	4,101	32.98	169,426,764	21.94
100,001 to less than 5% of issued shares	999	8.03	506,503,587	65.59
5% and above of issued shares	1	0.01	67,847,976	8.79
<b>Total</b>	<b>12,435</b>	<b>100</b>	<b>772,236,964</b>	<b>100</b>

### DIRECTOR'S SHAREHOLDINGS

Name of Director	No. of shares held		Percentage (%)		Total	
	Direct	Indirect	Direct	Indirect	No. of Shares	Percentage (%)
1. Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434,000	-	1.22	-	9,434,000	1.22
2. Dato' Siaw Swee Hin	39,172,600	*67,847,976	5.07	8.79	107,020,576	13.86
3. Hud Bin Abu Bakar	9,434,000	-	1.22	-	9,434,000	1.22
4. Cheang Soon Siang	270,000	-	0.03	-	270,000	0.03
5. Chua Eng Chin	-	**250,000	-	0.03	250,000	0.03
6. Md. Noor Bin Abd. Rahim	-	-	-	-	-	-
7. George Alfonso Miranda	-	-	-	-	-	-

#### Notes:

\* - Deemed interest by virtue of his shareholding in QUANTUM DISCOVERY SDN BHD, a substantial shareholder of the company, pursuant to Section 6A of the Companies Act, 1965.

\*\* - Deemed interest by virtue of his spouse's shareholding held pursuant to Section 134(12)(c) of the Companies Act, 1965.

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

No.	Name of Substantial Shareholder	Direct interest		Indirect interest	
		Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	DATO' SIAW SWEE HIN	39,172,600	5.07	*67,847,976	8.79
2.	QUANTUM DISCOVERY SDN. BHD.	67,847,976	8.79	-	-
3.	SIAW SWEE WOON	1,200,000	0.16	*67,847,976	8.79

#### Notes:

\* - Deemed interest by virtue of his shareholding in QUANTUM DISCOVERY SDN BHD, a substantial shareholder of the company, pursuant to Section 6A of the Companies Act, 1965.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 APRIL 2015

### THIRTY (30) LARGEST SHAREHOLDERS

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
1	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUANTUM DISCOVERY SDN. BHD.	67,847,976	8.785
2	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN	31,336,600	4.057
3	KRISHNA BHATT @ ACHONG	16,863,746	2.183
4	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN (B)	14,311,400	1.853
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HWA CHENG	9,508,300	1.231
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUD BIN ABU BAKAR	9,434,000	1.221
7	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR (MGN-AAA0019M)	9,434,000	1.221
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	7,800,000	1.010
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN (8084169)	7,800,000	1.010
10	KHOO CHAI HENG	5,200,000	0.673
11	LAI KIM LAN	4,000,000	0.517
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	3,940,000	0.510
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA NYOK CHONG	3,499,600	0.453
14	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAKARIAH BIN ABDUL RASHID	3,371,000	0.436
15	YEOH PHEK LENG	3,170,000	0.410
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NAZRI BIN ABDULLAH @ NAZRI BHUPALAN (MM0581)	3,000,000	0.388
17	LEONG CHEE KEE	3,000,000	0.388
18	ZULKIFLI BIN OSMAN	3,000,000	0.388
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,950,000	0.382
20	NEO CHIN KIAN	2,800,000	0.362

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 APRIL 2015

### THIRTY (30) LARGEST SHAREHOLDERS (Continued)

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
21	WONG WAI KUAN	2,776,141	0.359
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG CHUN WAH (E-BPJ)	2,732,100	0.353
23	TEOH HIN HENG	2,709,900	0.350
24	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR GOH SIEW TEE (GO625)	2,400,000	0.310
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEW CHIAT	2,400,000	0.310
26	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WING HENG	2,200,000	0.284
27	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,200,000	0.284
28	LING KAU @ LIM HONG MEOW	2,200,000	0.284
29	TOH WEI PING	2,150,000	0.278
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (470478)	2,118,000	0.274
		236,152,763	30.580



# LIST OF PROPERTIES

AS AT DECEMBER 2014

Location of properties	Description/ Existing use	Land Area	Tenure (expiry of lease)	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 79 years )	19 years	18.12.2014	25.08.2003	70,000

## DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>The Group</b> RM'000	<b>The Company</b> RM'000
Loss after taxation for the financial year	(12,556)	(9,577)
Attributable to:-		
Owners of the Company	(12,553)	(9,577)
Non-controlling interest	(3)	-
	<u>(12,556)</u>	<u>(9,577)</u>

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

The movement of share capital is disclosed in Note 15 to the financial statements.

There were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## **DIRECTORS' REPORT**

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### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liability is disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that 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 and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

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.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

**DIRECTORS' REPORT****DIRECTORS**

The directors who served since the date of the last report are as follows:-

Dato' Siaw Swee Hin  
 Cheang Soon Siang  
 Chua Eng Chin  
 Md Noor Bin Abd Rahim  
 Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar (Appointed on 7.10.2014)  
 Hud Bin Abu Bakar (Appointed on 26.11.2014)  
 George Alfonso Miranda (Appointed on 11.12.2014)  
 Datin Khoo Lay Wah (Resigned on 26.11.2014)  
 Datuk Raymond Chan Boon Siew (Resigned on 14.11.2014)  
 Zailan Bin Othman (Resigned on 26.11.2014)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
The Company				
<i>Direct Interests</i>				
Dato' Siaw Swee Hin	336,000	38,836,600	-	39,172,600
Cheang Soon Siang	-	270,000	-	270,000
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	-	9,434,000	-	9,434,000
Hud Bin Abu Bakar	-	9,434,000	-	9,434,000
<i>Indirect Interests</i>				
Dato' Siaw Swee Hin#	-	67,847,976	-	67,847,976
Chua Eng Chin	250,000	-	-	250,000

# Deemed interested by virtue of his shareholding in Quantum Discovery Sdn. Bhd.

The other directors holding office at the end of the financial year did not have any interest in shares in the Company and its related corporations during the financial year.

## **DIRECTORS' REPORT**

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### **DIRECTORS' BENEFITS**

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

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 39 to the financial statements.

### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 40 to the financial statements.

## **DIRECTORS' REPORT**

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### **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 30 April 2015

**Dato' Siaw Swee Hin**

**Cheang Soon Siang**

## **NAIM INDAH CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 19727-P

### **STATEMENT BY DIRECTORS**

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We, Dato' Siaw Swee Hin and Cheang Soon Siang, being two of the directors of Naim Indah Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 30 April 2015

**Dato' Siaw Swee Hin**

**Cheang Soon Siang**

### **STATUTORY DECLARATION**

I, Mazlan Bin Mohamad, I/C No. 640606-11-5255, being the officer primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
Mazlan Bin Mohamad, I/C No. 640606-11-5255,  
at Kuala Lumpur in the Federal Territory  
on this 30 April 2015

**Mazlan Bin Mohamad**

Before me

**Datin Hajah Raihela Wanchik (W275)**

Commissioner for Oaths

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD**

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### **Report on the Financial Statements**

We have audited the financial statements of Naim Indah Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 100.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD (Continued)**

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### **Other Reporting Requirements**

The supplementary information set out in Note 43 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**James Chan Kuan Chee**  
Approval No: 2271/10/15 (J)  
Chartered Accountant

30 April 2015

Kuala Lumpur

**NAIM INDAH CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 19727-P

**STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2014**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property and equipment	6	1,529	284	1,295	33
Investment property	7	70,000	67,774	-	-
Intangible asset	8	-	-	-	-
Investments in subsidiaries	9	-	-	52,265	57,831
Trade receivable	10	-	4,986	-	-
Other receivables	11	-	-	-	1,660
		<u>71,529</u>	<u>73,044</u>	<u>53,560</u>	<u>59,524</u>
<b>CURRENT ASSETS</b>					
Property development costs	12	-	2,557	-	-
Trade receivables	10	1,069	3,264	1,069	-
Other receivables, deposits and prepayments	11	499	131	2,520	72
Tax recoverable		7	7	-	-
Fixed deposits with licensed financial institutions	13	209	209	-	-
Cash and bank balances	14	1,337	612	1,199	3
		<u>3,121</u>	<u>6,780</u>	<u>4,788</u>	<u>75</u>
<b>TOTAL ASSETS</b>		<u><b>74,650</b></u>	<u><b>79,824</b></u>	<u><b>58,348</b></u>	<u><b>59,599</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	77,224	70,203	77,224	70,203
Share premium	16	1,404	-	1,404	-
Accumulated losses		(24,715)	(12,084)	(21,841)	(12,264)
Equity attributable to owners of the Company		<u>53,913</u>	<u>58,119</u>	<u>56,787</u>	<u>57,939</u>
Non-controlling interest		75	-	-	-
<b>TOTAL EQUITY</b>		<u><b>53,988</b></u>	<u><b>58,119</b></u>	<u><b>56,787</b></u>	<u><b>57,939</b></u>
<b>NON-CURRENT LIABILITY</b>					
Long-term borrowings	17	14,169	14,658	128	-
<b>CURRENT LIABILITIES</b>					
Trade payables	20	950	393	804	-
Other payables and accruals	21	1,477	2,630	601	1,660
Provision for taxation		284	294	-	-
Short-term borrowings	22	946	843	28	-
Bank overdraft	23	2,836	2,887	-	-
		<u>6,493</u>	<u>7,047</u>	<u>1,433</u>	<u>1,660</u>
<b>TOTAL LIABILITIES</b>		<u><b>20,662</b></u>	<u><b>21,705</b></u>	<u><b>1,561</b></u>	<u><b>1,660</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>74,650</b></u>	<u><b>79,824</b></u>	<u><b>58,348</b></u>	<u><b>59,599</b></u>
<b>NET ASSETS PER ORDINARY SHARE (RM)</b>	24	<u><b>0.07</b></u>	<u><b>0.08</b></u>		

