NAIM INDAH
CORPORATION BERHAD
(19727-P)

ANNUAL REPORT 2016

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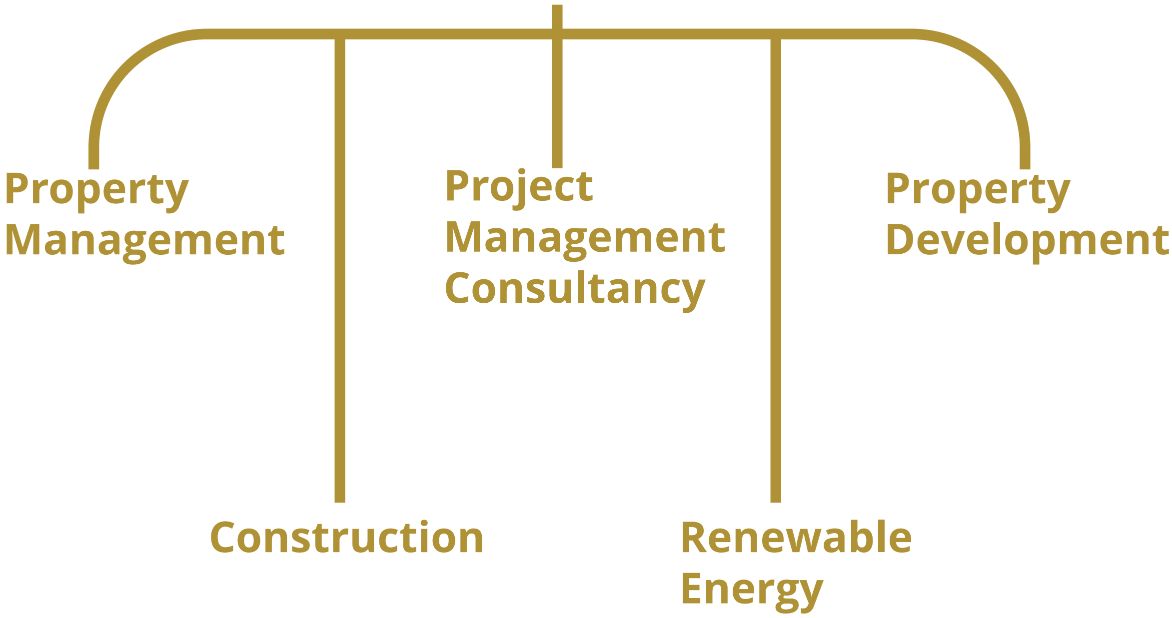
CORPORATE Profile

NAIM INDAH
CORPORATION BERHAD
19727-P



NAIM INDAH CORPORATION BERHAD (NICORP)

(Company No. 19727-P)

Is predominantly engaged in the business of investment holding and provision of management services. It is listed on the Main Market of Bursa Malaysia Securities Berhad.

CHAIRMAN'S Statemant

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Naim Indah Corporation Berhad and its subsidiaries ("the Group" or "the Company"), I am pleased to present the 2016 Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2016.

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman

Financial Review

It has been an improving year for the Group in 2016 as the Group reported a total revenue of RM12.02 million as compared to RM8.86 million in previous corresponding year. This represents a 35.7% increase in group revenue that was mainly contributed from the project management consultancy activities.

For the financial year ended 31 December 2016, the Group reported profit after tax of RM10.33 million as compared to RM1.36 million in the previous financial year.

The Centerpoint Seremban Shopping Mall will be the focus for the Group in 2017 as the Company would like to aggressively increase the occupancy rate by continuously promoting the mall to the local community and to the potential tenants in retail market.

The Group is continuing to identify better business opportunities in order to further enhance the Group performance.

Dividend

The Board of Directors is not recommending any dividend payment for the financial year ended 31 December 2016.

Market Outlook and Prospects

While 2016 was overall a difficult year for Malaysia due to subdued global trade and weak oil prices, the economy gained steam in the second half of the year. This momentum would likely carried over to Q1 2017, as exports—which are worth more than half of GDP—surged to an over four-year high in January 2017.

For the year 2016, the Malaysian economy expanded by 4.2% (2015: 5%) that underpinned by the manufacturing and services sector. On the supply side, growth continued to be driven by the manufacturing and services sectors. Inflation, as measured by the annual change in the Consumer Price Index (CPI), was remained at 2.1% in 2016 (2015: 2.1%) and forecasted higher inflation rate for 2017 at 2.97%.

Growth in Malaysia's construction sector will continue to moderate over the coming years, decelerating from an estimated 7.8% in 2016 to 6.6% in 2017 and the growth remained driven by the civil engineering sub-sector, recording a growth of 5.1% in 2016.

The government projects GDP growth of 4.0%–4.5% for 2017 and the global economy was expected to improve but remain on a moderate growth path. The construction sector is expected to have a sustainable demand throughout 2017, with the government continue implement on infrastructure projects, rapid development of townships and increase in investment.

Corporate Governance

The Group subscribes and will continue to uphold the principles of good corporate governance. We believe it is the only platform to ensure sustainable enhancement of our shareholders' value. Our practices are set out in our Statement of Corporate Governance on pages 20 to 31. There were no sanctions and/or penalties imposed on the Company and subsidiaries, directors or management by the relevant regulatory authorities.

Acknowledgement

On behalf of the Board, we would like to thank to all our business partners and shareholders for their continuing support and look forward to further mutual growth and success in the coming years. We would also like to commend and thank the Group's personnel for their dedication and commitment in a difficult environment.

MANAGING DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER'S Statement

Dato' Sri Siaw Swee Hin
Managing Director / Group Chief Executive Officer

Dear Valued Shareholders,

Our previous focus on PMC diversification has improved the profitability of the Group in 2016, despite a challenging year. The business has been turning around and remain profitable after successfully moving into key businesses with better profit margin. Having a good momentum will allow us to grow further and create value to shareholders.

Significant events & Prospects:

The Centerpoint Seremban Shopping Mall ("Shopping Mall") was successfully refurbished and upgraded for a better shopping experience and offering more variety to the surrounding community. The Shopping Mall was reopened during the 4th quarter of 2016 and the Group will focus on increasing the occupancy rate to generate recurring rental income and improve profitability.

Once the mall achieved the optimum occupancy rate, the Shopping Mall will contribute better financial result and returns on shareholders' fund.

As at 31 December 2016, the Gateway Klang project and Likas Boulevard project has been contributed RM 18.93 million in total to the Group's PMC revenue since awarded in 2015, and expected to continue positively contributing to the Group while the Company continues to seek for new contracts.

With the acquisition of Naim Indah Creative & Communications Sdn Bhd ("formerly known as Pedoman Nusantara Sdn Bhd"), a wholly owned subsidiary that provides PMC services in advertising, marketing and events, it will allow the Group to enter into a new markets and further growth.

Outlook

Moving ahead, concerning on economy slowdown, weakening ringgit and volatility commodity market are expected to continue putting pressure on overall business environment as market is undergoing correction. We will focus on our core competencies and provide a good foundation for our commitment to provide sustainable long-term growth for all stakeholders.

Appreciation

On behalf of the Management, I would like to thank the Board of Directors, our shareholders, stakeholders, customers and business associates for their continued support and belief in our strategies and plans to bring the Group to greater heights.

CORPORATE Information

BOARD OF DIRECTORS

Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman

Dato' Sri Siaw Swee Hin
Managing Director / Group Chief Executive Officer

Low Tuck Meng
Executive Director/Group General Manager cum Chief Financial Officer

Cheang Soon Siang
Executive Director/General Manager - Financing Division

Hud Bin Abu Bakar
Executive Director

Chua Eng Chin
Independent Non-Executive Director

Dato' George Alfonso Miranda
Independent Non-Executive Director

AUDIT COMMITTEE

Chua Eng Chin
Chairman
Independent Non-Executive Director

Dato' George Alfonso Miranda
Independent Non-Executive Director

Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman

NOMINATION COMMITTEE

Chua Eng Chin
Chairman
Independent Non-Executive Director

Dato' George Alfonso Miranda
Independent Non-Executive Director

Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman

REMUNERATION COMMITTEE

Dato' George Alfonso Miranda
Chairman
Independent Non-Executive Director

Chua Eng Chin
Independent Non-Executive Director

Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman

STOCK EXCHANGE LISTING

Main Market Of Bursa Malaysia Securities Berhad
Stock Code : 4464

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : (603) 2783 9191
Fax : (603) 2783 9111

AUDITORS

Messrs. Crowe Horwath (AF1018)
Chartered Accountants
Level 16, Tower C, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

COMPANY SECRETARIES

Tham Wai Ying
(MAICSA No. 7016123)
Ng Bee Lian
(MAICSA No. 7041392)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : (603) 2783 9299
Fax : (603) 2783 9222

PRINCIPAL SOLICITORS

David Lai & Tan

PRINCIPAL PLACE OF BUSINESS

Level 8, Tower 7, Avenue 5,
The Horizon Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : (603) 2242 3514
(603) 2242 2904
(603) 2242 3995
Fax : (603) 2242 4317
Website : www.naimindah.com

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

CORPORATE Structure

NAIM INDAH CORPORATION BERHAD
19727-P

- 100% — **CONSISTENT HARVEST SDN BHD**
  Property Management
- 100% — **NAIM INDAH PROPERTIES SDN BHD**
  Property Management, Leasing and Renting Property
- 100% — **NAIM INDAH CREATIVE & COMMUNICATIONS SDN BHD**
  (Formerly known as Pedoman Nusantara Sdn Bhd)
  Marketing Project Management Consultancy
- 100% — **JERNIH MAKMUR SDN BHD**
  Logging and Selling Round End Timber Logs
- 100% — **NAIM INDAH CITY DEVELOPMENT SDN BHD**
  Property Development and Investment Holding
- 100% — **NAIM INDAH ENERGY SDN BHD**
  Renewable Energy
- 100% — **NAIMKBB BERHAD**
  Dormant
- 100% — **ANGKASA LAMPIRAN SDN BHD**
  Property Development
  - 51% — **BITAREX SDN BHD**
    Dormant
  - 100% — **CONSISTENT HARVEST PROPERTIES SDN BHD**
    Leasing and Renting Properties
  - 100% — **NI-CORP OIL & GAS TECHNOLOGY SDN BHD**
    Trading of Building Materials and Renting of Machinery

BOARD of Directors

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar ("Dato' Abdel Aziz"), a Malaysian, male, aged 63, was appointed as Executive Chairman of the Company on 7 October 2014 and subsequently redesignated as Non-Independent Non-Executive Chairman on 1 July 2016. He is the member of the Audit Committee, Remuneration Committee and Nomination Committee. Dato' Abdel Aziz currently serves on the Board of Airasia Berhad as a Non-Independent Non-Executive Director. He is also a Trustee of Yayasan Astro Kasih which is the ultimate holding company of Astro Malaysia Holdings Berhad.

Dato' Abdel Aziz holds a Diploma in Agriculture Business from Universiti Pertanian Malaysia in 1975, BSc in Agriculture Business from Louisiana State University, United States of America in 1978, and an MBA from the University of Dallas, United States of America in 1980.

Previously, he had served as a Director of Airasia Berhad from 12 December 2001 to 11 October 2004 and then act as an Alternate Director to Dato' Pahamin Ab. Rajab from 11 October 2004. Subsequently, he was appointed as a Non-Executive Director of Airasia Berhad on 20 April 2005. On 16 June 2008, he was re-designated as a Non-Executive Chairman and subsequently on 6 November 2013 redesignated as a Non-Independent Non-Executive Director.

Dato' Abdel Aziz is currently the Executive Chairman of VDSL Technology Sdn Bhd and he also serve as the Chairman of Performance and Artistes Rights Malaysia Sdn Bhd (PRISM), a collection society for performers of recorded music, and the Academy of Malaysian Music Industry Association (PAIMM) for more than 10 years until end of 2012 and January 2011, respectively.

From 1981 to 1983 he was the Executive Director of Showmasters (M) Sdn Bhd, an artiste management and concert promotion company. He subsequently joined BMG Music and was a General Manager from 1989 to 1997 and Managing Director from 1997 to 1999. Based on his vast experience and knowledge in growing companies, he shall provide his management expertise and skills in assisting the Group in the development and strategies in moving the Group to a higher level.

Dato' Abdel Aziz is the brother of Ar Hud Bin Abu Bakar, an Executive Director of the Company. He does not have any family relationship with any major shareholders of the Company, has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

As at the date of this Annual Report, Dato' Abdel Aziz is holding 9,434,000 ordinary shares in the Company.

Dato' Abdel Aziz attended all the Board meetings of the Company held during the financial year ended 31 December 2016.

DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR

Non-Independent Non-Executive Chairman

BOARD of Directors (cont'd)

Dato' Sri Siaw Swee Hin ("Dato' Sri Siaw"), a Malaysian, male, aged 44, was appointed as an Executive Director of the Company on 22 October 2012. Subsequently he was re-designated to Managing Director on 18 November 2014. On 26 November 2014, he was re-designated to Managing Director/Group Chief Executive Officer. Dato' Sri Siaw holds a Master Degree Business Management and Master Degree Business Administration in International Business, from University of Hertfordshire, United Kingdom.

His career started as a marketing executive in the industry of solvent & lubricant oil in Singapore in 1997. He went on to form his own company involved in manufacturing of epoxy thinner, solvent and lubricant oil in Malaysia in 2001. He was involved in construction and property development since 2006 and successfully completed several projects which include Creative City, Kulai Jaya, Johor. Currently he is also the Managing Director of JB Barrels & Drums Industries Sdn Bhd, JB Oil & Chemicals Industries Sdn Bhd and Alltrust International Berhad. He also has directorship in Alltrust Capital Sdn Bhd. He also hold several directorships in the companies within the Group.

Dato' Sri Siaw is a substantial shareholder of the Company through his holdings in Quantum Discovery Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and he is a major shareholder in the Company. As at the date of this Annual Report, Dato' Sri Siaw has direct shareholdings of 70,172,600 ordinary shares and indirect shareholding of 67,847,976 ordinary shares in the Company.

Dato' Sri Siaw is a major shareholder of Lagenda Erajuta Sdn Bhd ("Lagenda") and GE Properties Sdn Bhd ("GE"). Lagenda has awarded for the role of Project Management Consultant to the Company for the mixed commercial development consisting amongst other, shop offices, hotel towers and office suite, a mall and related external works at Lot 6879-6890 and 10293-10304, Mukim Klang, Daerah Klang, Selangor Darul Ehsan ("Proposed Award") and the Proposed Award has been approved by the shareholders at the Extraordinary General Meeting held on 17 April 2015.

GE has awarded for the role of Project Management Consultant to the Company for the 30 storey mixed commercial development at Teluk Likas, Sabah. The acceptance of Award was announced to Bursa Malaysia Securities Berhad on 9 June 2015.

Dato' Sri Siaw attended three Board meetings of the Company held during the financial year ended on 31 December 2016.

Dato' Sri Siaw does not have any family relationship with any other Director. However, Mr Siaw Swee Woon, the substantial shareholder of the Company, is the brother of Dato' Sri Siaw. Dato' Sri Siaw has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

DATO' SRI SIAW SWEE HIN
Managing Director /
Group Chief Executive Officer

BOARD of Directors (cont'd)

Mr Low Tuck Meng ("Mr Low"), a Malaysian, male, aged 47, is an Executive Director of the Company. He was appointed to the Board on 1st July 2016. Mr Low currently serves on the Board of Komarkcorp Berhad as an Independent Non-Executive Director.

Mr Low is a Chartered Accountant by profession with Master of Business Administration (Finance) from University of Leicester, UK. He is a member of the Malaysian Institute of Accountants and a Fellow member of Association of Chartered Certified Accountants.

He started his professional career with a public accounting firm in 1995 and thereafter, he held various senior positions in private limited and public listed companies.

Mr Low was attached with Komarkcorp Berhad for the period from May 2002 to September 2007. He served as the Deputy Financial Controller, China operation and subsequently promoted to Group Financial Controller to head the entire group finance division.

Immediately prior to joining NICORP as Chief Financial Officer on 3rd June 2015, he was attached with Hunter Douglas, a European multinational company. He was the Finance Director, China Operations for the period from October 2007 to December 2014 before promoted as Asia Shared Service Head in January 2015.

He is now the Group General Manager cum Chief Financial Officer and responsible for management, operations and finance of the Group.

Mr Low holds 180,000 ordinary shares in the Company as at the date of this Annual Report. He has no family relation with any other Director and/or major shareholders of the Company, has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

Mr Low attended two Board meetings of the Company held during the financial year ended 31 December 2016.

LOW TUCK MENG
Executive Director

BOARD of Directors (cont'd)

Mr Cheang Soon Siang ("Mr Cheang"), a Malaysian, male, aged 49, was appointed as an Executive Director of the Company on 11 April 2014. Mr Cheang is a member of Chartered Secretaries Malaysia (MAICSA) and International Association of Registered Financial Consultants (IARFC), USA. He is also a registered trainer under Pembangunan Sumber Manusia Berhad.

Mr Cheang has more than 20 years of experience in the banking and financial services industry. He has extensive career and held various position in Southern Bank Bhd, Orix Leasing Bhd, Oriental Bank Bhd and EON Bank Bhd. He has vast experience in handling credit matters involving credit evaluation, cash flow management, working capital management, restructuring and recovery of credit facilities for corporate, commercial and consumer customers.

He left banking industry in 2007 to set up his own company known as New Century Advisory Services Sdn Bhd which involved in financial advisory services, risk management, investment, estate planning and corporate finance. He had conducted workshops to several real estate companies and SME organization. He also acts as a Financial Advisor to several public listed companies and private companies. He was a Unit Manager of AIA Berhad for more than 5 years and also an Estate Planner Manager with OSK Trustees Berhad.

Mr Cheang is now responsible in securing suitable financing to meets funding requirement of the Group.

Mr Cheang holds 270,000 ordinary shares in the Company. He does not have any family relationship with any other Director and/or major shareholders of the Company, has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

Mr Cheang attended all Board meetings of the Company held during the financial year ended on 31 December 2016.

CHEANG SOON SIANG
Executive Director

BOARD of Directors (cont'd)

Ar Hud Bin Abu Bakar ("Ar Hud"), a Malaysian, male, aged 54, was appointed as an Executive Director of the Company on 26 November 2014. He graduated from UC Berkeley with Master of Architecture in 1988. He started his career in San Francisco Bay Area before coming back to Malaysia in 1989.

Ar Hud is a member of Pertubuhan Akitek Malaysia (PAM) and Malaysia Society of Interior Designers (MSID). He has served in the PAM council and had given several talks in UiTM, UIA, FIABCI, Datum Architectural seminar and PAM seminars/functions. His works has been profiled in many publications such as Habitus, The Star, The Edge, Tettler, Trend, Architecture Malaysia, Thailand's Art4D and an Indonesian Architecture publication.

Ar Hud has over 25 years of experience in designing small and large scale projects. Famed for his contemporary cleanlined architecture, his works varies from residential, commercial, large scale exhibition spaces to super high rise. He has won many architectural competitions and has been distinguished with awards such as FIABCI, BCI, PAM, The Edge, and Asia Pacific Architectural awards.

His firm, RSP Architects Malaysia, currently employs more than 180 professionals and is one of the leading architectural practices in the country. RSP is associated with other offices in Singapore, Dubai, India, China and London. Providing multidisciplinary practices, RSP Group employs more than 1,000 staffs.

Ar Hud holds 9,434,000 ordinary shares in the Company as at the date of this Annual Report. He is the brother of Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, the Non-Independent Non-Executive Chairman of the Company. However, he does not have any family relationship with any major shareholder of the Company and has no conflict of interests with the Company. Ar Hud had not committed any offences within the past 5 years.

Ar Hud attended all the Board meetings of the Company held during the financial year ended 31 December 2016.

HUD BIN ABU BAKAR
Executive Director

BOARD of Directors (cont'd)

Mr Chua Eng Chin ("Mr Chua"), a Malaysian, male, aged 57, is an Independent Non-Executive Director of the Company and was appointed to the Board on 26 September 2013. He is the Chairman of the Audit Committee and Nomination Committee and also a member of Remuneration Committee.

He is a Fellow of The Association of Chartered Certified Accountants and also a member of Malaysian Institute of Accountants.

After qualified as Chartered Accountant in 1984, he started his career in an accounting firm where he specializes in auditing and consultancy works. He had serve in the internal audit department of Public Companies such as the Lion Group and the Berjaya Group. He also served as Senior Accountant in Berjaya Textiles Berhad and Senior Manager in Malpac Holdings Berhad. Mr. Chua is currently a Commissioned Dealer Representative with PM Securities Sdn Bhd and an Independent Non-Executive Director in Tiger Synergy Berhad.

Mr Chua has indirect shareholding of 250,000 ordinary shares in the Company held by his spouse. He has no family relation with any other Director and/or major shareholders of the Company, has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

Mr Chua attended all Board meetings of the Company held during the financial year ended on 31 December 2016.

CHUA ENG CHIN
Independent Non-Executive Director

BOARD of Directors (cont'd)

Dato' George Alfonso Miranda ("Dato' Miranda"), a Malaysian, male, aged 48, is an Independent Non-Executive Director of the Company and was appointed to the Board on 11 December 2014. He is the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee. He has more than 20 years' experience as a practicing lawyer at partner level.

Dato' Miranda graduated with a LL.M (University of London) and an LL.B (University of London). He is an Advocate and Solicitor of the High Court of Malaya and a Member of the Law Society of England and Wales. He was a President of the Malaysian Mergers and Acquisitions Association from 2006 to 2012.

Dato' Miranda is currently a partner of Miranda & Samuel. Dato' Miranda specialises in advising entrepreneurs, public and private companies on takeovers, mergers and acquisitions, divestitures, IPOs, a full range of intellectual property matters, and helps to create and execute aggressive strategies to increase shareholder value. He also advises on both contentious and non-contentious matters.

Dato' Miranda does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholders of the Company, has no conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

Dato' Miranda attend all Board meetings of the Company held during the financial year ended 31 December 2016.

DATO' GEORGE ALFONSO MIRANDA
Independent Non-Executive Director

KEY Senior Management's Profile

LOK WUNG YIP

Senior Project Director

Ir Lok Wung Yip ("Ir Lok"), a Malaysian Male aged 51, was appointed as the Senior Project Director of the Company on 1 October 2014. He graduated from University of Tasmania Australia in 1996 with a Bachelor degree in Civil Engineering and is a Member of the Board of Engineers Malaysia, Institute of Engineers Malaysia, ASEAN Chartered Professional Engineers and a Registered Professional Civil Engineer with Practising Certificate.

Ir Lok gained his years of experience in the construction sector. He held several positions in Gamuda Berhad, Road Builder Berhad and Harvest Court Industries Berhad before joining NICORP.

He currently manages and oversees the Project Management of the Group.

YAN JENN LONG

Head of Finance

Mr Yan Jenn Long ("Mr Yan"), a Malaysian Male aged 41, was appointed as the Head of Finance of the Company on 1 February 2016. He graduated from Southern California of University with a Bachelor degree in Business Administration and is a Member of the Malaysian Institute of Management and Life Member of the Malaysian Institute of Human Resource Management.

Mr Yan gained his years of experience in the corporate finance and audit sectors. He held several positions in Insas Berhad, SapuraCrest Petroleum Berhad and Komarkcorp Berhad before joining NICORP.

He currently assists the Group General Manager cum CFO on finance and administrative matters of the Group.

WU LING CHIH

Senior Operations Manager

Ms Wu Ling Chih ("Ms Wu"), a Malaysian Female aged 36, was appointed as the Senior Operations Manager of the Company on 12 December 2016. She graduated from University of Murdoch, Australia in 2004 with a Bachelor Degree in Biotechnology.

Ms Wu gained her years' of experience in property financial services and property marketing & development industry. She held several positions in CIMB Bank Berhad and MB Group before joining NICORP.

She currently manages and oversees the Project Operation of the Group.

Save as disclosed above, none of the Key Senior Management have:-

- Any family relationship with any directors and/or major shareholders of the Company.
- Any convictions for offences within the past five years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Any conflict of interest with the Company and the Group.

MANAGEMENT Discussion and Analysis

Overview of Group Business and Operation

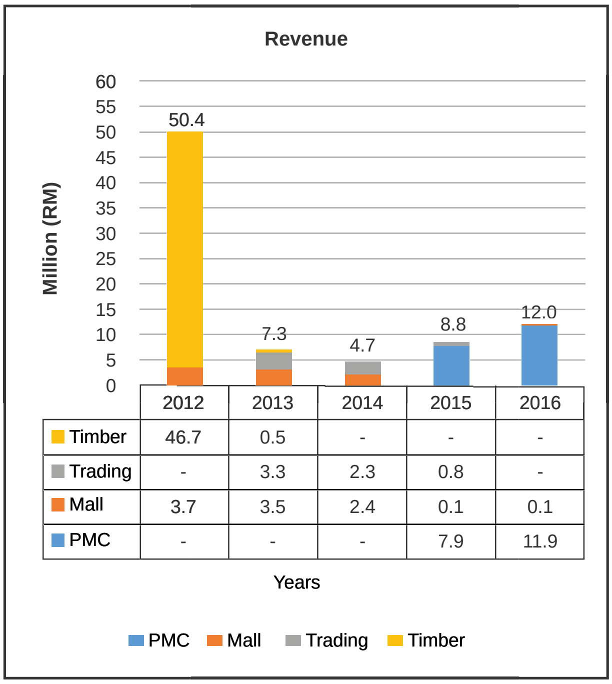
Naim Indah Corporation Berhad ("the Company") is a public listed company, incorporated on 1st August 1974 in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company was formerly known as Arus Murni Corporation Berhad and subsequently changed its name to Naim Indah Corporation Berhad on 7th July 1997.

The Company is an investment holding company with subsidiaries (collectively defined as "the Group") mainly involved in the following:

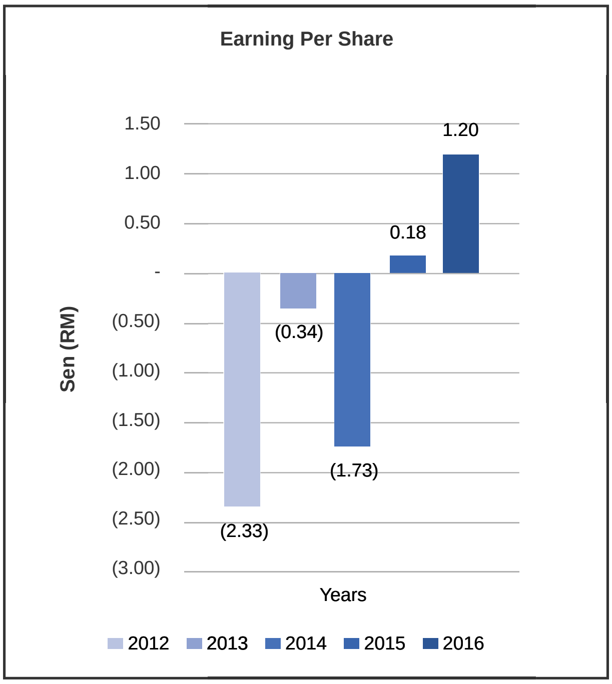
- Project Management Consultant ("PMC") for property development and marketing events;
- Owning and operating a Shopping Mall known as Centerpoint Seremban Mall;
- Investment holding and provision of management & administrative services; and
- Trading segment in trading of steel bars.

The Group have two major reportable segments identified based on business segments namely PMC and property management.

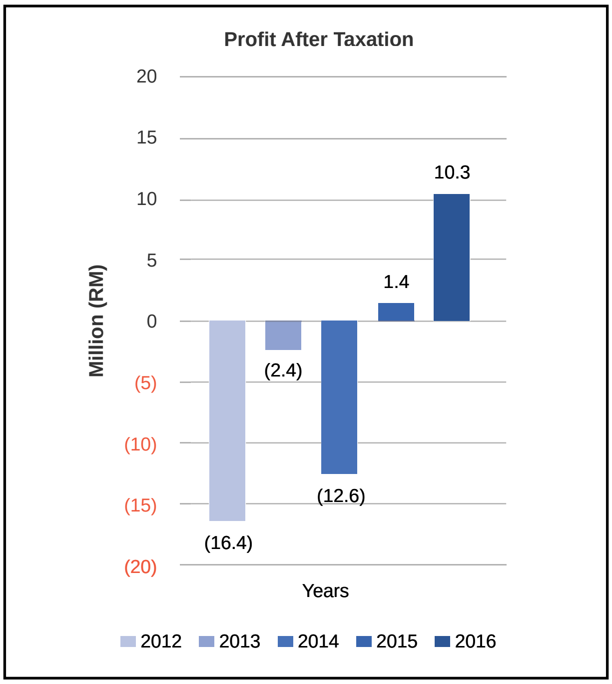
Discussion & Analysis of Financial Results

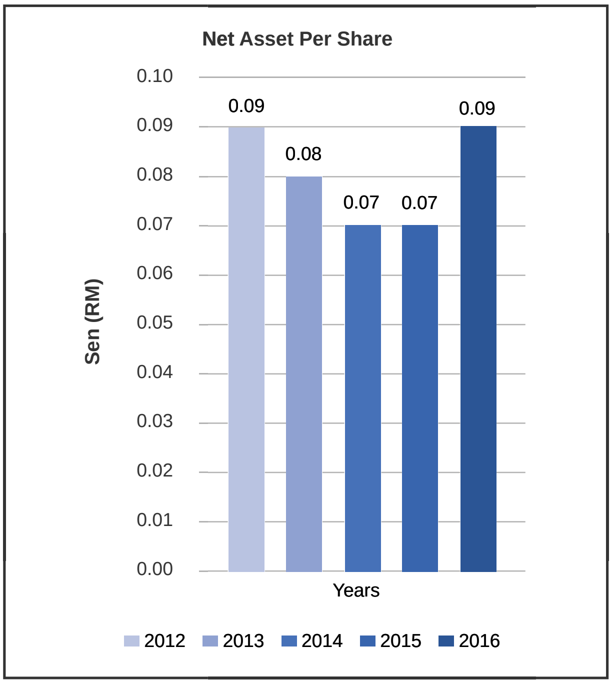


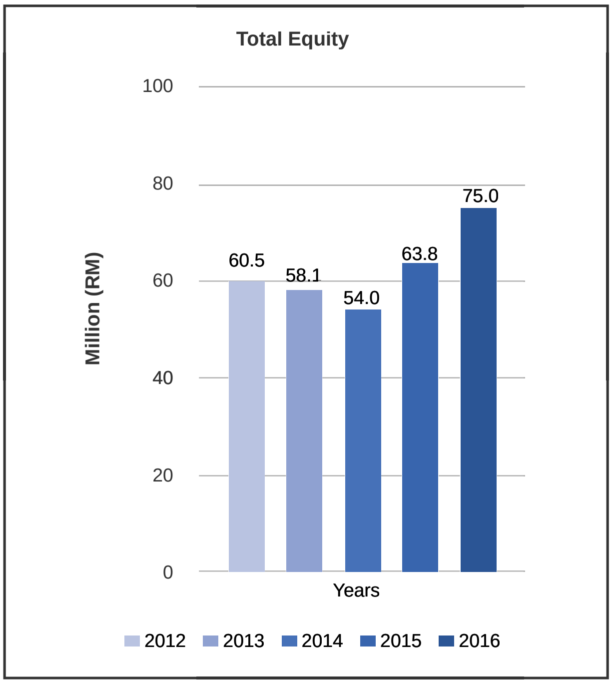
	2012	2013	2014	2015	2016
Timber	46.7	0.5	-	-	-
Trading	-	3.3	2.3	0.8	-
Mall	3.7	3.5	2.4	0.1	0.1
PMC	-	-	-	7.9	11.9