The annexed form an integral part of these financial statement.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE	25	4,690	7,329	2,742	751
COST OF SALES	26	(3,531)	(5,181)	(2,086)	-
GROSS PROFIT		1,159	2,148	656	751
OTHER INCOME	27	89	11	66	365
		1,248	2,159	722	1,116
ADMINISTRATIVE EXPENSES		(4,353)	(3,040)	(2,980)	(2,617)
OTHER EXPENSES		(7,987)	(1,949)	(7,319)	(1,007)
LOSS FROM OPERATIONS		(11,092)	(2,830)	(9,577)	(2,508)
FINANCE COSTS		(1,464)	(1,323)	-	-
LOSS BEFORE TAXATION	28	(12,556)	(4,153)	(9,577)	(2,508)
INCOME TAX EXPENSE	29	-	1,751	-	-
LOSS AFTER TAXATION		(12,556)	(2,402)	(9,577)	(2,508)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(12,556)	(2,402)	(9,577)	(2,508)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(12,553)	(2,402)	(9,577)	(2,508)
Non-controlling interest		(3)	-	-	-
		(12,556)	(2,402)	(9,577)	(2,508)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(12,553)	(2,402)	(9,577)	(2,508)
Non-controlling interest		(3)	-	-	-
		(12,556)	(2,402)	(9,577)	(2,508)
LOSS PER SHARE (SEN)					
- Basic	30	(1.73)	(0.34)		
- Diluted		N/A	N/A		

The annexed form an integral part of these financial statement.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Non-Distributable		Distributable		Attributable To Owners Of The Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000				
The Group							
Balance at 1 January 2013	140,407	-	(79,886)		60,521	-	60,521
Capital reduction	(70,204)	-	70,204		-	-	-
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(2,402)		(2,402)	-	(2,402)
Balance at 31 December 2013/1 January 2014	70,203	-	(12,084)		58,119	-	58,119
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(12,553)		(12,553)	(3)	(12,556)
Contributions by and distributions to owners of the Company:							
- Private placement	7,021	1,404	-		8,425	-	8,425
- Changes in a subsidiary's ownership interest that do not result in a loss of control	-	-	(78)		(78)	78	-
Total transactions with owners	7,021	1,404	(78)		8,347	78	8,425
Balance at 31 December 2014	77,224	1,404	(24,715)		53,913	75	53,988

15.1

The annexed form an integral part of these financial statement.

**NAIM INDAH CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 19727-P

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)**

	Non-Distributable Share Capital RM'000	Share Premium RM'000	Distributable Accumulated Losses RM'000	Total Equity RM'000
The Company				
Balance at 1 January 2013	140,407	-	(79,960)	60,447
Capital reduction	(70,204)	-	70,204	-
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(2,508)	(2,508)
Balance at 31 December 2013/ 1 January 2014	70,203	-	(12,264)	57,939
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(9,577)	(9,577)
Contributions by and distributions to owners of the Company:				
Private placement	7,021	1,404	-	8,425
Balance at 31 December 2014	77,224	1,404	(21,841)	56,787

The annexed form an integral part of these financial statement.

**NAIM INDAH CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 19727-P

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>					
Loss before taxation		(12,556)	(4,153)	(9,577)	(2,508)
Adjustments for:-					
Amortisation of timber extraction rights		-	104	-	-
Depreciation of property and equipment		237	136	109	30
Development costs written off		762	-	-	-
Impairment loss on:					
- timber extraction rights		-	1,812	-	-
- investments in subsidiaries		-	-	5,566	437
- trade receivables		10,226	-	-	-
- amount owing by subsidiaries		-	-	1,637	539
- prepayment		5	-	-	-
Writeback of impairment loss on:					
- trade receivables		(4)	-	-	-
- other receivables		(53)	-	(53)	(364)
Gain on disposal of equipment		(10)	-	(10)	-
Reversal of impairment loss for fair value adjustments		(2,164)	-	-	-
Waiver of debts		(5)	-	-	-
Interest income		(9)	(11)	-	(1)
Interest expense		1,464	1,323	-	-
Operating loss before working capital changes		(2,107)	(789)	(2,328)	(1,867)
Increase in property development costs		(431)	(331)	-	-
(Increase)/Decrease in trade and other receivables		(1,197)	1,608	(1,029)	(27)
(Decrease)/Increase in trade and other payables		(591)	551	653	82
<b>CASH (FOR)/FROM OPERATIONS</b>		<b>(4,326)</b>	<b>1,039</b>	<b>(2,704)</b>	<b>(1,812)</b>
Interest paid		(1,464)	(1,323)	-	-
Tax paid		(10)	(191)	-	-
<b>NET CASH FOR OPERATING ACTIVITIES CARRIED FORWARD</b>		<b>(5,800)</b>	<b>(475)</b>	<b>(2,704)</b>	<b>(1,812)</b>

The annexed form an integral part of these financial statement.

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NET CASH FOR OPERATING ACTIVITIES BROUGHT FORWARD		(5,800)	(475)	(2,704)	(1,812)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property and equipment	31	(1,278)	(2)	(1,215)	(2)
Interest received		9	11	-	1
Placement of fixed deposits pledged with licensed financial institutions		-	79	-	-
Proceeds from disposal of equipment		10	-	10	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,259)	88	(1,205)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances (to)/from subsidiaries		-	-	(3,320)	1,771
Drawdown of term loans		-	1,291	-	-
Repayment of term loans		(575)	(692)	-	-
Repayment of hire purchase payables		(15)	(26)	-	(18)
Proceeds from private placement		8,425	-	8,425	-
NET CASH FROM FINANCING ACTIVITIES		7,835	573	5,105	1,753
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		776	186	1,196	(60)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(2,275)	(2,461)	3	63
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	32	(1,499)	(2,275)	1,199	3

The annexed form an integral part of these financial statement.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **1. GENERAL INFORMATION**

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	Level 8, Tower 7, Avenue 5, The Horizon Bangsar South, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 April 2015.

### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### **3. BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretation (including the consequential amendments, if any):-

**FRSs and IC Interpretations (Including The Consequential Amendments)**

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **3. BASIS OF PREPARATION (Continued)**

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:

<b>FRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

FRS 9 (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group’s investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of FRS 9. The Group is currently assessing the financial impact of adopting FRS.

- 3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “transitioning entities”).

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

**(a) Depreciation of Property and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(b) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(c) Impairment of Non-Financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(d) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (e) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company accounts the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### (f) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

##### (g) Fair Value Estimates for Investment Property

The Group carries investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these investment properties would affect profit and equity.

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.2 BASIS OF CONSOLIDATION (Continued)**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.3 FUNCTIONAL AND FOREIGN CURRENCIES**

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

**(b) Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### **4.4 FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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 an 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.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.4 FINANCIAL INSTRUMENTS (Continued)**

##### **(a) Financial Assets (Continued)**

###### **(ii) Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

###### **(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

###### **(iv) Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

##### **(b) Financial Liabilities**

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.4 FINANCIAL INSTRUMENTS (Continued)**

##### **(c) Equity Instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### **(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### **(e) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to a subsidiary as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **4.5 TIMBER EXTRACTION RIGHTS**

Timber extraction rights represent 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, timber extraction rights are stated at cost less accumulated amortisation and any accumulated impairment losses.

Timber extraction 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 foresters at the point of acquisition. The timber extraction rights are also assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at least at the end of each reporting period.

#### **4.6 INVESTMENTS IN SUBSIDIARIES**

The investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 4.7 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

Computer equipment	25%
Electrical fittings	10%
Freehold building	2%
Furniture and fittings	10%
Motor vehicles	10%
Office equipment	10%
Renovation	10%-20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

#### 4.8 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.8 IMPAIRMENT (Continued)**

##### **(a) Impairment of Financial Assets (Continued)**

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

##### **(b) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### **4.9 ASSETS UNDER HIRE PURCHASE**

Equipment acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.7 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the periods of the respective hire purchase agreements.

#### **4.10 OPERATING LEASES – THE GROUP AS LESSOR**

Assets leased out under operating leases are presented on the statement of financial position 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 as set out in Note 4.21(c).

#### **4.11 INVESTMENT PROPERTIES**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4.7 above.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.12 PROPERTY DEVELOPMENT COSTS**

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the profit or loss are determined by reference to the stage of completion of development activity at the end of the reporting period.

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

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in the profit or loss immediately, including costs to be incurred over the defects liability period.

#### **4.13 PROVISIONS**

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### **4.14 INCOME TAXES**

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.14 INCOME TAXES (Continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### **4.15 BORROWING COSTS**

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### **4.16 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods three months or less.

During the current financial year, the Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows. This change has been applied retrospectively with an adjustment made against the opening balance of the cash and cash equivalents as at 1 January 2013.

#### **4.17 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### **4.18 EMPLOYEE BENEFITS**

##### **(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### **(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.19 RELATED PARTIES**

A party is related to an entity (referred to as the 'reporting entity') if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
  
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### **4.20 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
  
- Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
  
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4.21 REVENUE RECOGNITION**

**(a) Sale of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

**(b) Property Development**

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from the sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

**(c) Rental Income**

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

**(d) Services**

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

**(e) Interest Income**

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

#### **4.22 OPERATING SEGMENTS**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organised into 5 main business segments as follows:-

- (a) Property development segment - involved in the constructing and developing residential and commercial properties.
- (b) Timber extraction segment - involved in the logging and selling round end timber logs.
- (c) Investment property holding segment - involved in the leasing out commercial properties.
- (d) Trading segment - involved in the trading of steel bars.
- (e) Investment holding and other segments - mainly involved in the Group-level corporate services.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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### 5. CORPORATE PROPOSALS

**5.1 The Company had on 10 June 2013 announced that the Company is proposing to undertake the following:-**

- (a) Proposed par value reduction of the existing issued and paid-up share capital from RM140,406,793 comprising 702,033,964 ordinary shares of RM0.20 each in the Company to RM70,203,396 comprising 702,033,964 ordinary shares of RM0.10 each via the cancellation of RM0.10 from the par value of each existing ordinary RM0.20 each pursuant to Section 64 of the Companies Act, 1965 (“Proposed Par Value Reduction”);
- (b) Proposed renounceable rights issue of up to 702,033,964 new ordinary shares of RM0.10 each in the Company (“Rights Shares”) together with up to 842,440,757 free detachable warrants (“Warrants”) at an issue price of RM0.10 per Rights Share after the Proposed Par Value Reduction on the basis of 1 Rights Share for every 1 ordinary share of RM0.10 each in the Company held together with 6 Warrants for every 5 Rights Shares subscribed at an entitlement date to be determined later (“Proposed Rights Issue with Warrants”);
- (c) Proposed acquisition of 2,000,000 fully paid-up ordinary shares of RM1.00 each in Lagenda Erajuta Sdn. Bhd. (“Lagenda”) representing 100% equity interest of Lagenda (“Sale Shares”) (“Proposed Acquisition”) for a total purchase consideration of RM39 million. The Company had on 10 June 2013 entered into a Sale and Purchase Agreement (“SPA”) with Sagajuta (Sabah) Sdn Bhd and Titan Formation Sdn Bhd for the acquisition of 1,700,000 and 300,000 Sale Shares, respectively, to be satisfied via the following:-
  - The issuance of up to 350,000,000 new shares at an issue price of RM0.10 each being the par value of the Company shares, or equivalent to the 30 days volume weighted average market price of the Company shares preceding the date of the SPA is declared unconditional, whichever shall be the higher; and
  - The issuance of up to 4,000,000 new redeemable preference shares (“RPS”) of RM0.01 each in the Company at an issue price of RM1.00 each,under the terms and conditions of the SPA; and
- (d) Proposed amendments to the memorandum and articles of association of the Company to facilitate the Proposed Par Value Reduction and the issuance of the RPS under the Proposed Acquisition (“Proposed Amendments”).

The Company had on 31 October 2013 announced that it intended to complete the Proposed Par Value Reduction and Proposed Amendments, prior to the implementation of the Proposed Rights Issue with Warrants and Proposed Acquisition. The Proposed Par Value Reduction and Proposed Amendments had been completed on 24 December 2013.

On 9 December 2014, the Company announced that having considered the significant delay in procuring various documents and reports from the Vendors for the purpose of the Proposed Acquisition, they had, on 9 December 2014, mutually agreed to abort the Proposed Acquisition.

In view of the abortion of the Proposed Acquisition, the Company also announced the abortion of both the Proposed Amendments which was intended to facilitate the issuance of new redeemable preference shares under the Proposed Acquisition and the Proposed Rights Issue with Warrants where the proceeds were predominantly used for 1 Gateway project under Lagenda after the Proposed Acquisition.

**5.2 The Company’s announcement dated 16 May 2014 for Proposed Private Placement of up to 70,203,000 new ordinary shares of RM0.10 each in the Company, representing approximately 10% of the issued and paid-up share capital of the Company, to independent third party investors to be identified.**

On 28 August 2014, the Company had completed the proposal. All the 70,203,000 additional shares were fully subscribed for at the issue price of RM0.12 per share, amounting to approximately RM8.42 million.

Details of the Proposed Private Placement can be found from the Company’s announcement made on 16 May 2014 and its updates on 20 May 2014, 24 June 2014, 7 July 2014, 19 August 2014 and 28 August 2014 respectively.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **5. CORPORATE PROPOSALS (Continued)**

#### **5.3 The Group had on 11 February 2015 announced that the Group is proposing to undertake the following:-**

(a) Proposed Award

The Proposed Award from Lagenda is the role of project management consultant for the mixed commercial development in Klang ("Gateway Klang Project"). This would provide an opportunity for the Group to participate in potentially visible development projects and potential foray in the property market in Klang, considering that Lagenda is the developer for the Gateway Klang Project. The Board is of the opinion that the Proposed Award will offer good mileage for the Group in the long term given that the Gateway Klang Project is a major property project and is located in the prime area of Klang, Selangor.

The Proposed Award will potentially provide the Group with an additional stream of revenue and will also increase the Group's earnings base.

(b) Proposed Diversification

Currently, the Group is principally engaged in the business of property development, logging and selling round end timber logs and steel bars, leasing and renting of property as well as trading of building materials.

The proposed diversification of the principal activities of the Group includes construction, property investment, project management and renewable energy.

The Gateway Klang Project provides a business opportunity for the Group to diversify into project management business. The Group will earn 4% of the Gross Development Cost ("GDC") to provide project management services for the Gateway Klang Project over a 3 years period.

In addition, the Board intends to diversify into the renewable energy business moving forward. The Board also anticipates that construction, property development, property investment, project management and renewable energy activities will be major contributors to the Group's future earnings.

(c) Proposed Share Issuance Scheme ("Proposed SIS")

The Proposed SIS will involve the granting of options to subscribe for new shares ("SIS Options") to eligible Directors and employees of the Group (excluding dormant subsidiaries) who meet the criteria for eligibility for participation in the Proposed SIS, to subscribe for new shares in accordance with the by-laws of the Proposed SIS.

The Proposed SIS will be administered by a committee to be duly appointed and authorised by the Board ("Scheme Committee"). The decision as to whether or not to stagger the allocation of the SIS Options over the duration of the Proposed SIS will be determined by the Scheme Committee at a later date.

Details of the Proposals can be found from the Company's announcement made on 11 February 2015, 18 February 2015 and 31 March 2015.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**6. PROPERTY AND EQUIPMENT**

<b>The Group</b>	At 1.1.2014 RM'000	Additions RM'000	Disposal# RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
<i>Net Book Value</i>					
Computer equipment	5	500	-	(44)	461
Electrical fittings	1	-	-	(1)	-
Furniture and fittings	51	70	-	(48)	73
Motor vehicles	141	400	-	(53)	488
Office equipment	57	44	-	(52)	49
Renovation	29	468	-	(39)	458
	284	1,482	-	(237)	1,529

	At 1.1.2013 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2013 RM'000
<i>Net Book Value</i>				
Computer equipment	5	2	(2)	5
Electrical fittings	2	-	(1)	1
Furniture and fittings	100	-	(49)	51
Motor vehicles	-	157	(16)	141
Office equipment	109	-	(52)	57
Renovation	45	-	(16)	29
	261	159	(136)	284

<b>The Group</b>	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<b>2014</b>			
Computer equipment	639	(178)	461
Electrical fittings	12	(12)	-
Furniture and fittings	574	(501)	73
Motor vehicles	1,319	(831)	488
Office equipment	574	(525)	49
Renovation	639	(181)	458
	3,757	(2,228)	1,529

Note:

# - Amount below RM1,000



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**6. PROPERTY AND EQUIPMENT (Continued)**

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<b>The Group</b>			
<b>2013</b>			
Computer equipment	139	(134)	5
Electrical fittings	12	(11)	1
Furniture and fittings	504	(453)	51
Motor vehicles	1,017	(876)	141
Office equipment	530	(473)	57
Renovation	171	(142)	29
	<b>2,373</b>	<b>(2,089)</b>	<b>284</b>

	At 1.1.2014 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
<b>The Company</b>				
<i>Net Book Value</i>				
Computer equipment	5	500	(44)	461
Electrical fittings	1	-	(1)	-
Furniture and fittings	18	70	(18)	70
Motor vehicles	-	289	(14)	275
Office equipment	3	44	(3)	44
Renovation	6	468	(29)	445
	<b>33</b>	<b>1,371</b>	<b>(109)</b>	<b>1,295</b>

	At 1.1.2013 RM'000	Addition RM'000	Depreciation Charge RM'000	At 31.12.2013 RM'000
<i>Net Book Value</i>				
Computer equipment	5	2	(2)	5
Electrical fittings	2	-	(1)	1
Furniture and fittings	35	-	(17)	18
Office equipment	6	-	(3)	3
Renovation	13	-	(7)	6
	<b>61</b>	<b>2</b>	<b>(30)</b>	<b>33</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 6. PROPERTY AND EQUIPMENT (Continued)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<b>2014</b>			
Computer equipment	593	(132)	461
Electrical fittings	12	(12)	-
Furniture and fittings	259	(189)	70
Motor vehicles	1,149	(874)	275
Office equipment	82	(38)	44
Renovation	543	(98)	445
	2,638	(1,343)	1,295
<b>2013</b>			
Computer equipment	93	(88)	5
Electrical fittings	12	(11)	1
Furniture and fittings	189	(171)	18
Motor vehicles	860	(860)	-
Office equipment	38	(35)	3
Renovation	75	(69)	6
	1,267	(1,234)	33

Certain motor vehicles of the Group and the Company with a total net book value of RM487,369 and RM274,401 (2013 - RM141,138 and Nil) were acquired under hire purchase term.