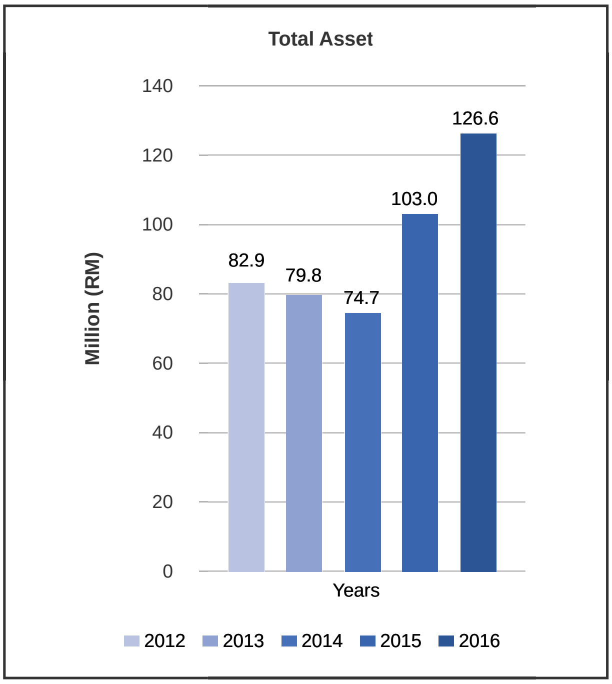


MANAGEMENT Discussion and Analysis (cont'd)









MANAGEMENT Discussion and Analysis (cont'd)

Financial Results and Key Performance Indicators	2012	2013	2014	2015 (As restated)	2016	2016 vs 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	Changes
Gross Revenue	50,441	7,329	4,690	8,855	12,015	+36%
(Loss)/Profit After Taxation	(16,387)	(2,402)	(12,556)	1,362	10,334	+659%
Basic (Loss) /Earnings Per Share (sen)	(2.33)	(0.34)	(1.73)	0.18	1.2	+567%
Total Asset	82,906	79,824	74,650	103,019	126,607	+23%
Total Equity	60,521	58,119	53,988	63,834	75,007	+18%
Net Asset Per Share	0.09	0.08	0.07	0.07	0.09	+29%

Financial Review

Revenue

The Group's gross revenue grew by 36% or RM3.2 million to RM12.0 million in the current financial year. The main reason for the revenue growth was due to the diversification into PMC segment in FYE 2015. The Group secured two (2) PMC contracts worth approximately RM18.0 million from Lagenda Erajuta Sdn Bhd for the project refer as "Gateway Klang" and RM24.0 million from GE Properties Sdn Bhd for the project known as "Likas Bouvelard" respectively.

FYE 2016, the total revenue derived from the Gateway Klang project contribute RM5.5 million from RM6.1 million in FYE 2015 and Likas Boulevard project RM5.5 million from RM1.8 million in FYE 2015. formely known as Pedoman Nusantara Sdn. Bhd.

Another main contributor to the Group's revenue was the newly acquired subsidiary, Naim Indah Creative & Communication Sdn. Bhd. (formerly known as Pedoman Nusantara Sdn. Bhd.) which provides PMC services in advertising, marketing and events which generated revenue approximately RM0.8 million to the Group in FYE 2016 (2015: Nil).

Profits

In FYE 2016, the Group recorded profit after taxation of RM10.3 million (2015: RM1.4 million) and profit before taxation RM12.5 million (2015 : loss before taxation RM0.2 million) attributed by a fair value gain of RM11.5 million from the revaluation of Centerpoint Seremban Mall ("The Mall") during the year. In FYE 2015, the fair value of the Mall was valued at RM70 million as the Mall was closed for refurbishment works and after completion of the whole refurbishment in FYE 2016, the Mall was revalued to RM120.0 million. The cost of refurbishment of RM38.5 million was fully capitalized into the investment property.

By excluding the fair value gain from investment property for FYE 2016, the Group's operating profit was approximately RM1.0 million (2015: RM1.4 million) which was lower by RM0.4 million as recorded in previous financial year. It was due to the increased headcount and operation cost from commencement of operation of the Mall in 4th quarter 2016.

Total Asset

The total asset increased by 23% or RM 23.6 million to RM 126.6 million for the FYE 2016. The increased in total asset was mainly due to the cost of refurbishment approximately RM 38.5 million which was fully capitalized into the investment property and revaluation of investment property to RM 120.0 million (2015: RM 70 million) in FYE 2016.

Liquidity and Capital Resources

As at FYE 2016, the Group recorded cash and bank balances of RM 0.1 million and bank overdraft of RM 2.9 million (2015: Cash and bank balances of RM 5.9 million and bank overdraft of RM 3.0 million), as the cash was mainly utilized into investing activities for payment made to contractors on refurbishment works of the Mall. The Group would constantly source for financing to ease the overall cash flow requirement.

There is no material commitment on capital expenditure as at 31 December 2016. There have been no changes to the capital structure and resources of the Group in FYE 2016.

MANAGEMENT Discussion and Analysis (cont'd)

Business Segments

	Gross Revenue				Profit Before Taxation			
By Segments	FY2016		FY2015		FY2016		FY2015	
	RM'000	(%)	RM'000	(%)	RM'000	(%)	RM'000	(%)
Project Management Consultancy ("PMC")	11,884	99%	7,920	89%	9,911	33%	7,261	49%
Mall								
-Operation	131	1%	89	1%	(3,106)	10%	(2,244)	15%
-Fair value gain	-	-	-	-	11,520	38%	-	-
Investment holding	-	-	-	-	(5,824)	19%	(5,215)	35%
Trading	-	-	846	10%	-	-	40	1%
Total	12,015	100%	8,855	100%	12,501	100%	(158)	100%

Project Management Consultancy

In FYE 2016, the PMC segment reported a total revenue of RM 11.9 million (2015: RM 7.9 million), representing 99% (2015: 89%) of the Group total revenue. The Group diversifies into PMC segments, with better profit margin had increased the overall profitability. Overall market slowdown has not impacted the Group operation but may reduce the chances for securing new contracts.

The Group expand the PMC business in advertising, marketing and events consultancy services to further penetrate into new markets. This could reduce the reliance on single market and overall risk of the Group.

Centerpoint Seremban Mall

In FYE 2016, the Mall reported a total revenue of RM 0.13 million (2015: RM 0.09 million), representing 1% (2015: 1%) of the Group total revenue. On September 2014, the Mall was closed for refurbishment with upgrading works and enhancement to improve the Mall's atmosphere and offer new lifestyle to the community. The Mall was re-opened to public by end of September 2016 with an increased lettable area from 217,096 s.f. to 246,511 s.f. by 13.5% or approximately 29,415 s.f. with creation of new drive thru area, alfresco and improved design in floor-to-floor.

As at 31 December 2016, the Mall had tenancy occupancy rate up to 44% and 53% letter-of-offer signed by tenants. To increase the sign-up rate the Management has changed the leasing approach from outsourcing to in-house leasing to have a better understanding of existing and future tenants' needs.

The increasing population in Seremban will spur the domestic market with increase demand for better shopping experience. The fresh look of our Mall with active marketing activities such as social media and performance events will create attraction and raise awareness of the Mall to the surrounding community.

Market Outlook/ Prospect

Overall Economic Overview

In 2016, Malaysia's economy expanded 4.5% (2015: 5%), as exports expanded at a faster rate than import and increase in fixed investment while private consumption remains robust, supported by continuing spending on infrastructure by government and capital spending in the manufacturing and services sector.

On the supply side, growth will be driven by the manufacturing and services sectors. While overall domestic demand expanded in moderate pace, as the improvement in private consumption and investment activity was offset by decline in public expenditure.

Moving forward, the external environment may continue to remain challenging while the Malaysia economy will experience sustained growth with the primary driver being domestic demand. Private consumption is anticipated to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to support disposable income of households. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors.

For 2017, Malaysia GDP forecast to grow at a pace of 4.0%-4.5%, as global growth slowdown, rising volatility in commodity prices and uncertainty in the major developed economies.

MANAGEMENT Discussion and Analysis (cont'd)

Outlook for the PMC Market

The property market moderated in 2016. The total transaction recorded were decreased in volume and in value. On the supply side, the number of housing approvals for construction approved by government declined on annual basis. As for the demand side, the loan applications for purchase of residential and non-residential has sunk.

However, the property market in 2017 remain's optimistic. Given the resiliency of the economy and expected GDP economic growth at 4.0-4.5%. The property market is expected to have a market correction and leaning towards the affordable segment where the market still remain at high demand, though property market may experienced some moderation in market activity. However, the slowdown would be manageable as the market fundamentals remain sound and stable.

The Group will continue to look for more PMC contracts as the property market remains positive and construction market remains as the key driver of GDP economic growth where government continues on spending in infrastructure such as High Speed Rail and on-going big project like Mass Rapid Transit 2, Sabah Pan Borneo highway will boost project development as infrastructure improved there will be opportunity for the Group to secure more projects.

Outlook for the Property Management

In second half of FYE 2016 ("2H") the overall retail sub-sector recorded a stable performance as occupancy stood at 82.2% (2H 2015: 82.6%) with an approximately 20.0 million s.f. in the incoming supply and approximately 10.0 million s.f. in the planned supply.

In 2H 2016, the overall occupancy rate of shopping malls in Negeri Sembilan, was 73.8% (2H 2015: 76.5%) with positive take up at approximately 75,000 s.f. The new supply was approximately 273,000 s.f. in Senawang. There were approximately 265,000 s.f. under construction with another 819,000 s.f in the incoming supply and 175,000 s.f. in the planned supply.

The built up area is mostly located in states such as Selangor and Kuala Lumpur, which mainly in urban area despite there is significant incoming supply in shopping mall. Due to the location of the Mall located in sub-urban area, this leads to lesser direct competitors with other established malls in Seremban. The occupancy rate for retail market in Seremban is expected to remain positive as Seremban is having a rapid growth with a population of 1.1 million and well connected infrastructures and future high speed rail projects.

Dividend

The Board had not proposed any dividend for the financial year ended 31 December 2016.

Risks

Customer concentration risk

The Group has two (2) customers from PMC contracts. During the FYE 2015, after securing the PMC contract for Gateway Klang with the value of the Letter of Acceptance ("LOA") as project consultant was approximately RM 18.0 million, the Group continue to look for addition customer to reduce single customer risk and subsequently Likas Boulevard contract with the value of LOA approximately RM 24.0 million was secured.

The Group has taken measures to minimize the customer concentration risk by securing for additional PMC contracts and also expanding into new PMC markets such as advertising, consultancy to mitigate the risk.

Credit and liquidity risk

The Group has also established the credit policy with procedures and collection process policies to ensure proper monitoring processes are in place to mitigate the risk. The preventive measures taken by the Group was a credit evaluation process on the customers to analye the customers ability and background as part of the risk management.

Cash flow risk

The Group has cash and bank balances of RM 0.1 million and bank overdraft RM 2.9 million as at FYE 2016, as the cash flow was mainly invested in the Mall for refublishment and upgrading, provide growth in the long-term. The Group had related loan facility agreement of RM 10.0 million and utilized up to RM 4.8 million as at 31 December 2016, with another RM 5.2 million yet to utilize. Other measurement, such as securing additional financing to ease the overall cash flow requirement of the Group.

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.

In implementing the corporate governance practices and ensuring compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). This statement reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year ended 31 December 2016, having considered the Group's structure, business environment and industry practices.

The Board are pleased to inform that the Company has established the followings which could be viewed from the Company's corporate website at www.naimindah.com:-

a. Board Charter
b. Whistle-Blowing Policy
c. Code of Ethics
d. Terms of Reference of Audit Committee
e. Terms of Reference of Nominating Committee
f. Terms of Reference of Remuneration Committee

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 one (1) Non-Indepedent Non-Executive Chairman, four (4) Executive Directors (including the Managing Director/ Group Chief Executive Officer ("MD/Group CEO)) and two (2) Independent Non-Executive Directors. The present composition of the Board complies with the MMLR of 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.

Management is responsible for managing the day-to-day running of the Group's business activities in accordance with the direction and delegation of the Board. Management meets regularly to discuss and resolve operational issues. The MD/Group CEO briefs the Board on business operations and management initiatives during board meetings.

1.2 Clear Roles and Responsibilities

In line with its overall responsibility for the proper conduct of the Group's business, the Board is responsible for establishing the Group's goals and strategic directions, setting goals and targets for Management and monitoring the achievement of those goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website (accessible at www.naimindah.com). The Board Charter further defines the roles and responsibilities of the Chairman, CEO and committees.

The following are the roles of the Board and its principal responsibilities:
- Develop, review and monitor the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
- Identify and review principal risks and ensure the implementation of appropriate systems to manage these risks.
- Supervise the operations of the Group to evaluate whether established targets are achieved.

CORPORATE Governance statement (cont'd)

Principle 1: Establish Clear Roles and Responsibilities (Cont'd)

1.2 Clear Roles and Responsibilities (Cont'd)

- Monitor the compliance with legal, regulatory requirements and ethical standards.
- Promote better investor relations and shareholder communications.
- Ensure that the Group's core values, vision and mission and shareholders' interests are met.
- Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
- Initiate a Board self-evaluation program and follow up action to deal with issues arising and arrange for Directors to attend courses, seminars and participate in development programs as the Board deems appropriate.
- Implement and ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.

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

The Chairman is responsible for:-
- Leadership of the Board.
- Overseeing the effective discharge of the Board's supervisory role.
- Facilitating the effective contribution of all Directors.
- Conducting the Board's functions and meetings.
- Briefing all Directors in relation to issues arising at meetings.
- Scheduling regular and effective evaluations of the Board's performance.
- Promoting constructive and respectful relations between Board members and between the Board and the Management.

The MD/Group CEO is responsible for:-
- Strategic business direction, plans and policies of the Group.
- The efficient and effective operation of the Group.
- Day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- Bringing material matters to the attention of the Board in an accurate and timely manner.

1.3 Formalised Ethical Standards through Code of Ethics

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. The Code of Ethics is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on conduct when dealing with other parties doing business with the Group. A summary of the code of ethics is made available on our corporate website at www.naimindah.com.

1.4 Promoting Sustainability

The Group approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, partners and the communities in which the Group operates.

The Board and Management of the Group view its commitment to Business Sustainability, Environmental, Social Governance objectives as part of its responsibility to its stakeholders and the communities in which it operates. The Group is committed to the implementation of safe work practices and aims to provide an injury-free workplace for all its employees.

CORPORATE Governance statement (cont'd)

Principle 1: Establish Clear Roles and Responsibilities (Cont'd)

1.5 Supply of Information

Notice, agenda and all relevant information are circulated to each member of the Board 7 days 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.

The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees. The minutes of Board Committee meetings are also presented to the Board for information.

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. The Group had in place a procedure whereby the Independent Director who wish to obtain advice from independent professionals, will seek approval from the Chairman of the Board and will obtain and submit a quotation of fee for the Board's approval prior to the engagement of such independent professionals.

1.6 Qualified and Competent Company Secretaries

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. The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators.

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

1.7 Board Charter

The Board has formalized and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders. The Board Charter has been uploaded in its website (www.naimindah.com) in line with Recommendation 1.7 of the MCCG 2012.

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 (cont'd)

Principle 2: Strengthen Composition (Cont'd)

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 duties and responsibilities of the Nomination Committee are as follows:
- To recommend to the Board, candidates for any directorships proposed to be filled by the shareholders or the Board;
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular proposed appointment. In identifying suitable candidates, the Nomination Committee shall:
  a) consider candidates from a wide range of backgrounds;
  b) consider candidates on merit, against objective criteria with due regard to the benefits of diversity on the Board; and
  c) ensure that once appointed, appointees have enough time available to devote to the position of Director.
- To assess annually, the effectiveness of the Board as a whole and each Director individually, as well as the effectiveness of the various committees of the Board;
- To assess on an annual basis the independence of the Independent Non-Executive Directors;
- To review the results of the Directors' performance evaluation process;
- To give consideration to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- To review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- To keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- To act in line with the directions of the Board.