### 7. INVESTMENT PROPERTY

	The Group	
	2014 RM'000	2013 RM'000
At fair value		
At 1 January	67,774	70,000
Transfer from/(to) property development costs (Note 12)	2,226	(2,226)
At 31 December	70,000	67,774

- (a) The investment property has been pledged as security to financial institutions for banking facilities granted to a subsidiary.
- (b) The fair values of investment properties are analysed as follows:-

THE GROUP	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2014</b>				
Leasehold land	-	6,091	-	6,091
Buildings	-	63,909	-	63,909
	-	70,000	-	70,000

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **7. INVESTMENT PROPERTY (Continued)**

The level 2 fair values of the leasehold land and buildings have been derived using the market comparison approach performed by independent professional valuers. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

In estimating the fair value, the highest and best use of the investment properties is their current use.

### **8. INTANGIBLE ASSET**

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
Timber extraction rights	-	-

Details of the movement of the timber extraction rights are as follows:-

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
Cost:		
At 1 January	38,745	38,745
Accumulated impairment losses:		
At 1 January	(17,580)	(15,768)
Impairment during the financial year	-	(1,812)
At 31 December	(17,580)	(17,580)
Accumulated amortisation:		
At 1 January	(21,165)	(21,061)
Amortisation for the financial year	-	(104)
At 31 December	(21,165)	(21,165)
Net carrying amount	-	-

The Group has assessed the recoverable amount of the timber extraction rights and determined that an impairment loss should be recognised, as the recoverable amount is lower than the carrying amount.

The Group has estimated that the recoverable amount of the remaining timber was much lower than the carrying value of the intangible asset, hence a full impairment loss was recognised for the remaining carrying value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**9. INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	38,051	38,051
	116,621	116,621
Accumulated impairment losses	(64,356)	(58,790)
	52,265	57,831
Accumulated impairment losses:-		
At 1 January	(58,790)	(58,353)
Addition during the financial year	(5,566)	(437)
	(64,356)	(58,790)
<i>At carrying amount</i>		
Unquoted shares	33,765	33,765
Quasi loan	18,500	24,066
	52,265	57,831

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

Name Of Company	Effective Equity Interest		Principal Activities
	2014	2013	
Angkasa Lampiran Sdn. Bhd.	100%	100%	Property development. Ceased operations during the financial year.
Bitarex Sdn. Bhd.	51%	100%	Dormant.
Consistent Harvest Sdn. Bhd.	100%	100%	Property management.
Jernih Makmur Sdn. Bhd.	100%	100%	Logging and selling round end timber logs. Ceased operations during the financial year.
Consistent Harvest Properties Sdn Bhd *	100%	100%	Leasing and renting property.
NAIMKBB Berhad *	100%	100%	Dormant.
Ni-Corp Oil & Gas Technologies Sdn. Bhd. *	100%	100%	Trading of building materials and rental of machinery.

\* - Not audited by Messrs. Crowe Horwath.

9.1 As disclosed in Note 4.2 to the financial statements, subsidiaries are entities over which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities. On 4 January 1999, pursuant to the Banking and Financial Institutions (Kewangan Bersatu Berhad) (Assumption of Control) Order, 1998 issued by the Minister of Finance, Bank Negara Malaysia ("BNM") assumed control of the whole property, business and affairs of Kewangan Bersatu Berhad ("KBB") and its subsidiaries, KBB Nominees (Tempatan) Sdn. Bhd. and KBB Properties Sdn. Bhd. ("KBB Group"), which was wholly-owned by the Company.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **9. INVESTMENTS IN SUBSIDIARIES (Continued)**

Accordingly, the financial statements of KBB Group had not been consolidated in the preparation of the consolidated financial statements in previous financial years as the directors were of the opinion that the Company had lost effective control in KBB Group.

The Company's investment in KBB had been fully impaired in prior years.

During the financial year ended 31 December 2008, the Company was informed by BNM vide its letter dated 20 June 2008 that:

- (i) After assuming control of KBB Group on 20 December 1998, BNM had obtained approval from the Minister of Finance pursuant to the Banking and Financial Institutions Act 1989 ("BAFIA") for Malayan Banking Berhad ("MBB") to acquire the whole of the assets and liabilities of KBB Group. The acquisition was completed through a vesting order by the Kuala Lumpur High Court on 30 September 2006;
- (ii) Following the completion of the acquisition of the assets and liabilities of KBB Group by MBB, BNM had obtained approval from the Minister of Finance to carry out the following:
  - (aa) Cancellation of an order made by BNM on 30 December 1998 pursuant to Section 73(5) of BAFIA to relinquish control of KBB back to the Company; and
  - (bb) Revocation of the licence granted to KBB pursuant to Section 10(4) of BAFIA whereby KBB shall no longer be a licensed financial institution under BAFIA.

The above orders have been gazetted and became effective on 8 April 2008. Consequently, KBB is no longer allowed to use the word "kewangan" as part of its name. BNM granted KBB the extension of time to June 2009 to delete the word "Kewangan" from part of its name.

- (iii) With effect from 8 April 2008, the management and administration of KBB shall be the responsibility of the management and board of directors of KBB.

The letter from BNM further stated that KBB is now a "shell" company.

On 6 April 2009, Kewangan Bersatu Bhd changed its name to NAIMKBB Berhad.

During the financial year ended 31 December 2009, MBB had informed the Company, vide its letter dated 15 January 2010, that MBB had acquired the two subsidiaries of KBB, namely, KBB Nominees (Tempatan) Sdn. Bhd. and KBB Properties Sdn. Bhd. pursuant to a Business Transfer Agreement between BNM, KBB and MBB dated 16 March 2006 and the Kuala Lumpur High Court (Commercial Division) Vesting Order Summons No. D1-24-535-06 dated 28 September 2006.

There has been no further development since then.

- 9.2 During the financial year, the Company had disposed of its 49% equity interests in Bitarex Sdn. Bhd. ("Bitarex"), representing 1,960,000 shares of RM1 each for a total consideration of RM2, thereby making Bitarex from a wholly-owned subsidiary to a 51%-owned subsidiary of the Company.
- 9.3 Quasi loans represent advances and payments made on behalf of which the settlement are neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.
- 9.4 The Company has assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount is determined by reference to the net asset value, of the respective subsidiaries.
- 9.5 The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2014	2013	2014	2013
	%	%	RM'000	RM'000
Bitarex Sdn. Bhd.	51	100	75	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 9. INVESTMENTS IN SUBSIDIARIES (Continued)

- 9.6 The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests is as follows:-

	<b>Bitarex Sdn. Bhd.</b> <b>2014</b> RM'000
<u>At 31 December</u>	
Current assets	158
Current liabilities	(6)
Net assets	<u>152</u>
<u>Financial year ended 31 December</u>	
Revenue	-
Loss for the financial year	(12)
Total comprehensive income	<u>(12)</u>
Total comprehensive expenses attributable to non-controlling interests	<u>(3)</u>
Net cash flows for operating activities	(12)
Net cash flows from investing activities	<u>12</u>

### 10. TRADE RECEIVABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b> RM'000	<b>2013</b> RM'000	<b>2014</b> RM'000	<b>2013</b> RM'000
Trade receivables	11,791	10,914	1,069	-
Less: Allowance for impairment losses	(10,722)	(2,664)	-	-
	<u>1,069</u>	<u>8,250</u>	<u>1,069</u>	<u>-</u>
Represented by:-				
Non-current	-	4,986	-	-
Current	1,069	3,264	1,069	-
	<u>1,069</u>	<u>8,250</u>	<u>1,069</u>	<u>-</u>
Allowance for impairment losses:-				
At 1 January	(2,664)	(2,664)	-	-
Addition for the financial year	(10,226)	-	-	-
Reversal for fair value adjustments	2,164	-	-	-
Writeback during the financial year	4	-	-	-
At 31 December	<u>(10,722)</u>	<u>(2,664)</u>	<u>-</u>	<u>-</u>

- (a) The Group's normal trade credit terms range from 30 to 60 days.
- (b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.
- (c) During the financial year, a trade receivable had defaulted on its minimum repayment of RM200,000 per month to a subsidiary, Jernih Makmur Sdn. Bhd. ("JMSB"). Management had taken steps to recover the debt from the trade receivable by issuing three reminder letters to the trade receivable. The directors, having considered all available information regarding the debt owing by the trade receivable, are of opinion that the amount is unlikely to be recoverable. Accordingly, allowance for impairment loss of RM9,489,596 has been made with respect to the entire amount owing by the trade receivable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 10. TRADE RECEIVABLES (Continued)

- (d) On 26 March 2015, the solicitors acting on behalf of JMSB had issued a letter of demand to the trade receivable in respect of the outstanding debts owing by the trade receivable. In the event where the trade receivable fails to settle its outstanding debts to JMSB within the stipulated timeframe given, management intends to take necessary actions against the trade receivable for the recovery of the debt.