The Nomination Committee met twice during the financial year ended 31 December 2016 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	2/2
Md. Noor Bin Abd. Rahim*	Independent Non-Executive Director	2/2
Dato' George Alfonso Miranda	Independent Non-Executive Director	2/2
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar#	Non-Independent Non-Executive Chairman	-

* retired with effective from 23 June 2016
# appointed with effective from 1 July 2016

A summary about the activities of the Nomination Committee in the discharge of their duties during the financial year ended 31 December 2016 are set out in the Nomination Committee Statement in pages 41 to 43 of the Annual Report.

CORPORATE Governance statement (cont'd)

Principle 2: Strengthen Composition (Cont'd)

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. The Nomination Committee will review the criteria used in the nomination process and the annual assessment.

The 2016 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, 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 MCCG 2012 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.

Retirement of Directors
In accordance with the MMLR of Bursa Securities and Article 79 of the Company's Constitution, at least 1/3 or the number nearest to 1/3 of the Directors shall retire from office each year such that all Directors retire at least once in every 3 years at the Annual General Meeting. Article 86 of the Company's Constitution, any Director appointed during the year is required under the Company's Articles of Association to retire at the following Annual General Meeting ("AGM") immediately after their appointment. The retiring Directors shall be eligible for re-election at the Annual General Meeting.

Upon the recommendation by the Nomination Committee, the following Directors shall retire by rotation at the forthcoming 42nd Annual General Meeting of the Company pursuant to Article 79 of the Company's Constitution and being eligible, have offered themselves for re-election:
(a) Dato' Sri Siaw Swee Hin
(b) Cheang Soon Siang

Pursuant to Article 86 of the Company's Constitution, the following Director shall retire at the forthcoming 42nd Annual General Meeting of the Company and being eligible, have offered himself for re-election:
(a) Low Tuck Meng

CORPORATE Governance statement (cont'd)

Principle 2: Strengthen Composition (Cont'd)

2.3 Remuneration Committee

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 twice during the financial year ended 31 December 2016 and details of attendance of members of the Remuneration Committee are as follows:

Members	Designation	No.of Meetings Attended
Dato' George Alfonso Miranda (Chairman)	Independent Non-Executive Director	2/2
Md. Noor Bin Abd. Rahim*	Independent Non-Executive Director	1/1
Chua Eng Chin	Independent Non-Executive Director	2/2
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar#	Non-Independent Non-Executive Chairman	1/1

* retired with effective from 23 June 2016
# appointed with effective from 1 July 2016

Details of the remuneration of the Directors who served during the financial year ended 31 December 2016 were as follows:-

Component	The Group/The Company Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	252	162
Salary	1,100	-
Allowance	208	-
Benefits In Kind	145	-
EPF & Socso	136	-
Equity Compensation Benefits	428	161
Total	2,269	323

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

Range of Remuneration	Number of Directors Executive	Non-Executive
Below RM 50,000	-	1
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	1	-
RM450,001 – RM500,000	1	-
RM1,350,001 – RM1,400,000	1	-
Total	4	4

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealth with by the "band disclosure" presented in this statement.

CORPORATE Governance statement (cont'd)

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.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

3.2 Tenure of Independent Directors

The Board takes cognizance of the MCCG 2012's recommendation on the tenure of an Independent Non-Executive Director which shall not exceed a cumulative term of nine (9) years. Under the MCCG 2012, 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 Chairman and MD/Group CEO are held by two different individuals. The Chairman is primarily responsible for the leadership of the Board and ensures effectiveness of the Board while the MD/Group CEO manages the business and day-to-day operations of the Company and implements the Board's decisions.

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

The 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 MD/Group CEO 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 (cont'd)

Principle 4: Foster Commitment

4.1 Time Commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company.

Four (4) Board Meetings were held for the financial year ended 31 December 2016. Details of attendance of the Board members are as follows: -

Name of Director	Designation	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Non-Independent Non-Executive Chairman	4/4	100
Dato' Sri Siaw Swee Hin	Managing Director/Group Chief Executive Officer	3/4	75
Hud Bin Abu Bakar	Executive Director	4/4	100
Low Tuck Meng (Appointed with effective from 1 July 2016)	Executive Director	2/2	100
Cheang Soon Siang	Executive Director	4/4	100
Chua Eng Chin	Independent Non-Executive Director	4/4	100
Md. Noor Bin Abd. Rahim (retired with effective from 23 June 2016)	Independent Non-Executive Director	2/2	100
Dato' George Alfonso Miranda	Independent Non-Executive Director	4/4	100

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2016 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities. Currently, all the Directors of the company hold not more than five(5) directorships in the public listed corporations.

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

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.

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 (cont'd)

Principle 4: Foster Commitment (Cont'd)

4.2 Appropriate Continuing Education Programmes (Cont'd)

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	• Fraud Risk Management Workshop - on 23 August 2016 • Latest Amendments To The Listing Requirements - on 24 August 2016
Dato' Sri Siaw Swee Hin	• Latest Amendments To The Listing Requirements - on 24 August 2016
Low Tuck Meng	• Breakfast talk on Analysis of Corporate Governance Disclosure in the Annual Report of the Listed Issuers. - on 3 February 2016 • Breakfast Talk on GST - on 8 March 2016 • Mandatory Accreditation Programme for Directors of Public Listed Companies - on 3 and 4 August 2016 • Latest Amendments To The Listing Requirements - on 24 August 2016 • Corporate Tax Issues for 2016 & 2017 - on 22 December 2016
Cheang Soon Siang	• Breakfast Talk on GST - on 8 March 2016 • Fraud Risk Management Workshop - on 23 August 2016 • Latest Amendments To The Listing Requirements - on 24 August 2016
Hud Bin Abu Bakar	• Latest Amendments To The Listing Requirements - on 24 August 2016
Chua Eng Chin	• AMLATFPUAA in the Capital Market - on 14 May 2016 • ASEAN Stock Markets and Trends - on 15 May 2016 • Latest Amendments To The Listing Requirements - on 24 August 2016
Dato' George Alfonso Miranda	• Latest Amendments To The Listing Requirements - on 24 August 2016

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 2016, 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 2016. 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.

CORPORATE Governance statement (cont'd)

Principle 5: Uphold Integrity in Financial Reporting (Cont'd)

5.1 Compliance with Applicable Financial Reporting Standard (Cont'd)

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.

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.

Audit Committee had on 21 November 2016 reviewed on the suitability and independence of the external auditors, M/s Crowe Horwath. Having considered their competency, resources and the audit team assigned and the tenure of the change of its audit engagement partner, the Audit Committee had recommended to the Board on their suitability and independence and to re-appoint M/s Crowe Horwath as auditors of the Group for the ensuing year. The Board has recommended M/s Crowe Horwath for re-appointment as auditors of the Group for the shareholders' approval at the forthcomings Annual General Meeting.

To ensure independence, the Audit Committee had met the External Auditors once without the executive board members present during the financial year to discuss issues arising from any audit exercises or other matters, which the External Auditors may wish to raise. 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.

A summary of activities of the Audit Committee during the financial year under review is set out in the Audit Committee Report on pages 38 to 40 of this Annual Report.

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 provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively. The scope of work it covered during the financial year under review is provided in the Audit Committee Report as set out on pages 38 to 40 of the Annual Report.

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, 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 pages 32 to 34 of the Annual Report.

CORPORATE Governance statement (cont'd)

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 Company mainly communicates with its shareholders, stakeholders and the public through timely announcements and disclosures made to Bursa Securities. The Group's results for the first three quarters and full year for financial year 2016 were all released on a timely basis.

The Annual Report, which is also a key communication channel between the Company and its shareholders and investors, is published within 4 months after the financial year-end.

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's website at www.naimindah.com incorporates a 'Corporate' section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to admin@naimindah.com.

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 MCCG 2012's principle to encourage shareholder participation. Shareholders receive the annual report in electronic format 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. In line with Recommendation 8.2 of the MCCG 2012, the Chairman informs shareholders of their right to demand a poll vote at the commencement of general meetings held on 23 June 2016.

Pursant to Paragraph f.29A(1) of the MMLR of Bursa Securities, any resolutions set out in the notice of any general meeting, any notice of resolution which may properly be moved and is intended to be moved at any general meetings of the Company will be subjected to poll voting by the shareholders. The votes cast at the general meetings will be validated by a scrutineer, who is independent of the person undertaking the polling process, not an officers of the Company and is not interested in the resolution to passed at the general meeting.

CORPORATE Governance statement (cont'd)

Principle 8: Strengthen Relationship between Company and Shareholders (Cont'd)

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 MCCG 2012. 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 21 April 2017.

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 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 2016.

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 functions of the Board are to:-

- Develop, review and monitor the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
- Identify and review principal risks and ensure the implementation of appropriate systems to manage these risks.
- Supervise the operations of the Group to evaluate whether established targets are achieved.
- Monitor the compliance with legal, regulatory requirements and ethical standards.
- Promote better investor relations and shareholder communications.
- Ensure that the Group's core values, vision and mission, and shareholders' interests are met.
- Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities.
- Initiate a Board self-evaluation program and follow up action to deal with issues arising and arrange for Directors to attend courses, seminars and participate in development programs as the Board deems appropriate.
- Implement and ensure that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.

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 presented 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 appointed Internal Auditors, GovernanceAdvisory.com Sdn Bhd document their key findings and discuss with head of operating units on the outcome of the internal audit review and recommendation for improvement in the internal controls. The Internal Auditors report to the Audit Committee, the outcome and improvements recommended in each of the internal audit review assignment with independent and objective reports in the Audit Committee meeting. Follow up reviews were carried out by the Internal Auditors in the subsequent internal audit review assignment to determine the status of implementation of improvements by the management. The Audit Committee would received copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level. During the year under review, the Internal Auditors had reviewed the Revenue and Account Receivable within the Group.

STATEMENT on Risk Management and Internal Control (cont'd)

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.

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.

In view of a constant changing environment and competitive landscape, the Board is committed in maintaining a system of internal control that comprises the following environment, key processes and monitoring systems:

- The Audit Committee reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the Internal and External Auditors;
- An annual budgeting process that establishes monthly budgets for the Group against which performance is monitored on an ongoing basis;
- Detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors;
- Segregation of duties and limits of authority are practised to ensure accountability and responsibility.

Other Key Elements Of Internal Control

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:-

- a well defined organisational structure with clear reporting lines and accountabilities;
- clearly defined internal policies and procedures for key processes to ensure full compliance by all staffs and to minimise operating risks;
- regular information provided to the management, covering operational performance, key business indicators and financial and cash flow reports;
- The whistleblowing policy provides an avenue for employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders. The policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern outside their management line and in confidence. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retribution. Any concerns raised will be investigated and reported to the Board. The whistleblowing policy has been uploaded in the Group's website (www.naimindah.com).

STATEMENT on Risk Management and Internal Control (cont'd)

Other Key Elements Of Internal Control (Cont'd)

The internal control system is designed to give reasonable assurance with respect to the:-

- maintenance of proper operational and accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition;
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

The internal audit activities were outsourced to a firm of independent licensed auditors and the total costs incurred in managing the internal audit functions for the financial year ended 31 December 2016 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 2016.

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.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 21 April 2017.

ADDITIONAL Compliance Information

Share Issuance Scheme

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 17 April 2015. The SIS is to be in force for a period of 5 years effective from 28 May 2015 and will be expiring on 27 May 2020.

The option prices and the details in the movement of the options granted are as follows:-

		<--- Number of options over Ordinary Shares of RM0.10 Each --->				
Date of Offer	**Exercise Price**	**At 1 January 2016 '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At 31 December 2016 '000**
18 August 2015	RM0.10	85,900	-	-	(3,500)	82,400
		85,900	-	-	(3,500)	82,400

The aggregate maximum and actual SIS allocations to Executive Directors and Senior Management during the financial year 2016 and since the commencement of the SIS are as follows:

	Financial Year 2016		Since the Commencement of the SIS	
	Maximum Allowable Allocation (%)	**Actual Allocation (%)**	**Maximum Allowable Allocation (%)**	**Actual Allocation (%)**
Executive Directors and Senior Management	-	70	-	69

Please refer to page 48, 49 and 51 of the Annual Report 2016 for the further details on the Share Issuance Scheme.

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 2016.

Utilisation of Proceeds

The Company had completed its listing of private placement comprising of 78,223,000 new ordinary shares of RM0.10 each and the shares were granted listing on the Main Board of Bursa Malaysia Securities Berhad on 2 December 2015. The issue price was RM0.10 per share. The status of the utilisation of the proceeds as at 31 December 2016 is as follows:-

	Proposed Utilisation (RM'000)	**Utilised (RM'000)**	**Unutilised / (Over) (RM'000)**
Renovation of shopping mall	2,968	3,092	(124)
Repayment of bank borrowings	2,160	2,044	116
Working capital	2,614	2,614	-
Exercise Expenses	80	72	8
TOTAL	7,822	7,822	-

ADDITIONAL Compliance Information (cont'd)

Audit and Non-Audit Fees

The amount of audit fees payable for the Company is RM95,000.00 and RM133,000.00 for the entire Group for the financial year ended 31 December 2016. 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 2016 is RM5,000.00.

Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The significant related party transaction entered into during the financial year ended 31 December 2016 are disclosed as below:

Transacting parties				
The Company and/or Subsidiary (ies) involved	**Related Party**	**Nature of relationship**	**Nature of transaction**	**Actual Value Transacted RM'000**
Naim Indah Creative & Communications Sdn Bhd	GE Properties Sdn Bhd ("GEPSB")	GEPSB is owned by Mewah Binajaya Sdn Bhd (85%) and Zodiac Diversified Sdn Bhd (15%) whereby Dato' Sri Siaw Swee Hin and his brother, Siaw Swee Woon, both are major shareholder of Naim Indah Corporation Berhad ("Nicorp") and also major shareholders of Mewah Binajaya Sdn Bhd. Dato' Sri Siaw Swee Hin is a Director of Nicorp, GEPSB and also Mewah Binajaya Sdn Bhd.	to provide project management consultancy services in marketing, advertising, communication and events.	455
Naim Indah Creative & Communications Sdn Bhd	Lagenda Erajuta Sdn Bhd ("LESB")	LESB is owned by Sino Famous Holdings Sdn Bhd (15%) and Titan Formation Sdn Bhd (85%) whereby Dato' Sri Siaw Swee Hin and his brother, Siaw Swee Woon, both are major shareholder of Nicorp, are also the Director and the major shareholder of both Sino Famous Holdings Sdn Bhd and Titan Formation Sdn Bhd. Dato' Sri Siaw Swee Hin is a Director of Nicorp and LESB.	to provide project management consultancy services in marketing, advertising, communication and events.	413

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.

ADDITIONAL Compliance Information (cont'd)

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.

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 31 December 2016 are as follow:-

Gender/ Age Group/ Races	21 – 30				31 – 40				41 - 60			Total Workforce
	Malay	Chinese	Indian	Others	Malay	Chinese	Indian	Others	Malay	Chinese	Indian	
Female	2	6	1	-	-	1	-	2	-	-	-	12
Male	-	4	-	1	2	3	1	-	4	8	-	23
Total	2	10	1	1	2	4	1	2	4	8	-	35

AUDIT Committee Report

OBJECTIVE

The purpose of establishing the Audit Committee ("AC" or the "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.

Members of the Audit Committee

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 Chairman.

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
Dato' George Alfonso Miranda	Member, Independent Non-Executive Director
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	Member, Non-Independent Non-Executive Chairman

Attendance of Meetings

Details of the attendance of each member in the AC meetings held during the financial year ended 31 December 2016 are set out below:

Name	Designation	Meetings Attended
Chua Eng Chin (Chairman of the Committee)	Independent Non-Executive Director	5/5
Dato' George Alfonso Miranda	Independent Non-Executive Director	5/5
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar #	Non-Independent Non-Executive Chairman	2/2
Md Noor bin Abd Rahim *	Independent Non-Executive Director	3/3

* retired with effective from 23 June 2016
# appointed with effective from 1 July 2016

Terms of References of the Audit Committee

The full terms of reference of the Audit Committee outlining the objectives, composition of the Audit Committee, retirement and resignation, chairman, secretary, meetings, minutes, resolutions, authority and duties and responsibilities is accessible via the Company's website at www.naimindah.com

AUDIT Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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 2016 are as follows:-

(i) reviewed the unaudited quarterly financial results FYE 2016 of the Group for recommendation to the Board of Directors for approval on 24 February 2016, 30 May 2016, 24 August 2016, 21 November 2016 and 27 February 2017;

(ii) reviewed the audited financial statements of the Group with the External Auditors before recommending the same for the Board's approval and submission to Bursa Malaysia Securities Berhad on 18 April 2017;

(iii) reviewed the annual audit planning memorandum and the scope of work prepared by the External Auditor on 21 November 2016;

(iv) reviewed the proposed audit fees for external auditor on 21 November 2016;

(v) reviewed the management letter relating to the audit on 24 February 2016 and 27 February 2017;

(vi) met with the External Auditors for a private session without the presence of the Executive Directors and Management staff on 24 February 2016 and 27 February 2017;

(vii) reviewed major findings in the reports prepared by the outsourced internal auditors together with the recommended Management's responses on 20 January and 27 February 2017;

(viii)reviewed on a quarterly basis the actual transacted value of related party on 24 February2016 , 30 May2016, 24 August 2016, 21 November 2016 and 29 February 2017;

(ix) reviewed the Circular to Shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board on 19 April 2017;

(x) reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and recommended to the Board for inclusion in the Annual Report 2016 on 21 April 2017;

(xi) assessed the suitability and independence of the External Auditors on 21 November 2016; and

(xii) reviewed the revaluation report of the investment property on 30 September 2016.

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 audit reviews on revenue and account receivable functions for Project Management Consultancy and Centerpoint Seremban Mall. Review was conducted based upon examination of the policies, manuals and standards that govern the activities, processes, systems and on analysis of the data contained in the accounting, and management information systems, where applicable. Key management personnel were also been interviewed by the Internal Auditors.

AUDIT Committee Report (cont'd)

INTERNAL AUDIT FUNCTION (Cont'd)

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. As conclusion, the Internal Audit is of the opinion that overall key internal controls under review are rates as 'Satisfactory'.

In year 2016, an 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 ("SIS") BY AUDIT COMMITTEE

The AC confirms that the share options offered to the eligible employees and Directors of the Company and its subsidiaries pursuant to the SIS during the financial year under review are in compliance with the criterial of allocation pursuant to the By-Laws of the SIS.

There is no options offered to and exercised by Non-Executive Directors pursuant to the SIS during the financial year ended 31 December 2016.

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 manners:

- Chua Eng Chin (Chairman)
  - Independent Non-Executive Director

- Dato' George Alfonso Miranda
  - Independent Non-Executive Director

- Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (appointed with effective from 1 July 2016)
  - Non-Independent Non-Executive Chairman

- Md. Noor Bin abd. Rahim (retired with effective from 23 June 2016)
  - 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 members 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 Non-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 three(3), the Board shall with three (3) months 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 twice during the financial year ended 31 December 2016. The minute of each meeting are 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.

NOMINATION Committee Statement (cont'd)

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

Name of Committee Members	Attendance
Chua Eng Chin (Chairman)	2/2
Dato' George Alfonso Miranda	2/2
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (appointed with effect from 1 July 2016)	-
Md. Noor Bin Abd. Rahim (retired with effect from 23 June 2016)	2/2

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. 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;
- 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 2016. 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.

NOMINATION Committee Statement (cont'd)

SUMMARY OF ACTIVITIES PERFORMED BY THE NOMINATION COMMITTEE

The Nomination Committee met twice during the financial year ended 31 December 2016.

The activities undertaken by the Nomination Committee in relation to the financial year ended 31 December 2016 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 on 24 February 2016;
- Conducted an annual assessment on the independence of each independent director on 24 February 2016;
- Reviewed and made recommendations to the Board for the appointment of Directors to the Board on 30 May 2016;
- Reviewed and made recommendations to the Board for the changes of Nomination Committee's Terms of Reference on 30 May 2016; 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 on 24 February 2016.

ANALYSIS of Shareholdings
AS AT 31 MARCH 2017

SHARE CAPITAL

Issued Share Capital	:	RM86,345,996.40 comprise of 863,459,964 Ordinary Shares
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	372	3.051	16,675	0.002
100 to 1,000	1,786	14.650	1,488,314	0.172
1,001 to 10,000	4,884	40.063	25,380,846	2.939
10,001 to 100,000	4,106	33.681	173,733,212	20.121
100,001 to 43,172,997 *	1,042	8.547	594,992,941	68.908
43,172,998 and above**	1	0.008	67,847,976	7.858
Total	12,191	100.000	863,459,964	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTOR'S SHAREHOLDING

Name of Director	No. of shares held Direct	No. of shares held Indirect	Percentage (%) Direct	Percentage (%) Indirect	Total No. of Shares	Total Percentage (%)
1. Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434,000	-	1.093	-	9,434,000	1.093
2. Dato' Sri Siaw Swee Hin	70,172,600	*67,847,976	8.127	7.858	138,020,576	15.985
3. Hud Bin Abu Bakar	9,434,000	-	1.093	-	9,434,000	1.093
4. Cheang Soon Siang	270,000	-	0.031	-	270,000	0.031
5. Low Tuck Meng	180,000	-	0.021	-	180,000	0.021
6. Chua Eng Chin	-	**250,000	-	0.029	250,000	0.029
7. Dato' 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 8 of the Companies Act 2016.
** - Deemed interest by virtue of his spouse's shareholding held pursuant to Section 59(11)(c) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

No.	Name of Substantial Shareholder	Direct interest Number of Shares Held	Percentage (%) of Total	Indirect interest Number of Shares Held	Percentage (%) of Total
1.	DATO' SRI SIAW SWEE HIN	70,172,600	8.127	*67,847,976	7.858
2.	QUANTUM DISCOVERY SDN BHD	67,847,976	7.858	-	-
3.	SIAW SWEE WOON	1,200,000	0.139	*67,847,976	7.858

Notes:
* - Deemed interest by virtue of his shareholding in QUANTUM DISCOVERY SDN BHD, a substantial shareholder of the company, pursuant to Section 8 of the Companies Act 2016.

ANALYSIS of Shareholdings (cont'd)

AS AT 31 MARCH 2017

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholders	Number of Shares Held	Percentage of Shares Issued
1	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUANTUM DISCOVERY SDN BHD	67,847,976	7.858
2	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN	32,436,600	3.757
3	STEADY INFLUX SDN BHD	29,840,200	3.456
4	SIAW SWEE HIN	18,000,000	2.085
5	CRYSTAL PROPEL SDN BHD	17,810,300	2.063
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SIAW SWEE HIN (MY2104)	10,000,000	1.158
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN (8084169)	9,700,000	1.123
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUD BIN ABU BAKAR	9,434,000	1.093
9	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR (MGN-AAA0019M)	9,434,000	1.093
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	7,000,000	0.811
11	QUAH CHOO CHUNN	6,311,500	0.731
12	HOW LEA PENG	5,000,000	0.579
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	4,947,900	0.573
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHUAH CHIEW IANG (SMART)	4,754,100	0.551
15	LAI KIM LAN	4,200,000	0.486
16	NG HONG MING	4,035,000	0.467
17	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAKARIAH BIN ABDUL RASHID	4,007,200	0.464
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE MOY (6000889)	4,000,000	0.463
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	3,940,000	0.456
20	HARMONY DOTCOM SDN BHD	3,523,000	0.408

ANALYSIS of Shareholdings (cont'd)

AS AT 31 MARCH 2017

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

No.	Names of Shareholders	Number of Shares Held	Percentage of Shares Issued
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TECK TAY	3,286,700	0.381
22	YEOH PHEK LENG	3,170,000	0.367
23	TAM MAY CHOW	3,000,000	0.347
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,950,000	0.342
25	KHOO CHAI HENG	2,800,000	0.324
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIANG HUIT (7002510)	2,789,600	0.323
27	WONG WAI KUAN	2,776,141	0.322
28	TEOH HIN HENG	2,709,900	0.313
29	ZULKIFLI BIN OSMAN	2,700,000	0.312
30	LEE KUAN MING	2,619,200	0.303
		285,023,317	33.009

LIST of Property
AS AT 31 DECEMBER 2016

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. 19980 and 19981 in the Municipality and District of Seremban, Negeri Sembilan Darul Khusus	3 ½ Storey shopping complex with basement carpark level together with 2 blocks of double storey commercial buildings	Complex net lettable area of 246,511 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 76 years)	21 years	20.09.2016 and supplemental report dated 03.04.2017	25.08.2003	120,000

DIRECTORS' Report

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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management and administrative services. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	10,334	2,000
Attributable to:-		
Owners of the Company	10,338	2,000
Non-controlling interest	(4)	-
	10,334	2,000

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

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Note 27 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) 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 except for the share options granted pursuant to the Company's Share Issuance Scheme.

SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 17 April 2015. The SIS is to be in force for a period of 5 years effective from 28 May 2015 and will be expiring on 27 May 2020.

The main features of the SIS are disclosed in Note 14.2 to the financial statements.

SHARE ISSUANCE SCHEME (Cont'd)

The option prices and the details in the movement of the options granted are as follows:-

		< ---- Number of Options over Ordinary Shares of RM0.10 Each ---- >				
Date of Offer	**Exercise Price**	**At 1 January 2016 '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At 31 December 2016 '000**
18 August 2015	RM0.10	85,900	-	-	(3,500)	82,400
		85,900	-	-	(3,500)	82,400

The option which lapsed during the financial year were due to resignation of employees and retirement of Director.

The names of option holders granted options to subscribe ordinary shares of RM0.10 each during the financial year, other than directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:-

				<--Number of Share Options -->		
Name	**Grant Date**	**Expiry Date**	**Exercise Price**	**At 1 January 2016**	**Granted/ (Exercised)**	**At 31 December 2016**
Lok Wung Yip	18 August 2015	27 May 2020	RM0.10	5,000,000	-	5,000,000
Siaw Swee Woon	18 August 2015	27 May 2020	RM0.10	5,000,000	-	5,000,000
Chan Kok Leong	18 August 2015	27 May 2020	RM0.10	3,000,000	-	3,000,000
Thirungana Sammanthan	18 August 2015	27 May 2020	RM0.10	3,000,000	-	3,000,000
Hong Wei Onn	18 August 2015	27 May 2020	RM0.10	500,000	-	500,000
Lee Pu Choo	18 August 2015	27 May 2020	RM0.10	500,000	-	500,000
Lim Jie Teng	18 August 2015	27 May 2020	RM0.10	500,000	-	500,000
Low Siew Mei	18 August 2015	27 May 2020	RM0.10	500,000	-	500,000
Mohd Haniff Bin Lokman Hakim	18 August 2015	27 May 2020	RM0.10	100,000	-	100,000
Muhamad Arif Bin Shahar	18 August 2015	27 May 2020	RM0.10	100,000	-	100,000
Mohd Tahir Bin Ismail	18 August 2015	27 May 2020	RM0.10	50,000	-	50,000
Razali Bin Othman	18 August 2015	27 May 2020	RM0.10	50,000	-	50,000
Zulkaple Bin Mohd Yunus	18 August 2015	27 May 2020	RM0.10	50,000	-	50,000
Abdul Razak Bin Ayub	18 August 2015	27 May 2020	RM0.10	50,000	-	50,000

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 there are no known bad debts 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 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 (cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, 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. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as a Director, who is also a substantial shareholder of the Company, has indicated his willingness to provide continued financial support to the Group and the Company to enable it to operate as a going concern in the foreseeable future.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are 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 in which this report is made.

DIRECTORS' Report (cont'd)

DIRECTORS

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

Dato' Sri Siaw Swee Hin
Cheang Soon Siang
Chua Eng Chin
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Hud Bin Abu Bakar
Dato' George Alfonso Miranda
Low Tuck Meng (Appointed on 1.7.2016)
Md Noor Bin Abd Rahim (Retired on 23.6.2016)

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 1.1.2016	Bought	Sold	At 31.12.2016
Direct Interests in the Company				
Dato' Sri Siaw Swee Hin	52,172,600	18,000,000	-	70,172,600
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
Low Tuck Meng	180,000	-	-	180,000
Indirect Interests in the Company				
Dato' Sri 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.
* Deemed interested through spouse's shareholding in the Company.

	Number of Options over Ordinary Shares of RM0.10 Each			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
Share Options of the Company				
Dato' Sri Siaw Swee Hin	17,000,000	-	-	17,000,000
Cheang Soon Siang	15,000,000	-	-	15,000,000
Low Tuck Meng	11,000,000	-	-	11,000,000
Chua Eng Chin	2,000,000	-	-	2,000,000
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	10,000,000	-	-	10,000,000
Hud Bin Abu Bakar	6,000,000	-	-	6,000,000
Dato' George Alfonso Miranda	3,000,000	-	-	3,000,000

DIRECTORS' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration section of our report) by reason of a contract made by 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 other than as disclosed in Note 34 to the financial statements.

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 other than the share options granted to certain Directors pursuant to the SIS of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 42 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the Directors dated 18 April 2017.

Dato' Sri Siaw Swee Hin

Cheang Soon Siang

STATEMENT by Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Sri 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 58 to 114 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 as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 44, 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 18 April 2017.

Dato' Sri Siaw Swee Hin

Cheang Soon Siang

STATUTORY Declaration

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Low Tuck Meng, I/C No. 691019-10-5503, being the Director primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 114 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
Low Tuck Meng, I/C No. 691019-10-5503,
at Kuala Lumpur in the Federal Territory
on this 18 April 2017

Low Tuck Meng

Before me

Lai Din (W-668)
Commissioner for Oaths

INDEPENDENT Auditors' Report

TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Naim Indah Corporation Berhad which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the its financial performance and its cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Going concern</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>The Group's current liabilities exceeded its current assets by RM14,185,000, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern at least, but is not limited to, twelve months from the end of the reporting period.</td><td>We performed the following audit procedures:-
1. We considered the ability of the Group and of the Company to continue as going concern and meet their obligations for the next twelve months from the date of the financial statement based on the budgeted cash flows prepared by management for the said period;
2. We also considered the adequacy of disclosures made by management regarding the significant judgment exercised in determining the appropriateness of using the going concern basis in the preparation of the financial statements.</td></tr>
</table>

INDEPENDENT Auditors' Report (cont'd)

TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD

Key Audit Matters (Cont'd)

Fair value assessment on Investment Property Refer to Note 6 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As disclosed in Note 6 to the financial statements, the Group's investment property is stated at fair value. The fair value of the investment property was determined by an independent firm of professional valuer appointed by the Group. Based on the appraisal performed by the valuer, the carrying value of investment properties as at 31 December 2016 was revised to RM120 million. We focused on this area in our audit due to the size of the carrying amount of the above asset which represented approximately 95% of the Group's total assets as at 31 December 2016. In addition, the valuation of the asset involved significant judgments and estimates, which was based on current and future market or economic conditions.	We performed the following audit procedures:- 1. We evaluated the objectivity, independence and capabilities of the professional valuers; 2. We assessed the appropriateness of the valuation model, property related data, including appropriateness of data used estimates used by the professional valuers; 3. We assessed the reasonableness of the assumptions used in the valuations and judgments made;

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditor's report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2016 Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT Auditors' Report (cont'd)

TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT Auditors' Report (cont'd)

TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Group'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.