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Represented by:-				
Non-Current	-	-	-	1,660
Current	499	131	2,520	72
	499	131	2,520	1,732
<b>Sundry receivables</b>				
- Investment and advances to joint venture projects	2,790	2,843	2,790	2,843
- Payment for purchase of properties	10,790	10,790	10,790	10,790
- Others	6	27	-	27
	13,586	13,660	13,580	13,660
Allowance for impairment losses				
- 1 January	(13,633)	(13,633)	(13,633)	(13,633)
- Addition during the financial year	-	-	-	-
- Writeback of impairment loss	53	-	53	-
31 December	(13,660)	(13,633)	(13,580)	(13,633)
	6	27	-	27
<b>Deposits</b>	37	90	30	9
<b>Other receivables</b>				
At gross:-				
Amount owing by subsidiaries	-	-	4,776	2,364
Amount owing by related parties	16	-	16	-
Amount owing by a director	10	-	10	-
	26	-	4,802	2,364
Allowance for impairment losses:				
- 1 January	-	-	(676)	(501)
- Addition during the financial year	-	-	(1,637)	(539)
- Writeback of impairment loss	-	-	-	364
31 December	-	-	(2,313)	(676)
	26	-	2,489	1,688
<b>Prepayments</b>	430	14	1	8
	499	131	2,520	1,732

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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### **11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)**

#### 11.1 Investment and advances to joint venture projects

(a) Joint venture with Creative Springs Sdn. Bhd. (“CSSB”)

In 2006, the Company entered into a joint venture agreement (“principal agreement”) with CSSB, a company incorporated in Malaysia, to form an unincorporated joint venture, known as NICORP-CREATIVE JV, to jointly construct 139 units of shop office in Kota Bahru, Kelantan Darul Naim. The salient terms of the joint venture agreement dated 9 November 2006 are as follows:-

- (i) the Company was required to provide an advance of RM2.5 million and a bridging loan of not more than RM4.0 million as working capital for the property development project; and
- (ii) the Company is entitled to share 50% of the risks and rewards arising therefrom.

Subsequently, there was a supplemental agreement with CSSB dated 25 February 2008 which stated that:-

- (i) the scope of the JV be reduced from the construction of 139 units of shop office to 71 units of shop office; and
- (ii) the Group acquired 68 units of shop office together with the infrastructure work already done on an ‘as-is-where-is’ basis from CSSB at the purchase consideration of RM12 million and the Company shall at its own cost, continue to complete the construction of 68 units in accordance with the approved plan.

On 3 February 2012, the Group had entered into a second supplemental agreement with CSSB which stated that:-

- (i) the initial sum of RM6.5 million shall be treated as investment made and paid by the Company to NICORP-CREATIVE JV and shall be recouped by the Company as and when NICORP-CREATIVE JV is profitable;
- (ii) notwithstanding any terms to the contrary stipulated in the principal agreement, the Company shall not be obligated to advance any further monies to NICORP-CREATIVE JV;
- (iii) the Company’s participation in the joint venture as contemplated there is strictly on an investment basis. The Company shall not contribute, involve or participate in any administrative or operational matters of NICORP-CREATIVE JV or any policy making, decision or any other aspects of NICORP-CREATIVE JV and the Company shall be absolved from any duties, obligations or responsibilities incidental to or arising from these matters;
- (iv) the obligation of the Company to provide all management and technical expertise to NICORP-CREATIVE JV is hereby waived and removed;
- (v) the Company is entitled to share 60% of the risks and rewards arising therefrom.
- (vi) grants to CSSB an exclusive right, authority and power to build 68 units of shop office already acquired by the Company and develop the shop office land in accordance with the layout plan or such amendment thereto as may be approved by the appropriate authorities subject to the terms and conditions hereinafter set forth at CSSB’s own costs and expenses;
- (vii) assigns absolutely to CSSB the option, namely the benefit of right to build and sell the remaining 68 units of the shop office together with the infrastructure work already done on an “as-is-where-is” basis in relation to NICORP-CREATIVE JV; and



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)**

#### 11.1 Investment and advances to joint venture projects

- (viii) grants to CSSB the exclusive and sole right to sell, transfer or dispose of or deal with the said units to the purchasers at such price as may be determined by CSSB absolutely and to enter into sale and purchase agreement with each of the purchasers of the said units subjects to the terms and conditions stipulated hereunder.

The directors have assessed the recoverable amount of the investment and advances to NICORP-CREATIVE JV based on the second supplementary agreement and other available related information and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount.

- (b) Joint venture with Noble Residence Sdn. Bhd. ("NRSB")

The Company entered into a joint venture agreement dated 24 December 2007 with NRSB, a company incorporated in Malaysia, to form an unincorporated joint venture, known as NICORP-NOBLE JV, to jointly develop a piece of land in Kota Bahru, Kelantan Darul Naim, into a new township comprising a hypermarket, hotel and shops. Pursuant to the joint venture agreement, the Company is required to invest RM6.6 million for the entire development and is entitled to share 70% of the risks and rewards arising therefrom. NICORP-NOBLE JV is in the process of procuring the necessary approvals from the relevant authorities for the new township.

Subsequently, on 3 February 2012, the Company entered into a termination agreement with NRSB to terminate the NICORP-NOBLE JV with immediate effect.

#### 11.2 Amount Owing by Subsidiaries

The amount owing by subsidiaries is non-trade in nature, interest-free, unsecured and repayable on demand. In the previous financial year, an amount owing by a subsidiary of approximately RM1,660,353 bore an interest rate of 5.50% per annum.

### **12. PROPERTY DEVELOPMENT COSTS**

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
At cost		
Leasehold land		
At 1 January	2,226	-
Transfer (to)/from investment property (Note 7)	(2,226)	2,226
At 31 December	-	2,226
Development costs	-	331
	-	2,557
Recognised in profit or loss:-		
Development cost written off	762	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The fixed deposits with licensed financial institutions of the Group are pledged as security for banking facilities granted to a subsidiary. As at 31 December 2014, the subsidiary has not utilise the said banking facilities.

The fixed deposits bore effective interest rates ranging from 2.90% to 3.05% (2013 - 2.75% to 3.05%) per annum at the end of the reporting period. The fixed deposits have average maturity periods ranging from 30 to 365 days (2013 - 30 to 365 days).

### 14. CASH AND BANK BALANCES

In the previous financial year, included in cash and bank balances of the Group is an amount of RM202,391 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which cannot be used for other operations.

During the financial year, the bank account held pursuant to Section 7A of the Housing Development (Control Licensing) Act, 1966 had been closed.

### 15. SHARE CAPITAL

The movement in the authorised share capital of the Company is as follows:-

	← 2014 →			← 2013 →		
	Par Value RM	Number Of Shares '000	Share Capital RM'000	Par Value RM	Number Of Shares '000	Share Capital RM'000
At 1 January	0.10	5,000,000	500,000	0.20	2,500,000	500,000
Sub-division of the par value of ordinary shares of RM0.20 each into RM0.10 each	-	-	-	(0.10)	2,500,000	-
At 31 December	0.10	5,000,000	500,000	0.10	5,000,000	500,000

The movement in the issued and paid up share capital of the Company is as follows:-

	← 2014 →			← 2013 →		
	Par Value RM	Number Of Shares '000	Share Capital RM'000	Par Value RM	Number Of Shares '000	Share Capital RM'000
At 1 January	0.10	702,034	70,203	0.20	702,034	140,407
Capital reduction	-	-	-	(0.10)	-	(70,204)
Issuance of shares pursuant to private placement	0.10	70,203	7,021	-	-	-
At 31 December	0.10	772,237	77,224	0.10	702,034	70,203

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 15. SHARE CAPITAL (Continued)

#### 15.1 Private Placement

On 16 May 2014, the Company had issued an announcement in relation to a proposed private placement of up to 70,203,000 new ordinary shares of RM0.10 each, representing up to 10% of the existing issued and paid-up share capital of the Company. Subsequently on 26 June 2014, the proposed private placement was approved by the shareholders of the Company.