Other Reporting Responsibilities

The supplementary information set out in Note 44 on page 114 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 266 of the Companies Act 2016 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

Onn Kien Hoe
Approval No: 01772/11/2018 J
Chartered Accountant

18 April 2017
Kuala Lumpur

STATEMENTS of Financial Position

AT 31 DECEMBER 2016

	Note	The Group 31.12.2016 RM'000	The Group 31.12.2015 RM'000 (Restated)	The Group 1.1.2015 RM'000 (Restated)	The Company 2016 RM'000	The Company 2015 RM'000
ASSETS						
NON-CURRENT ASSETS						
Property and equipment	5	1,630	2,007	1,529	1,482	1,839
Investment property	6	120,000	91,198	70,000	-	-
Investments in subsidiaries	7	-	-	-	52,263	52,263
Investments in an associate	8	-	316	-	-	400
Deferred tax assets	9	250	1,527	-	250	1,527
		121,880	95,048	71,529	53,995	56,029
CURRENT ASSETS						
Trade receivables	10	3,869	1,474	1,069	2,985	1,443
Other receivables, deposits and prepayments	11	530	375	499	26,116	13,940
Tax recoverable		-	-	7	-	-
Fixed deposits with licensed banks	12	251	230	209	-	-
Cash and bank balances		77	5,892	1,337	22	3,686
		4,727	7,971	3,121	29,123	19,069
TOTAL ASSETS		126,607	103,019	74,650	83,118	75,098
EQUITY AND LIABILITIES						
EQUITY						
Share capital	13	86,346	86,346	77,224	86,346	86,346
Reserves	14	3,280	2,441	1,404	3,280	2,441
Accumulated losses		(14,613)	(24,951)	(26,390)	(16,050)	(18,050)
Equity attributable to owners of the Company		75,013	63,836	52,238	73,576	70,737
Non-controlling interest		(6)	(2)	75	-	-
TOTAL EQUITY		75,007	63,834	52,313	73,576	70,737
NON-CURRENT LIABILITIES						
Long-term borrowings	15	17,419	13,602	14,169	5,209	388
Amount owing to a Director	18	13,018	8,082	-	2,948	3,283
Deferred tax liabilities	9	2,251	1,675	1,675	-	-
		32,688	23,359	15,844	8,157	3,671

The annexed notes forman integral part of these financial statements.

STATEMENTS of Financial Position (cont'd)

AT 31 DECEMBER 2016

	Note	The Group 31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)	The Company 2016 RM'000	2015 RM'000
CURRENT LIABILITIES						
Trade payables	19	137	137	950	-	-
Other payables and accruals	20	14,675	11,312	1,477	1,276	586
Provision for taxation		44	284	284	-	-
Short-term borrowings	21	1,176	1,093	946	109	104
Bank overdraft	22	2,880	3,000	2,836	-	-
		18,912	15,826	6,493	1,385	690
TOTAL LIABILITIES		51,600	39,185	22,337	9,542	4,361
TOTAL EQUITY AND LIABILITIES		126,607	103,019	74,650	83,118	75,098
NET ASSETS PER ORDINARY SHARE (RM)	23	0.09	0.07	0.07		

The annexed notes forman integral part of these financial statements.

STATEMENTS of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
REVENUE	24	12,015	8,855	11,010	8,766
COST OF SALES	25	(1,968)	(1,465)	(1,267)	(1,465)
GROSS PROFIT		10,047	7,390	9,743	7,301
OTHER INCOME	26	11,669	106	9	225
		21,716	7,496	9,752	7,526
ADMINISTRATIVE EXPENSES		(7,050)	(5,570)	(5,180)	(4,767)
OTHER EXPENSES		(544)	(468)	(1,134)	(479)
PROFIT FROM OPERATIONS		14,122	1,458	3,438	2,280
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(12)	(84)	-	-
FINANCE COSTS		(1,609)	(1,532)	(161)	(16)
PROFIT/(LOSS) BEFORE TAXATION	27	12,501	(158)	3,277	2,264
INCOME TAX EXPENSE	28	(2,167)	1,520	(1,277)	1,527
PROFIT AFTER TAXATION		10,334	1,362	2,000	3,791
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,334	1,362	2,000	3,791
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		10,338	1,439	2,000	3,791
Non-controlling interest		(4)	(77)	-	-
		10,334	1,362	2,000	3,791
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		10,338	1,439	2,000	3,791
Non-controlling interest		(4)	(77)	-	-
		10,334	1,362	2,000	3,791
EARNINGS PER SHARE (SEN)					
- Basic	29	1.20	0.18		
- Diluted		1.20	0.18		

The annexed notes forman integral part of these financial statements.

STATEMENTS of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		< ---- Non-Distributable ---- >			Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	SIS Options Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interest RM'000	Total Equity RM'000
The Group								
Balance at 1 January 2015		77,224	1,404	-	(24,715)	53,913	75	53,988
Prior year adjustment	40	-	-	-	(1,675)	(1,675)	-	(1,675)
Restated		77,224	1,404	-	(26,390)	52,238	75	52,313
Profit after taxation/Total comprehensive income for the financial year		-	-	-	1,439	1,439	(77)	1,362
Contributions by and distributions to owners of the Company:								
New ordinary shares issued pursuant to:-								
- private placement		7,822	-	-	-	7,822	-	7,822
- exercise of SIS Options		1,300	487	(387)	-	1,400	-	1,400
SIS options to employees		-	-	937	-	937	-	937
Total transactions with owners		9,122	487	550	-	10,159	-	10,159
Balance at 31 December 2015/ 1 January 2016		86,346	1,891	550	(24,951)	63,836	(2)	63,834
SIS options to employees		-	-	839	-	839	-	839
Profit after taxation/Total comprehensive income for the financial year		-	-	-	10,338	10,338	(4)	10,334
Balance at 31 December 2016		86,346	1,891	1,389	(14,613)	75,013	(6)	75,007

The annexed notes forman integral part of these financial statements.

STATEMENTS of Changes in Equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	< -- Non-Distributable -- >			Distributable	
	Share Capital RM'000	Share Premium RM'000	SIS Options Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
The Company					
Balance at 1 January 2015	77,224	1,404	-	(21,841)	56,787
Profit after taxation/Total comprehensive income for the financial year	-	-	-	3,791	3,791
Contributions by and distributions to owners of the Company:					
New ordinary shares issued pursuant to:-					
- private placement	7,822	-	-	-	7,822
- exercise of SIS Options	1,300	487	(387)	-	1,400
SIS options to employees	-	-	937	-	937
Total transactions with Owners	9,122	487	550	-	10,159
Balance at 31 December 2015/ 1 January 2016	86,346	1,891	550	(18,050)	70,737
Profit after taxation/Total comprehensive income for the financial year	-	-	-	2,000	2,000
SIS options to employees	-	-	839	-	839
Balance at 31 December 2016	86,346	1,891	1,389	(16,050)	73,576

The annexed notes forman integral part of these financial statements.

STATEMENTS of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	12,501	(158)	3,277	2,264
Adjustments for:-				
Bad debts written off	-	1	-	1
Depreciation of property and equipment	544	467	482	401
Impairment loss on:				
- goodwill	5	6	-	-
- investments in subsidiaries	-	-	-	2
- amount owing by subsidiaries	-	-	652	74
Writeback of impairment loss on:				
- trade receivables	(10)	(18)	-	-
Fair value gain on investment property	(11,520)	-	-	-
Gain on disposal of an associate	(96)	-	-	-
Writeback of impairment loss on amount owing by subsidiaries	-	-	-	(223)
Share options to employees	839	937	839	937
Share of result of associates	12	84	-	-
Interest income	(7)	(9)	-	(2)
Interest expense	1,609	1,532	161	16
Operating profit before working capital changes	3,877	2,842	5,411	3,470
Increase in trade and other receivables	(2,540)	(264)	(1,555)	(483)
Increase/(Decrease) in trade and other payables	3,359	9,016	606	(565)
CASH FROM OPERATIONS	4,696	11,594	4,462	2,422
Interest paid	(1,480)	(1,532)	(31)	(16)
Tax paid	(554)	-	-	-
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD	2,662	10,062	4,431	2,406

The annexed notes forman integral part of these financial statements.

STATEMENTS of Cash Flows (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000 (Restated)	The Company 2016 RM'000	The Company 2015 RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		2,662	10,062	4,431	2,406
CASH FLOWS FOR INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(12,815)	(11,164)
Purchase of property and equipment	31	(167)	(545)	(125)	(545)
Interest income received		7	9	-	2
Acquisition of an associate		-	(400)	-	(400)
Proceeds from disposal of an associate		400	-	400	-
Change in pledged fixed deposits		(21)	(21)	-	-
Increase in construction-in-progress of investment property		(17,282)	(21,198)	-	-
NET CASH FOR INVESTING ACTIVITIES		(17,063)	(22,155)	(12,540)	(12,107)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from/(Repayment to) a Director		4,936	8,082	(335)	3,283
Advances from/(Repayment to) subsidiaries		-	-	84	(253)
Drawdown of term loans		4,800	-	4,800	-
Repayment of term loans		(899)	(733)	-	-
Repayment of hire purchase payables		(131)	(87)	(104)	(64)
Proceeds from exercise of SIS options		-	1,400	-	1,400
Proceeds from private placement		-	7,822	-	7,822
NET CASH FROM FINANCING ACTIVITIES		8,706	16,484	4,445	12,188
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,695)	4,391	(3,664)	2,487
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		2,892	(1,499)	3,686	1,199
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	32	(2,803)	2,892	22	3,686

The annexed notes forman integral part of these financial statements.

NOTES to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	Level 8, Tower 7, Avenue 5, The Horizon Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 April 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management and administrative services. The principal activities of the subsidiaries are set out in Note 7 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 Malaysian Financial Reporting Standards ("FRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 BASIS OF PREPARATION

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

FRSs and/or IC Interpretations (Including The Consequential Amendments)
FRS 14 Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101: Disclosure Initiative
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127: Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 – 2014 Cycle

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

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. BASIS OF PREPARATION (Cont'd)

3.1 BASIS OF PREPARATION (Cont'd)

(b) 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:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018*
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	
-Amendments to FRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	
Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

As disclosed in Note 3.1(c) to the financial statements, the Group is a transitioning entity and will be applying a new accounting framework for the annual period beginning on or after 1 January 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the above other 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:-

(i) The amendments to FRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

(ii) Annual improvements to FRS Standards 2014 - 2016 Cycle ~ Amendments to MFRS 12: Clarification of the Scope of Standard.

(c) 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 further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

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 2018. 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 (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 expense and deferred tax balances in the year 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.

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that 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 Group accounts for 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

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

The Group carries certain financial assets and financial 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.

(h) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

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, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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.

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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 BASIS OF CONSOLIDATION (Cont'd)

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.

Business Combinations from 1 January 2011 Onwards (Cont'd)

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 (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business Combinations from 1 January 2011 Onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business Combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4.4 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 and has been rounded to nearest thousand, unless otherwise stated.

(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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instrument in accordance with the substance of the contractual arrangement and their definition in FRS 132. 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

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 assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial Assets (Cont'd)

(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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(i) Financial Liabilities at 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Incremental costs directly attributable to the issue of new ordinary shares 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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

4.7 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates 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.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2016. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4.8 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%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%-20%
Renovation	10%-20%

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 PROPERTY AND EQUIPMENT (Cont'd)

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.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of 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, being the difference between the net disposal proceeds and the carrying amount, 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.

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets and contract 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 an 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 into profit or loss.

With the exception of available-for-sale debt 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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 IMPAIRMENT (Cont'd)

(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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and 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, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.11 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(a).

4.12 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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 INVESTMENT PROPERTIES (Cont'd)

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 accounting policy for property and equipment up to date of change in use.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) 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

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

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 at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 INCOME TAXES (Cont'd)

(b) Deferred Tax (Cont'd)

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 taxes relate to the same taxable entity and 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 adjusted against 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.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.15 BORROWING COSTS

Borrowing costs that 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. The 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, 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 of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

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.

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 reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 RELATED PARTIES (Cont'd)

(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).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any Director (whether executive or otherwise) of that 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 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.

4.21 REVENUE RECOGNITION

(a) Rental Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.21 REVENUE RECOGNITION (Cont'd)

(b) Project Management Consultant

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the surveys of work performed. 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.

(c) 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 4 main business segments as follows:-

(a) Investment property holding segment - involved in the leasing out commercial property.

(b) Project management segment - involved in the project management consultancy for property development and marketing events.

(c) Investment holding and other segments - mainly involved in the Group-level corporate services.

(d) Trading segment - involved in the trading of steel bars.

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.

4.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. PROPERTY AND EQUIPMENT

The Group	At 1.1.2016 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2016 RM'000
Net Book Value				
Computer equipment	408	64	(156)	316
Electrical fittings	51	-	(6)	45
Furniture and fittings	157	8	(18)	147
Motor vehicles	927	85	(241)	771
Office equipment	59	10	(13)	56
Renovation	405	-	(110)	295
	2,007	167	(544)	1,630

The Group	At 1.1.2015 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2015 RM'000
Net Book Value				
Computer equipment	461	93	(146)	408
Electrical fittings	-	57	(6)	51
Furniture and fittings	73	101	(17)	157
Motor vehicles	488	612	(173)	927
Office equipment	49	23	(13)	59
Renovation	458	59	(112)	405
	1,529	945	(467)	2,007

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2016			
Computer equipment	788	(472)	316
Electrical fittings	69	(24)	45
Furniture and fittings	595	(448)	147
Motor vehicles	1,255	(484)	771
Office equipment	587	(531)	56
Renovation	698	(403)	295
	3,992	(2,362)	1,630
2015			
Computer equipment	724	(316)	408
Electrical fittings	69	(18)	51
Furniture and fittings	587	(430)	157
Motor vehicles	1,174	(247)	927
Office equipment	577	(518)	59
Renovation	698	(293)	405
	3,829	(1,822)	2,007

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. PROPERTY AND EQUIPMENT (Cont'd)

The Company	At 1.1.2016 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2016 RM'000
2016				
Net Book Value				
Computer equipment	408	36	(155)	289
Electrical fittings	51	-	(6)	45
Furniture and fittings	156	4	(17)	143
Motor vehicles	768	85	(188)	665
Office equipment	55	-	(11)	44
Renovation	401	-	(105)	296
	1,839	125	(482)	1,482

	At 1.1.2015 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2015 RM'000
2015				
Net Book Value				
Computer equipment	461	93	(146)	408
Electrical fittings	-	57	(6)	51
Furniture and fittings	70	101	(15)	156
Motor vehicles	275	612	(119)	768
Office equipment	44	23	(12)	55
Renovation	445	59	(103)	401
	1,295	945	(401)	1,839

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2016			
Computer equipment	722	(433)	289
Electrical fittings	69	(24)	45
Furniture and fittings	364	(221)	143
Motor vehicles	986	(321)	665
Office equipment	105	(61)	44
Renovation	602	(306)	296
	2,848	(1,366)	1,482
2015			
Computer equipment	686	(278)	408
Electrical fittings	69	(18)	51
Furniture and fittings	360	(204)	156
Motor vehicles	905	(137)	768
Office equipment	105	(50)	55
Renovation	602	(201)	401
	2,727	(888)	1,839

Included in the assets of the Group at the end of the reporting period were motor vehicles with total net book value of RM770,846 (2015 - RM926,693), which were acquired under hire purchase term.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6. INVESTMENT PROPERTY

	The Group 2016 RM'000	The Group 2015 RM'000
At 1 January	91,198	70,000
Additions	17,282	21,198
Fair value adjustment	11,520	-
At 31 December	120,000	91,198
Included in the above are:-		
Construction in progress, at cost	-	21,198
Investment property, at fair value	120,000	70,000
At 31 December, at fair value	120,000	91,198

(a) The investment property has been pledged as security to financial institutions for banking facilities granted to the Group.

(b) Investment property is stated at fair value, which has been determined based on valuation performed by independent valuer at the end of the reporting date using the direct comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as time, location, property size, age and etc. 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.