On 19 August 2014, the Company had fixed the issue price for the placement of 70,203,000 new ordinary shares of RM0.10 each at RM0.12 per placement share. The fund raised from the private placement amounted approximately to RM8,425,000. The funds raised were for the purpose of working capital requirement, to finance the refurbishment of the investment property of the Group and to finance the repayment of bank borrowings.

All new shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

#### 15.2 Capital Reduction

As at the beginning of the previous financial year, the authorised ordinary share capital of the Company was RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each whilst the issued and paid-up share capital was RM140,407,000 comprising 702,033,964 ordinary shares of RM0.20 each.

In the previous financial year,

- (a) The issued and paid-up share capital of the Company was reduced via the cancellation of RM0.10 of the par value of each existing ordinary share of RM0.20 each with the required amendments to the Memorandum and Articles of Association to facilitate the par value reduction which was completed on 24 December 2013.

Resulting from the above, the issued and paid-up share capital was reduced to RM70,203,396 comprising 702,033,964 ordinary shares of RM0.10 each as at the end of the reporting period; and

- (b) Subsequent to the completion of the capital reduction on the issued and paid-up capital on 24 December 2013, the authorised share capital of the Company amounting to RM500,000,000 has changed from 2,500,000,000 ordinary shares of RM0.20 each to 5,000,000,000 ordinary shares of RM0.10 each.

### 16. SHARE PREMIUM

The movements in the share premium of the Group and the Company are as follows:-

	The Group/The Company	
	2014 RM'000	2013 RM'000
At 1 January	-	-
Issuance of shares pursuant to private placement	1,404	-
At 31 December	1,404	-

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 17. LONG-TERM BORROWINGS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Secured:				
Hire purchase payables (Note 18)	286	135	128	-
Term loans (Note 19)	13,883	14,523	-	-
	14,169	14,658	128	-

### 18. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum hire purchase payments:				
- not later than one year	67	21	35	-
- later than one year and not later than five years	268	147	141	-
- later than five years	54	12	-	-
	389	180	176	-
Future finance charges	(51)	(31)	(20)	-
Present value of hire purchase payables	338	149	156	-

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current:				
- not later than one year (Note 22)	52	14	28	-
Non-current (Note 17):				
- later than one year and not later than five years	235	65	128	-
- later than five years	51	70	-	-
	286	135	128	-
	338	149	156	-

The hire purchase payables of the Group and the Company bore effective interest rates ranging from 4.50% to 6.59% and 4.97% to 6.59% (2013 - 4.50% to 6.59% and 6.59%) per annum respectively.

### 19. TERM LOANS

	The Group	
	2014 RM'000	2013 RM'000
Secured:		
Not later than one year (Note 22)	894	829
Later than one year and not later than five years	4,337	4,026
Later than five years	9,546	10,497
Total non-current portion (Note 17)	13,883	14,523
	14,777	15,352

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **19. TERM LOANS (Continued)**

- (a) The term loans of the Group bore an effective interest rate of 7.85% (2013 - 7.60%) per annum at the end of the reporting period and are secured by:
- (i) a first and third party legal charge created on the investment property owned by a subsidiary;
  - (ii) an equitable assignment of all the present and future monthly rental proceeds derived from the investment property owned by a subsidiary;
  - (iii) a corporate guarantee of the Company; and
  - (iv) subordination of loan due to the Company for not less than RM10,000,000 to the facilities granted.

- (b) The repayment terms of the term loans are as follows:-

Term loan 1 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM74,245, effective from October 2013.
Term loan 2 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM53,032, effective from October 2013.
Term loan 3 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM31,819, effective from October 2013.
Term loan 4 at BLR + 1.0% per annum	Repayable in 180 monthly instalments of RM4,533, effective from August 2011.

- (c) The details of the unutilised term loans portion as at the end the reporting period are as follows:-

	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
Term loan 1	292	48
Term loan 2	215	34
Term loan 3	146	21
Term loan 4	64	40
Term loan 5 #	-	8,000
	717	8,143

# Term loan 5 has been secured from a financial institution in the previous financial year.

### **20. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 60 days (2013 - 30 to 60 days).

In the previous financial year, an amount of approximately RM0.41 million was set off against its trade receivables as the Group has a legally enforceable right for the set off.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount owing to subsidiaries	-	-	254	1,162
Accruals	262	396	175	316
Deposits received	769	1,284	-	-
Other payables	446	950	172	182
	<b>1,477</b>	<b>2,630</b>	<b>601</b>	<b>1,660</b>

The amount owing to subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

### 22. SHORT-TERM BORROWINGS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Secured:				
Hire purchase payables (Note 18)	52	14	28	-
Term loans (Note 19)	894	829	-	-
	<b>946</b>	<b>843</b>	<b>28</b>	<b>-</b>

### 23. BANK OVERDRAFT

The bank overdraft of the Group bore an effective interest rate of 7.85% (2013 - 7.60%) per annum at the end of the reporting period and is secured by:

- (i) a first and third party legal charge created on the investment property owned by a subsidiary;
- (ii) an equitable assignment of all the present and future monthly rental proceeds derived from the investment property owned by a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) subordination of loan due to the Company for not less than RM10,000,000 to the facilities granted.

### 24. NET ASSETS PER ORDINARY SHARE (RM)

The net assets per share of the Group is calculated based on the net assets value at the end of the reporting period divided by the number of ordinary shares in issue at the end of the reporting period.

	The Group	
	2014	2013
Net assets (RM'000)	53,988	58,119
Number of ordinary shares in issue ('000)	772,237	702,034
Net assets per share (RM)	<b>0.07</b>	<b>0.08</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**25. REVENUE**

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	2,279	3,825	2,190	-
Rental income from investment property	2,411	3,504	-	-
Management fees from subsidiaries	-	-	552	751
	<b>4,690</b>	<b>7,329</b>	<b>2,742</b>	<b>751</b>

**26. COST OF SALES**

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of goods sold	2,171	3,586	2,086	-
Maintenance cost of investment property	1,360	1,595	-	-
	<b>3,531</b>	<b>5,181</b>	<b>2,086</b>	<b>-</b>

**27. OTHER INCOME**

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income:				
- fixed deposits	6	7	-	1
- others	3	4	-	-
Writeback of impairment loss on:				
- trade receivables	4	-	-	-
- other receivables	53	-	53	364
Sundry income	8	-	3	-
Gain on disposal of equipment	10	-	10	-
Waiver of debts	5	-	-	-
	<b>89</b>	<b>11</b>	<b>66</b>	<b>365</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**28. LOSS BEFORE TAXATION**

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
In addition to those disclosed in Note 25, Note 26 and Note 27, loss before taxation is arrived at after charging/(crediting) the following:-					
Amortisation of timber extraction rights		-	104	-	-
Audit fee:					
- statutory audit		146	146	90	90
- other non-statutory services		13	14	13	14
Bad debts written off		8	-	8	-
Depreciation of property and equipment		237	136	109	30
Development costs written off		762	-	-	-
Directors' non-fee emolument	33	156	110	156	110
Director' fees	33	418	330	418	330
Impairment loss on:					
- timber extraction rights	8	-	1,812	-	-
- investments in subsidiaries	9	-	-	5,566	437
- trade receivables	10	10,226	-	-	-
- amount owing by subsidiaries	11	-	-	1,637	539
- prepayment		5	-	-	-
Interest expense:					
- bank overdraft		227	207	-	-
- term loans		1,230	1,113	-	-
- hire purchase		7	3	-	-
Employee benefits expense:					
- salaries, wages, bonus and allowances		1,413	1,163	1,413	1,163
- defined contribution plans		88	57	88	57
- other benefit		4	76	4	76
Reversal of impairment loss for fair value adjustment		(2,164)	-	-	-

**29. INCOME TAX EXPENSE**

	The Group	
	2014 RM'000	2013 RM'000
Current tax expense:		
- for the financial year	-	110
- overprovision in the previous financial year	-	(1,861)
	-	(1,751)



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**29. INCOME TAX EXPENSE (Continued)**

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

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss before taxation	(12,556)	(4,153)	(9,577)	(2,508)
Tax at the statutory tax rate of 25%	(3,139)	(1,038)	(2,394)	(627)
Tax effects of:				
Non-deductible expenses	450	572	1,967	180
Non-taxable income	(672)	(153)	(16)	(153)
Effect of income subject to real property gains tax	-	110	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(1)	(49)	-	-
Deferred tax assets not recognised during the financial year	3,362	668	443	600
Overprovision for income tax in the previous financial year	-	(1,861)	-	-
Income tax expense for the financial year	-	(1,751)	-	-

No deferred tax assets are recognised on the following items at the end of the reporting period:-

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unabsorbed capital allowances	840	262	840	262
Unutilised tax losses	73,375	68,564	60,149	58,953
Impairment loss on receivables	10,722	2,664	-	-
	84,937	71,490	60,989	59,215

**30. LOSS PER ORDINARY SHARE**

Loss per ordinary share has been calculated based on the Group's net loss attributable to owners of the Company for the financial year divided by the number of ordinary shares in issue.

	The Group	
	2014	2013
Net loss attributable to owners of the Company (RM'000)	(12,553)	(2,402)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January ('000)	702,034	702,034
Effect of new ordinary shares issued ('000)	24,234	-
Weighted average number of ordinary shares at 31 December ('000)	726,268	702,034
Loss per share (Sen)	(1.73)	(0.34)

The diluted earnings per share was not presented as there were no dilutive potential ordinary shares during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**31. PURCHASE OF PROPERTY AND EQUIPMENT**

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of property and equipment purchased	1,482	159	1,371	2
Amount financed through hire purchase	(204)	(157)	(156)	-
Cash disbursed for purchase of property and equipment	1,278	2	1,215	2

**32. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Fixed deposits with licensed financial institutions (Note 13)	209	209	-	-
Cash and bank balances (Note 14)	1,337	612	1,199	3
Bank overdraft (Note 23)	(2,836)	(2,887)	-	-
	(1,290)	(2,066)	1,199	3
Less: Deposits pledged to licensed financial institutions	(209)	(209)	-	-
	(1,499)	(2,275)	1,199	3

**33. DIRECTORS' REMUNERATION**

	The Group/The Company	
	2014 RM'000	2013 RM'000
Executive directors:		
- non-fee emoluments	156	107
- fee	208	132
	364	239
Non-executive directors:		
- non-fee emoluments	-	3
- fee	210	198
	210	201

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 33. DIRECTORS' REMUNERATION (Continued)

The remuneration received/receivable by directors from the Group and the Company during the financial year falls within the following bands:-

	<b>The Company</b>	
	<b>2014</b>	<b>2013</b>
Executive directors: RM50,001 - RM100,000	3	4
Non-executive directors: RM50,001 - RM100,000	3	4

### 34. RELATED PARTY DISCLOSURES

(a) Identities of related parties:

The Group has related party relationships with:

- (i) its subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) the directors who are the key management personnel;
- (iii) the joint venture in which the Company is the venture; and
- (iv) entities controlled by certain key management personnel, directors and/or substantial shareholders.

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	RM'000	RM'000	RM'000	RM'000
(i) Subsidiaries				
- management fee	-	-	552	751
(ii) Key management personnel (including directors):				
- short-term employee benefits	364	239	364	239
(iii) Entities in which certain directors are shareholders				
- Advertisement expense	80	10	80	10
- Administrative cost	-	90	-	90
- Consultancy fees	350	-	350	-

### 35. OPERATING LEASES

The Group as a lessor

The Group leases out its investment property. The future minimum lease payments under the non-cancellable operating leases are as follows:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
Not later than 1 year	62	22

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 36. CONTINGENT LIABILITY

	The Company	
	2014 RM'000	2013 RM'000
<i>Unsecured:-</i>		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	17,613	18,238

### 37. OPERATING SEGMENTS

2014	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Elimination RM'000	Group RM'000
<u>Revenue</u>							
External sales	-	-	2,411	2,279	-	-	4,690
Inter-segment sales	-	-	-	-	552	(552)	-
	-	-	2,411	2,279	552	(552)	4,690
<u>Results</u>							
Segment results	(450)	(7,108)	(1,140)	101	(9,697)	7,202	(11,092)
Finance costs							(1,464)
Loss before taxation							(12,556)
Income tax expense							-
Loss after taxation							(12,556)
<u>Assets</u>							
Segment assets	4	1	70,996	1,069	57,562	(54,989)	74,643
Unallocated asset							7
							74,650
<u>Liabilities</u>							
Segment liabilities	805	1,499	21,098	813	1,201	(5,037)	20,379
Unallocated liability							283
							20,662
Capital expenditure	-	-	111	-	1,371	-	1,482
Development cost written off	-	-	762	-	-	-	762
Depreciation of property and equipment	-	10	118	-	109	-	237
Impairment loss on:							
- trade receivables	10	9,490	726	-	-	-	10,226
- prepayment	5	-	-	-	-	-	5
Writeback of impairment loss on:							
- trade receivables	-	-	(4)	-	-	-	(4)
- other receivables	-	-	-	-	(53)	-	(53)
Reversal of impairment loss for fair value adjustment	-	(2,164)	-	-	-	-	(2,164)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**37. OPERATING SEGMENTS (Continued)**

<b>2013</b>	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>							
External sales	-	561	3,504	3,264	-	-	7,329
Inter-segment sales	-	-	-	-	751	(751)	-
	-	561	3,504	3,264	751	(751)	7,329
<b>Results</b>							
Segment results	(292)	(2,288)	1,159	122	(2,508)	977	(2,830)
Finance costs							(1,323)
Loss before taxation							(4,153)
Income tax expense							1,751
Loss after taxation							(2,402)
<b>Assets</b>							
Segment assets	398	7,312	72,067	1,037	58,691	(59,688)	79,817
Unallocated asset							7
							79,824
<b>Liabilities</b>							
Segment liabilities	878	1,692	20,372	235	768	(2,534)	21,411
Unallocated liability							294
							21,705
Capital expenditure	-	-	157	-	2	-	159
Development cost	331	-	-	-	-	-	331
Amortisation of timber extraction rights	-	104	-	-	-	-	104
Depreciation of property and equipment	11	-	95	-	30	-	136
Impairment loss on timber extraction rights	-	1,812	-	-	-	-	1,812

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		Segment
	2014 RM'000	2013 RM'000	
Customer A	2,190	-	Trading.
Customer B	1,364	1,637	Investment property holding.
Customer C	-	3,264	Trading.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **38. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### **38.1 Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### **(a) Market Risk**

###### *(i) Foreign Currency Risk*

The Group does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material currency risks.

###### *(ii) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus fund of the Group will be placed with licensed financial institutions to generate interest income.

###### Interest rate sensitivity analysis

The following table details the sensitivity analysis on a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
<b>Effects on loss after taxation</b>		
Increase of 100 basis points (bp)	132	137
Decrease of 100 bp	(132)	(137)
<b>Effects on equity</b>		
Increase of 100 bp	(132)	(137)
Decrease of 100 bp	132	137

###### *(iii) Equity Price Risk*

The Group does not have any quoted investments and hence is not exposed to equity price risk.

##### **(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **38. FINANCIAL INSTRUMENTS (Continued)**

#### **38.1 Financial Risk Management Policies (Continued)**

##### **(b) Credit Risk (Continued)**

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one customer which constituted the whole of its trade receivables at the end of the reporting period.

##### Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

##### Ageing Analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

<b>The Group</b>	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
<b>2014</b>				
Not past due	302	-	-	302
Past due:				
- less than 3 months	766	-	-	766
- 3 to 6 months	74	-	(74)	-
- over 6 months	10,648	(10,427)	(221)	-
	<b>11,791</b>	<b>(10,427)</b>	<b>(295)</b>	<b>1,069</b>
<b>2013</b>				
Not past due	773	(16)	-	757
Past due:				
- less than 3 months	202	(30)	-	172
- 3 to 6 months	86	(16)	-	70
- over 6 months	9,853	(2,302)	(300)	7,251
	<b>10,914</b>	<b>(2,364)</b>	<b>(300)</b>	<b>8,250</b>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have long overdue balances. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sales, determined by reference to past experience.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 38. FINANCIAL INSTRUMENTS (Continued)

#### 38.1 Financial Risk Management Policies (Continued)

##### (b) Credit Risk (Continued)

###### Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies or individuals with good collection track record and no recent history of default.

###### Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

<b>The Group</b>	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>2014</b>						
Hire purchase payables	4.79	338	389	67	268	54
Term loans	7.85	14,777	21,317	1,964	7,854	11,499
Trade payables	-	950	950	950	-	-
Other payables and accruals	-	1,477	1,477	1,477	-	-
Bank overdraft	7.85	2,836	2,836	2,836	-	-
		20,378	26,969	7,294	8,122	11,553
<b>2013</b>						
Hire purchase payables	4.50	149	180	21	84	75
Term loans	7.60	15,352	23,281	1,964	7,854	13,463
Trade payables	-	393	393	393	-	-
Other payables and accruals	-	2,630	2,630	2,630	-	-
Bank overdraft	7.60	2,887	2,887	2,887	-	-
		21,411	29,371	7,895	7,938	13,538



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 38. FINANCIAL INSTRUMENTS (Continued)

#### 38.1 Financial Risk Management Policies (Continued)

##### (c) Liquidity Risk (Continued)

<b>The Company</b>	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>2014</b>						
Hire purchase payables	4.97	156	176	35	141	-
Trade payables	-	804	804	804	-	-
Other payables and accruals	-	601	601	601	-	-
		1,561	1,581	1,440	141	-
<b>2013</b>						
Other payables and accruals	-	1,660	1,660	1,660	-	-

#### 38.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2014</b> RM'000	<b>2013</b> RM'000
Hire purchase payables	338	149
Term loans	14,777	15,352
Trade payables	950	393
Other payables and accruals	1,477	2,630
Bank overdraft	2,836	2,887
	20,378	21,411
Less: Fixed deposits with licensed financial institutions	(209)	(209)
Less: Cash and bank balances	(1,337)	(612)
Net debt	18,832	20,590
Total equity	53,988	58,119
Debt-to-equity ratio	0.35	0.35