(c) The fair value of the investment property is analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Leasehold land	-	30,630	-	30,630
Building	-	89,370	-	89,370
	-	120,000	-	120,000

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

7. INVESTMENTS IN SUBSIDIARIES

	The Company 2016 RM'000	The Company 2015 RM'000
Unquoted shares, at cost:		
At 1 January	78,570	78,570
Disposal during the financial year	(7,938)	-
At 31 December	70,632	78,570
Quasi loans, at cost	38,051	38,051
	108,683	116,621
Accumulated impairment losses	(56,420)	(64,358)
	52,263	52,263

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

	The Company 2016 RM'000	2015 RM'000
Accumulated impairment losses:-		
At 1 January	(64,358)	(64,356)
Addition during the financial year	-	(2)
Disposal during the financial year	7,938	-
At 31 December	(56,420)	(64,358)
At carrying amount		
Unquoted shares	33,763	33,763
Quasi loan	18,500	18,500
	52,263	52,263

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

Name of Company	Effective Equity Interest 2016	2015	Principal Activities
Angkasa Lampiran Sdn. Bhd. *	100%	100%	Property development. Ceased operations in the previous financial year.
Consistent Harvest Sdn. Bhd.	100%	100%	Property management.
Jernih Makmur Sdn. Bhd. *	100%	100%	Logging and selling round end timber logs. Ceased operations in the previous financial year.
NAIMKBB Berhad *	100%	100%	Dormant.
Naim Indah City Development Sdn. Bhd. *	100%	100%	Property development and investment holding.
Naim Indah Properties Sdn. Bhd.	100%	100%	Property management, leasing and renting property.
Naim Indah Energy Sdn. Bhd. *	100%	-	Renewable Energy.
Naim Indah Creative & Communications Sdn. Bhd. * (f.k.a. Pedoman Nusantara Sdn. Bhd.)	100%	-	Marketing project management consultancy.
Subsidiaries of Angkasa Lampiran Sdn. Bhd.			
Bitarex Sdn. Bhd. *	51%	51%	Dormant.
Consistent Harvest Properties Sdn. Bhd. *	100%	100%	Leasing and renting property. Ceased operations in the previous financial year.
Ni-Corp Oil & Gas Technology Sdn. Bhd. *	100%	100%	Trading of building materials and rental of machinery. Ceased operations in the previous financial year.

* - Not audited by Messrs. Crowe Horwath.

During the current financial year, the Company acquired 100% equity interests in Naim Indah Energy Sdn. Bhd. and Naim Indah Creative & Communications Sdn. Bhd. The details of the acquisition are disclosed in Note 30.1 to the financial statements.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

7.1 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.

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 license 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 it 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.

The Companies Commission of Malaysia has issued a notice of 308(1) to NAIMKBB Berhad on 16 March 2016.

7.2 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.

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

7.3 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. A total impairment loss of RM2 (2015 - RM2,304), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income. The recoverable amounts were determined by reference to the net asset value, of the respective subsidiaries.

7.4 The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2016 %	2015 %	2016 RM'000	2015 RM'000
Bitarex Sdn. Bhd.	51	51	(6)	(2)

7.5 Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary is not material to the Group.

8. INVESTMENTS IN AN ASSOCIATE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	400	400	400	400
Share of post acquisition loss	(96)	(84)	-	-
	304	316	400	400
Disposal during the year	(304)	-	(400)	-
	-	316	-	400

(a) Share of results in the associate is based on unaudited financial statements of the associate.

(b) Details of the associate, which operates business in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Naim Indah Mobile Communications Sdn. Bhd.	-	20	Business of telecommunication, provision of network facility infrastructure.

On 1 March 2016, the Company entered into a Share Sale Agreement to dispose of its entire 20% equity interest in Naim Indah Mobile Communications Sdn. Bhd. ("NIMCSB") for a total sale consideration of RM400,000.

Upon completion of the disposal on 8 March 2016, NIMCSB ceased to be an associate company.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	250	1,527	250	1,527
Deferred tax liabilities	2,251	1,675	-	-

The movement of deferred tax assets are as follows:-

	The Group/The Company	
	2016 RM'000	2015 RM'000
At 1 January	1,527	-
Recognised in profit or loss (Note 28)	(1,277)	1,527
At 31 December	250	1,527

As disclosed in Note 4.1 to the financial statements in respect of critical accounting estimates and judgements, the deferred tax assets are recognised on the basis of the Group's current year of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of call charges and operating costs. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

The Group/The Company	Unutilised tax losses RM'000
At 1 Jan 2016	1,527
Recognised in profit or loss	(1,277)
At 31 December 2016	250

The movement of deferred tax liabilities are as follows:-

	The Group		The Company	
	2016 RM'000	Restated 2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	1,675	1,675	-	-
Recognised in profit or loss (Note 28)	576	-	-	-
At 31 December	2,251	1,675	-	-

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	74,393	77,881	50,477	56,670
Impairment loss on receivables	1,205	1,215	-	-
Others	1,244	535	1,006	314
	76,842	79,631	51,483	56,984

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. TRADE RECEIVABLES

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Trade receivables				
Third parties	1,215	1,954	-	708
Related parties	3,859	735	2,985	735
	5,074	2,689	2,985	1,443
Less: Allowance for impairment losses	(1,205)	(1,215)	-	-
	3,869	1,474	2,985	1,443
Allowance for impairment losses:-				
At 1 January	(1,215)	(10,324)	-	-
Written off during the financial year	-	9,091	-	-
Writeback during the financial year	10	18	-	-
At 31 December	(1,205)	(1,215)	-	-

(a) The Group's normal trade credit terms range from 7 to 90 (2015 - 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.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Represented by:-				
Current	530	375	26,116	13,940
Sundry receivables				
- Investment and advances to joint venture projects	2,790	2,790	2,790	2,790
- Payment for purchase of properties	10,790	10,790	10,790	10,790
- Others	304	197	-	-
	13,884	13,777	13,580	13,580
Allowance for impairment losses				
At 1 January / 31 December	(13,580)	(13,580)	(13,580)	(13,580)
	304	197	-	-
Deposits	124	119	111	104

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables				
At gross:-				
Amount owing by subsidiaries	-	-	28,099	15,284
Amount owing by related parties	-	16	-	16
	-	16	28,099	15,300
Allowance for impairment losses:				
At 1 January	-	-	(1,507)	(2,313)
- Addition during the financial year	-	-	(652)	(74)
- Writeback	-	-	-	223
- Written off	-	-	-	657
At 31 December	-	-	(2,159)	(1,507)
	-	16	25,940	13,793
Prepayments	102	43	65	43
	530	375	26,116	13,940

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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

11.1 Investment and advances to joint venture projects (Cont'd)

(a) Joint venture with Creative Springs Sdn. Bhd. ("CSSB") (Cont'd)

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 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

(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.

11.2 Amount owing by subsidiaries and amount owing by related parties are non-trade in nature, interest-free, unsecured and repayable on demand. The amount owing is to be settled in cash.

12. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.65% to 3.25% (2015 - 2.90% to 3.25%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2015 - 30 to 365) days for the Group.

(b) The fixed deposits with licensed banks of the Group at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Group.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. SHARE CAPITAL

The movements in the authorised share capital and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2016	2015	2016	2015
	Number Of Shares		Share Capital	
	'000	'000	RM'000	RM'000
Authorised				
Ordinary shares of RM0.10 each	5,000,000	5,000,000	500,000	500,000

	The Group/The Company			
	2016	2015	2016	2015
	Number Of Shares		Share Capital	
	'000	'000	RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares of RM0.10 Each				
At 1 January	863,460	772,237	86,346	77,224
Issuance of shares pursuant to:-				
- private placement	-	78,223	-	7,822
- exercise of SIS options (Note 14.2)	-	13,000	-	1,300
At 31 December	863,460	863,460	86,346	86,346

14. RESERVES

14.1 SHARE PREMIUM

	The Group/The Company	
	2016	2015
	RM'000	RM'000
At 1 January	1,891	1,404
Ordinary shares issued pursuant to exercise of SIS	-	487
At 31 December	1,891	1,891

The share premium reserve 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.

14. RESERVES (Cont'd)

14.2 SIS OPTIONS RESERVE

The SIS Options reserve represents the reserve arising from the vesting of equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Share Issuance Scheme of the Company ("SIS") is governed by the SIS By-Laws and was approved by shareholders on 17 April 2015. The SIS By-laws sets out the basis upon which the Company shall allocate the SIS Options to eligible person of the Company to subscribe for new ordinary shares in the Company. The SIS is to be in force for a period of 5 years effective from 28 May 2015.

The main features of the SIS are as follows:-

(a) Eligible persons are employees and/or Directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group or such employee is serving such in a specific designation under an employment contract for a fixed duration of at least 1 year from the date of offer;

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the SIS;

(c) The option price shall be determined by the Scheme Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of ordinary shares of the Company, whichever is higher;

(d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the SIS; and

(e) All new ordinary shares issued upon exercise of the options granted under the SIS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

The option prices and the details in the movement of the options granted are as follows:-

			< - Number of Options over Ordinary Shares of RM0.10 Each - >				
Date of Offer	Exercise Price	Remaining Contractual Life of Options Price	At 1 January 2016 '000	Granted '000	Exercised '000	Lapsed '000	At 31 December 2016 '000
18 August 2015	RM0.10	4 Years	85,900	-	-	(3,500)	82,400
			85,900	-	-	(3,500)	82,400

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. RESERVES (Cont'd)

14.2 SIS OPTIONS RESERVE (Cont'd)

The fair values of the share options granted were estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	Option Date 18 August 2015
Fair value of share options at the grant date (RM)	0.0194
Weighted average ordinary share price (RM)	0.08
Exercise price of share option (RM)	0.10
Expected volatility (%)	29.60
Expected life (years)	5
Risk free rate (%)	4.02

15. LONG-TERM BORROWINGS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
Hire purchase payables (Note 16)	385	522	279	388
Term loans (Note 17)	17,034	13,080	4,930	-
	17,419	13,602	5,209	388

16. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum hire purchase payments:				
- not later than 1 year	157	157	125	125
- later than 1 year and not later than 5 years	399	535	294	419
- later than 5 years	10	33	-	-
	566	725	419	544
Future finance charges	(46)	(74)	(31)	(52)
Present value of hire purchase payables	520	651	388	492
Current:				
- not later than 1 year (Note 21)	135	129	109	104
Non-current (Note 15):				
- later than 1 year and not later than 5 years	375	489	279	388
- later than 5 years	10	33	-	-
	385	522	279	388
	520	651	388	492

The hire purchase payables of the Group and the Company bore effective interest rates ranging from 4.50% to 5.01% and 4.57% to 4.97% (2015 - 4.50% to 5.01% and 4.57% to 4.97%) per annum respectively.

17. TERM LOANS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
Not later than 1 year (Note 21)	1,041	964	-	-
Later than 1 year and not later than 5 years	9,976	4,678	4,930	-
Later than 5 years	7,058	8,402	-	-
Total non-current portion (Note 15)	17,034	13,080	4,930	-
	18,075	14,044	4,930	-

(a) The term loans of the Group bore effective interest rates ranging from 7.85% to 9% (2015 - 7.85%) 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; and

(ii) a pledge of fixed deposits of the Group.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group 2016 RM'000	The Group 2015 RM'000
Floating rate term loans	8.16	18,075	14,044

18. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director represents unsecured interest-free advances granted to the Group and to the Company. The amount is repayable on demand only after a period of 12 months from the end of the reporting period.

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2015 - 30 to 60 days).

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount owing to a subsidiary	-	-	84	-
Accruals	1,490	421	997	310
Deposits received	1,187	1,099	-	-
Other payables	11,998	9,792	195	276
	14,675	11,312	1,276	586

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

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. SHORT-TERM BORROWINGS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
Hire purchase payables (Note 16)	135	129	109	104
Term loans (Note 17)	1,041	964	-	-
	1,176	1,093	109	104

22. BANK OVERDRAFT

(a) The bank overdraft of the Group is secured by:-

(i) a first and third party legal charge created on the investment property owned by a subsidiary; and

(ii) a pledge of fixed deposits of the Group.

(b) The bank overdraft of the Group at the reporting period bore a floating interest rate of 7.72% (2015 - 8.85%) per annum.

23. 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	
	2016 RM'000	2015 RM'000
Net assets (RM'000)	75,007	63,834
Number of ordinary shares in issue (´000)	863,460	863,460
Net assets per share (RM)	0.09	0.07

24. REVENUE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Project management consultancy fee ("PMC")	11,010	7,920	11,010	7,920
Marketing project management consultancy	874	-	-	-
Rental income from investment property	131	89	-	-
Sale of goods	-	846	-	846
	12,015	8,855	11,010	8,766

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. COST OF SALES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cost of goods sold	-	806	-	806
Direct cost related to PMC	1,267	659	1,267	659
Direct cost related to marketing project management consultancy	701	-	-	-
	1,968	1,465	1,267	1,465

26. OTHER INCOME

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total interest income on financial assets not at fair value through profit or loss and not impaired	7	9	-	2
Writeback of impairment loss on:				
- trade receivables	10	18	-	-
- amount owing by subsidiaries	-	-	-	223
Rental income	9	-	9	-
Sundry income	27	79	-	-
Fair value gain on investment property	11,520	-	-	-
Gain on disposal of an associate	96	-	-	-
	11,669	106	9	225

27. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
In addition to those disclosed in Note 24, Note 25 and Note 26, profit/(loss) before taxation is arrived at after charging/(crediting) the following:-				
Audit fee:				
- statutory audit:				
- current financial year	133	123	95	85
- overprovision in the previous financial year	-	(16)	-	(13)
- other non-statutory audit:				
- current financial year	5	5	5	5
- under/(over)provision in the previous financial year	-	(13)	-	(13)
Bad debts written off	-	1	-	1
Depreciation of property and equipment (Note 5)	544	467	482	401
Directors' remuneration (Note 33)	2,592	2,058	2,592	2,058
Impairment loss on:				
- investments in subsidiaries	-	-	-	2
- amount owing by subsidiaries	-	-	652	74
- goodwill	5	6	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	250	243	-	-
- term loans	1,330	1,262	140	-
- hire purchase	28	25	21	16
- bank guarantee	1	2	-	-

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Staff costs (including other key management personnel as disclosed in Note 33):				
- share option expenses	250	204	250	204
- others	2,598	1,786	2,393	1,786
Rental expense on:				
- office	240	240	240	240
- premises	120	110	120	110
- staff quarters	-	2	-	-
- equipment	6	2	6	-
- car park	21	10	21	10

28. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense:				
- for the financial year	44	-	-	-
- underprovision in the previous financial year	270	7	-	-
	314	7	-	-
Deferred tax (Note 9):				
- originating and recognition of temporary differences	1,853	(1,527)	1,277	(1,527)
	2,167	(1,520)	1,277	(1,527)

A reconciliation of the income tax expense applicable to the profit/(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before taxation	12,501	(158)	3,277	2,264
Tax at the statutory tax rate of 24% (2015: 25%)	3,000	(39)	786	566
Tax effects of:				
Non-deductible expenses	478	642	534	268
Non-taxable income	(2,765)	(122)	-	(55)
Utilisation/(Recognition) of previously unrecognised tax losses	1,277	(1,527)	1,277	(1,527)
Effect of differential in tax rates on fair value adjustment on investment property	576	-	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(1,320)	(481)	(1,320)	(779)
Deferred tax assets not recognised during the financial year	651	-	-	-
Underprovision of income tax in the previous financial year	270	7	-	-
Income tax expense for the financial year	2,167	(1,520)	1,277	(1,527)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of the estimated assessable profit for the financial year.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. EARNINGS PER SHARE

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

	The Group	
	2016	**2015**
Net profit attributable to owners of the Company (RM'000)	10,338	1,439
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January ('000)	863,460	772,237
Effect of new ordinary shares issued ('000)	-	5,830
Weighted average number of ordinary shares in issue ('000)	863,460	778,067
Basic earnings per share (Sen)	1.20	0.18

The effects of potential ordinary shares arising from the conversion of SIS is anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.

30. ACQUISITIONS OF SUBSIDIARIES AND DISPOSAL OF ASSOCIATE

30.1 ACQUISITION OF SUBSIDIARIES

On 20 October 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% equity interests in Naim Indah Creative & Communications Sdn Bhd (f.k.a Pedoman Nusantara Sdn Bhd) for a total cash consideration of RM2. The acquisition of this subsidiary is to enable the Group to expand its business into marketing project management consultancy.