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **38. FINANCIAL INSTRUMENTS (Continued)**

#### **38.2 Capital Risk Management**

Under the requirement of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

#### **38.3 Classification of Financial Instruments**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets</b>				
<u>Loans and receivables financial assets</u>				
Trade receivables	1,069	8,250	1,069	-
Other receivables and deposits	69	117	2,519	1,724
Fixed deposits with licensed financial institutions	209	209	-	-
Cash and bank balances	1,337	612	1,199	3
	<b>2,684</b>	<b>9,188</b>	<b>4,787</b>	<b>1,727</b>
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	950	393	804	-
Other payables and accruals	1,477	2,630	601	1,660
Term loans	14,777	15,352	-	-
Hire purchase payables	338	149	156	-
Bank overdraft	2,836	2,887	-	-
	<b>20,378</b>	<b>21,411</b>	<b>1,561</b>	<b>1,660</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 38. FINANCIAL INSTRUMENTS (Continued)

#### 38.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2014</b>								
Financial Liabilities								
Hire purchase payables	-	-	-	-	338	-	338	338
Term loans	-	-	-	-	14,777	-	14,777	14,777
<b>2013</b>								
Financial Liabilities								
Hire purchase payables	-	-	-	-	135	-	135	135
Term loans	-	-	-	-	14,523	-	14,523	14,523
<b>The Company</b>								
<b>2014</b>								
Financial Liabilities								
Hire purchase payables	-	-	-	-	156	-	156	156
<b>2013</b>								
Financial Asset								
Amount owing by subsidiaries (non-current)	-	-	-	-	1,660	-	1,660	1,660

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

### **38. FINANCIAL INSTRUMENTS (Continued)**

#### **38.4 Fair Value Information (Continued)**

The fair values above are for disclosure purposes and have been determined using the following basis:-

- (i) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2014</b> %	<b>2013</b> %	<b>2014</b> %	<b>2013</b> %
Hire purchase payables	4.79	4.50	4.97	-
Term loans	7.85	7.60	-	-

- (ii) In the previous financial year, the fair values of amounts owing by subsidiaries (non-current) are determined using discounted cash flow projections based on a borrowing rate of 5.50%. The discount rate equals to the current market interest rate plus appropriate credit rating.

### **39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

During the financial year, the Group had entered into several corporate proposals as disclosed in Note 5.1 and Note 5.2 to the financial statements.

### **40. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING PERIOD**

Significant events occurring after the reporting period are as follows:-

- 40.1 On 9 February 2015, the Company acquired the entire issued and paid-up share capital of Naim Indah Properties Sdn Bhd. ("NIP") for a total cash consideration of RM2.00. Consequently, NIP became a wholly-owned subsidiary of the Company.
- 40.2 On 11 February 2015, the Group had entered into several corporate proposals as disclosed in Note 5.3 to the financial statements.

### **41. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year:-

	<b>As Restated RM'000</b>	<b>As Previously Reported RM'000</b>
Consolidated Statement of Cash Flows (Extract):-		
Placement of fixed deposits pledged with licensed financial institutions	79	-
Cash and cash equivalents at beginning of the financial year	(2,461)	(2,173)
Cash and cash equivalents at end of the financial year	(2,275)	(2,066)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**42. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	RM'000	RM'000
- Contracted But Not Provided For Refurbishment of investment property	29,730	-

The capital commitments above are in respect of capital expenditure to be incurred on the refurbishment of the investment property.

**43. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES**

The breakdown of the accumulated losses of the Group and the Company at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	(19,039)	719	(21,841)	(12,264)
- unrealised	-	-	-	-
	(19,039)	719	(21,841)	(12,264)
Less: Consolidation adjustments	(5,676)	(12,803)	-	-
At 31 December	(24,715)	(12,084)	(21,841)	(12,264)

## **NOTICE OF ANNUAL GENERAL MEETING**

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NOTICE IS HEREBY GIVEN that the **FORTIETH ANNUAL GENERAL MEETING of NAIM INDAH CORPORATION BERHAD** will be held at Vivatel, Ballroom 1, No. 85, Jalan Loke Yew, 55200 Kuala Lumpur, Malaysia on Thursday, 25 June 2015 at 10.00 a.m. to transact the following business:

### **AGENDA**

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. | Please refer to explanatory note below |
| 2. To approve the payment of Directors' fees of up to RM550,000 for the financial year ending 31 December 2015.  | Ordinary Resolution 1                  |
| 3. To re-elect Dato' Siaw Swee Hin who is retiring pursuant to Article 79 of the Company's Articles of Association:  | Ordinary Resolution 2                  |
| 4. To re-elect the following Directors who retires pursuant to Article 86 of the Company's Articles of Association:  |  |
| (i) Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar  | Ordinary Resolution 3                  |
| (ii) Hud bin Abu Bakar   | Ordinary Resolution 4                  |
| (iii) George Alfonso Miranda   | Ordinary Resolution 5                  |
| 5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.  | Ordinary Resolution 6                  |

### **AS SPECIAL BUSINESS**

To consider, and if thought fit, to pass the following resolutions with or without modifications:-

- |  |                       |
|--|-----------------------|
| 6. <b>Ordinary Resolution</b><br><b>Authority to Issue Shares Pursuant to Section 132D of the Companies Act 1965</b> | Ordinary Resolution 7 |
|--|-----------------------|

"THAT pursuant to Section 132D of the Act and the Articles of Association of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Act 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 nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

**NOTICE OF ANNUAL GENERAL MEETING (Continued)**

**7. Special Resolution  
Proposed Amendment to Articles of Association of the Company**

Special  
Resolution

THAT the following alterations, modifications or deletions to the Company’s Articles of Association be hereby approved:-

Article No.	Existing Articles	Amended Articles
121	A resolution in writing signed or approved by letter by all the Directors who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be described as “Directors’ Circular Resolutions” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.	A resolution in writing signed or approved by letter by <b>majority</b> of the Directors who may at the time present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be described as “Directors’ Circular Resolutions” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.

8. To consider any other business of which due notice shall have been given in accordance with the Act.

**BY ORDER OF THE BOARD  
NAIM INDAH CORPORATION BERHAD**

**THAM WAI YING (MAICSA NO. 7016123)  
NG BEE LIAN (MAICSA NO. 7041392)**  
Company Secretaries

Kuala Lumpur  
29 May 2015

## **NOTICE OF ANNUAL GENERAL MEETING (Continued)**

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Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor 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.
2. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) 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 Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Fortieth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2015. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

## **EXPLANATORY NOTES ON ORDINARY BUSINESSES:**

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Ordinary Resolution 1

Approval for Directors' Fees

The Directors' fees proposed for the financial year ending 31 December 2015 are calculated based on the number of scheduled Board and Committee meetings for 2015 and assuming that all Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.



## **NOTICE OF ANNUAL GENERAL MEETING (Continued)**

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### **EXPLANATORY NOTES ON SPECIAL BUSINESSES:**

1. Ordinary Resolution 7

Approval to Allot Shares Pursuant to Section 132D of the Companies Act 1965

The proposed Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company has placed out 70,203,000 new Ordinary Shares at an issue price of RM0.12 each, which raised a total of RM8,424,360.00 and which shares were all listed on the Main Market of Bursa Malaysia Securities Berhad on 29 August 2014 ("Private Placement"). Details and status of the utilisation of proceeds from the Private Placement are set out in "Additional Compliance Information" in page 27 of the 2014 Annual Report.

The proposed Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/ or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

2. Special Resolution

Proposed Amendment to Articles of Association of the Company

The proposed amendments is to delete the words "all" in Article 121 of the Company's Articles of Association and replaced by "majority".

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no Director standing for election as Director of the Company at the Fortieth Annual General Meeting

# PROXY FORM

**NAIM INDAH CORPORATION  
BERHAD (19727-P)**  
(Incorporated in Malaysia)

CDS Account No
No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
*[Full name in block, NRIC No./Company No. and telephone number]*

of \_\_\_\_\_  
\_\_\_\_\_

being a member/members of **Naim Indah Corporation Berhad**, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Fortieth Annual General Meeting of the Company to be held Vivatel, Ballroom 1, No. 85, Jalan Loke Yew, 55200 Kuala Lumpur, Malaysia on Thursday, 25 June 2015 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To approve the payment of Directors' Fees.		
2. To re-elect Dato' Siaw Swee Hin as Director of the Company.		
3. To re-elect Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar as Director of the Company.		
4. To re-elect Hud bin Abu Bakar as Director of the Company.		
5. To re-elect George Alfonso Miranda as Director of the Company.		
6. To re-appoint Messrs. Crowe Horwath as Auditors.		
7. Authority to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act, 1965.		
SPECIAL RESOLUTION	FOR	AGAINST
Proposed Amendment to Articles of Association of the Company.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Signature of Shareholder/Common Seal

-----  
*Please fold here to seal*

Affix  
Postage  
Stamp

**The Share Registrar  
TRICOR INVESTOR SERVICES SDN BHD**

Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

-----  
*Please fold here to seal*

**Notes:**

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor 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.
2. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) 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 Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Fortieth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2015. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.