On 26 October 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% equity interests in Naim Indah Energy Sdn Bhd for a total cash consideration of RM2. The acquisition of this subsidiary is to enable the Group to expand its business into renewable energy activities.

The fair value of purchase consideration and identifiable assets acquired and liabilities assumed of the subsidiaries acquired as at the date of acquisition has no material impact on the financial statements of the Group.

The acquired subsidiaries' contribution is not material to the result of the Group.

30.2 DISPOSAL OF AN ASSOCIATE

On 1 March 2016, the Company entered into a Share Sale Agreement to dispose of its entire 20% equity interest in Naim Indah Mobile Communications Sdn Bhd ("NIMCSB") for a total sale consideration of RM400,000. Upon completion of the disposal on 8 March 2016, NIMCSB ceased to be an associated company.

31. PURCHASE OF PROPERTY AND EQUIPMENT

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost of property and equipment purchased (Note 5)	167	945	125	945
Amount financed through hire purchase	-	(400)	-	(400)
Cash disbursed for purchase of property and equipment	167	545	125	545

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits with licensed banks	251	230	-	-
Cash and bank balances	77	5,892	22	3,686
Bank overdraft	(2,880)	(3,000)	-	-
	(2,552)	3,122	22	3,686
Less: Deposits pledged to licensed banks (Note 12(b))	(251)	(230)	-	-
	(2,803)	2,892	22	3,686

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive Directors and non-executive Directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	252	288	252	288
- salaries, bonuses and other benefits	1,444	789	1,444	789
	1,696	1,077	1,696	1,077
Share option expenses	428	678	428	678
Benefits-in-kind	145	122	145	122
	2,269	1,877	2,269	1,877
Non-executive Directors				
Short-term employee benefits:				
- fees	162	126	162	126
Share option expenses	161	55	161	55
	323	181	323	181
Total Directors' remuneration (Note 27)	2,592	2,058	2,592	2,058
Other Key Management Personnel				
Short-term employee benefits	772	666	772	666
Share option expenses	118	130	118	130
Total compensation for other key management personnel	890	796	890	796

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

(b) The number of the Company's Directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2016	2015
Executive Directors		
RM100,001 - RM150,000	1	2
RM200,001 - RM250,000	1	-
RM300,001 - RM350,000	-	1
RM450,001 - RM500,000	1	-
RM1,250,001 - RM1,300,000	-	1
RM1,350,001 - RM1,400,000	1	-
Non-executive Directors		
RM0 - RM50,000	1	-
RM50,001 - RM100,000	2	3
RM150,001 - RM200,000	1	-

34. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its Directors, associates, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Advances to/(Repayment from) a Director	4,936	8,082	(335)	3,283
Advances to subsidiaries	-	-	12,731	11,431
Project management consultancy fee from a company related to a Director	11,884	6,120	11,010	6,120
Loan from a financial institution related to a Director	4,930	-	4,930	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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:

	The Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	1,251	698

36. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2016 RM'000	2015 RM'000
Unsecured:-		
Performance guarantee extended by subsidiaries to third parties	60	210
Corporate guarantee given to third parties	-	800
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	16,025	17,052

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into 4 main reportable segments as follows:-

- Investment property holding segment - involved in the leasing out commercial properties.
- Project management segment - involved in the project management consultancy for property development and marketing events.
- Investment holding and other segments - mainly involved in the Group-level corporate services.
- Trading segment - involved in the trading of steel bars.

(a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating reportable segments.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

37. OPERATING SEGMENTS (Cont'd)

BUSINESS SEGMENTS

2016	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Group RM'000
Revenue				
External sales	11,884	131	-	12,015
Inter-segment sales	-	-	-	-
	11,884	131	-	12,015
Consolidation adjustments				-
Consolidated revenue				12,015
Results				
Segment profit before interest and taxation	9,916	9,863	(6,394)	13,380
Finance costs				(1,609)
Share of result in an associate				(12)
Consolidation adjustments				742
Consolidated profit before taxation				12,501
Segment profit/(loss) before interest and taxation includes the followings:-				
Interest income	-	(7)	-	(7)
Interest expenses	161	1,448	-	1,609
Depreciation of property and equipment	482	62	-	544
Rental expenses	381	-	-	381
Share option expenses	839	-	-	839
Fair value gain on investment property	-	(11,520)	-	(11,520)
Rental income	-	-	(9)	(9)
Writeback of allowance for impairment loss on trade receivables	-	(10)	-	(10)
Assets				
Segment assets	31,482	121,301	52,271	205,054
Unallocated assets:				
- deferred tax assets				250
Consolidation adjustments				(78,697)
Consolidated total assets				126,607
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property and equipment	125	42	-	167
Investment property	-	28,802	-	28,802
Liabilities				
Segment liabilities	4,933	49,086	2,404	56,423
Unallocated liabilities:-				
- hire purchase payables				520
- term loans				18,075
- bank overdraft				2,880
- deferred tax liabilities				2,251
- current tax liabilities				44
Consolidation adjustments				(28,593)
Consolidated total liabilities				51,600

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

37. OPERATING SEGMENTS (Cont'd)

BUSINESS SEGMENTS

2015	Project Management Consultancy RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group
Revenue					
External sales	7,920	89	846	-	8,855
Inter-segment sales	-	-	-	-	-
	7,920	89	846	-	8,855
Consolidation adjustments					-
Consolidated revenue					8,855
Results					
Segment profit/(loss) before interest and taxation	7,261	(728)	40	(4,305)	2,268
Finance costs					(1,532)
Share of result in an associate					(84)
Consolidation adjustments					(810)
Consolidated loss before taxation					(158)
Segment profit/(loss) before interest and taxation includes the followings:-					
Interest income	(2)	(7)	-	-	(9)
Interest expenses	16	1,516	-	-	1,532
Depreciation of property and equipment	401	66	-	-	467
Rental expenses	360	4	-	-	364
Share option expenses	937	-	-	-	937
Writeback of allowance for impairment loss on trade receivables	-	(18)	-	-	(18)
Assets					
Segment assets	20,909	94,054	-	52,273	167,236
Unallocated assets:					
- investments in associate					316
- deferred tax assets					1,527
Consolidation adjustments					(66,060)
Consolidated total assets					103,019
Additions to non-current assets other than financial instruments and deferred tax assets are:-					
Property and equipment	945	-	-	-	945
Investment property	-	21,198	-	-	21,198
Liabilities					
Segment liabilities					
Unallocated liabilities:-	3,869	29,207	-	1,759	34,835
- hire purchase payables					651
- term loans					14,044
- bank overdraft					3,000
- deferred tax liabilities					1,675
- current tax liabilities					284
Consolidation adjustments					(15,304)
Consolidated total liabilities					39,185

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

37. OPERATING SEGMENTS (Cont'd)

MAJOR CUSTOMERS

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

	Revenue		Segment
	2016 RM'000	2015 RM'000	
Customer #1	-	845	Trading.
Customer #2	5,903	6,120	Project management consultancy and marketing project management consultancy.
Customer #3	5,975	1,800	Project management consultancy and marketing project management consultancy.

38. CAPITAL COMMITMENT

	The Group	
	2016 RM'000	2015 RM'000
<u>Contracted but not Provided For</u>		
Refurbishment of investment property	-	10,256

The abovementioned capital commitment was in respect of capital expenditure incurred on the refurbishment of the investment property in the previous financial year.

39. 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.

39.1 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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 17 and 22 to the financial statements.

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Effects on profit/(loss) after taxation				
Increase of 100 basis points (bp)	159	128	37	-
Decrease of 100 bp	(159)	(128)	(37)	-
Effects on other comprehensive income				
Increase of 100 bp	159	128	37	-
Decrease of 100 bp	(159)	(128)	(37)	-

(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.

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.

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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted the entire trade receivables at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

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:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2016				
Not past due	3,864	-	-	3,864
Past due:				
- less than 3 months	4	-	-	4
- 3 to 6 months	1	-	-	1
- over 6 months	1,205	(938)	(267)	-
	5,074	(938)	(267)	3,869
2015				
Not past due	1,382	-	-	1,382
Past due:				
- less than 3 months	83	-	-	83
- 3 to 6 months	5	-	-	5
- over 6 months	1,219	(938)	(277)	4
	2,689	(938)	(277)	1,474

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 Group believes that no additional impairment is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial Risk Management Policies (Cont'd)

(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.

Maturity Analysis

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):-

The Group	Contractual Interest 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
2016						
Non-derivative Financial Liabilities						
Hire purchase payables	4.66	520	566	157	399	10
Term loans	8.16	18,075	22,774	1,964	13,238	7,572
Trade payables	-	137	137	137	-	-
Other payables and accruals	-	14,675	14,675	14,675	-	-
Amount owing to a Director	-	13,018	13,018	-	13,018	-
Bank overdraft	7.72	2,880	2,880	2,880	-	-
		49,305	54,050	19,813	26,655	7,582
2015						
Non-derivative Financial Liabilities						
Hire purchase payables	4.66	651	725	157	535	33
Term loans	7.85	14,044	19,354	1,964	7,854	9,536
Trade payables	-	137	137	137	-	-
Other payables and accruals	-	11,312	11,312	11,312	-	-
Amount owing to a Director	-	8,082	8,082	-	8,082	-
Bank overdraft	8.85	3,000	3,000	3,000	-	-
		37,226	42,610	16,570	16,471	9,569

39. FINANCIAL INSTRUMENTS (Cont'd)

39.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2016					
Non-derivative Financial Liabilities					
Hire purchase payables	4.67	388	419	125	294
Term loan	9.00	4,930	5,384	-	5,384
Other payables and accruals	-	1,276	1,276	1,276	-
Amount owing to a Director	-	2,948	2,948	-	2,948
		9,542	10,027	1,401	8,626
2015					
Non-derivative Financial Liabilities					
Hire purchase payables	4.67	492	544	125	419
Other payables and accruals	-	586	586	586	-
Amount owing to a Director	-	3,283	3,283	-	3,283
		4,361	4,413	711	3,702

39.2 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 its 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.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

39. FINANCIAL INSTRUMENTS (Cont'd)

39.2 Capital Risk Management (Cont'd)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Hire purchase payables	520	651
Term loans	18,075	14,044
Bank overdraft	2,880	3,000
	21,475	17,695
Less: Fixed deposits with licensed banks	(251)	(230)
Less: Cash and bank balances	(77)	(5,892)
Net debt	21,147	11,573
Total equity	75,007	63,834
Debt-to-equity ratio	0.28	0.18

There was no change in the Group's approach to capital management during the financial year.

39.3 Classification of Financial Instruments

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 10)	3,869	1,474	2,985	1,443
Other receivables and deposits (Note 11)	428	332	26,051	13,897
Fixed deposits with licensed banks (Note 12)	251	230	-	-
Cash and bank balances	77	5,892	22	3,686
	4,625	7,928	29,058	19,026
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 19)	137	137	-	-
Other payables and accruals (Note 20)	14,675	11,312	1,276	586
Amount owing to a Director (Note 18)	13,018	8,082	2,948	3,283
Term loans (Note 17)	18,075	14,044	4,930	-
Hire purchase payables (Note 16)	520	651	388	492
Bank overdraft (Note 22)	2,880	3,000	-	-
	49,305	37,226	9,542	4,361

39. FINANCIAL INSTRUMENTS (Cont'd)

39.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Fair Value	Amount
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016								
Financial Liabilities								
Hire purchase payables	-	-	-	-	520	-	520	520
Term loans	-	-	-	-	18,075	-	18,075	18,075
Amount owing to a Director	-	-	-	-	13,018	-	13,018	13,018
2015								
Financial Liabilities								
Hire purchase payables	-	-	-	-	651	-	651	651
Term loans	-	-	-	-	14,044	-	14,044	14,044
Amount owing to a Director	-	-	-	-	8,082	-	8,082	8,082
The Company								
2016								
Financial Liabilities								
Hire purchase payables	-	-	-	-	388	-	388	388
Term loan	-	-	-	-	4,930	-	4,930	4,930
Amount owing to Director	-	-	-	-	2,948	-	2,948	2,948
2015								
Financial Asset								
Hire purchase payables	-	-	-	-	492	-	492	492
Amount owing to Director	-	-	-	-	3,283	-	3,283	3,283

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

39. FINANCIAL INSTRUMENTS (Cont'd)

39.4 Fair Value Information (Cont'd)

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:-

	The Group		The Company	
	2016 %	2015 %	2016 %	2015 %
Hire purchase payables	4.66	4.66	4.67	4.67
Term loans	8.16	7.85	-	-

40. PRIOR YEAR ADJUSTMENTS

The prior year adjustment relates to the deferred tax liability not recognised on the fair value gain of the Group's investment property.

In accordance with MFRS108: Accounting Policies, Changes in Accounting Estimates and Errors, the changes are to be applied retrospectively. The effect of changes in the consolidated financial statements is as follow:-

	As Previously Reported RM'000	Effect of Prior year Adjustment RM'000	As Restated RM'000
The Group			
2015			
Statement of financial position (Extract):			
NON-CURRENT LIABILITIES			
- Deferred tax liabilities	-	1,675	1,675
EQUITY			
- Accumulated losses	(23,276)	(1,675)	(24,951)
2014			
Statement of financial position (Extract):			
NON-CURRENT LIABILITIES			
- Deferred tax liabilities	-	1,675	1,675
EQUITY			
- Accumulated losses	(24,715)	(1,675)	(26,390)

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 15 June 2015, Naim Indah Corporation Berhad ("NICORP") announced that Naim Indah City Development Sdn. Bhd. ("NICDSB"), a wholly-owned subsidiary of NICORP has signed a Memorandum of Understanding ("MOU") with United Pacific Development Co. Ltd ("UPD"), a company incorporated in Myanmar and under the control of Hla Myint Shwe and Aye Myat Mon for the proposed development a 32-storey office tower in Pyay Road, Yangon Myanmar on part of all that piece of lands belonging to Hla Myint Shwe and Aye Myat Mon through the incorporation of a joint venture company ("JVC") in Myanmar which shall be set up and approved under the Myanmar Foreign Investment Law 2012 to undertake the project. The proposed shareholding of the JVC will be NICDSB shall hold an equivalent to fifty one percent (51%) and UPD equivalent to forty nine percent (49%) interest in the JVC.

On 16 June 2015, NICORP further announced that UPD is to contribute its proportion of the committed investment amount in kind through a lease of the said Land while NICDSB is to contribute its proportion of the committed investment amount in cash in accordance with a payment scheduled agreed between the Parties. The MOU is for a period of six (6) months. On 14 December 2015, Nicorp announced extension for another three (3) months to 10 March 2016 to facilitate both parties to complete the documentation for the Joint Venture Agreement.

On 10 March 2016, the MOU was further extended to another three (3) months to 10 June 2016. The extension is for the parties to finalise the terms of the joint venture agreement and the materials required for the application to Myanmar Investment Commission for its approval to be procured prior to signing of the joint venture agreement.

On 6 June 2016, NICORP announced that NICDSB has terminated the MOU with immediate effect as both parties were unable to reach an agreement on the terms of the proposed Joint Venture.

(b) On 1 March 2016, the Company entered into a Share Sale Agreement to dispose of its entire 20% equity interest in Naim Indah Mobile Communications Sdn. Bhd. ("NIMCSB") for a total sale consideration of RM400,000.

Upon completion of the disposal on 8 March 2016, NIMCSB ceased to be an associate company.

(c) On 25 April 2016, the Company has disposed of its investment to its wholly owned subsidiary, Angkasa Lampiran Sdn. Bhd. ("AL"), details as follows:-

(i) 2,040,000 ordinary shares of RM1.00 each representing 51% equity interest in the share capital of Bitarex Sdn. Bhd. ("Bitarex") for a cash consideration of RM1.00.

(ii) 2 ordinary shares of RM1.00 each representing 100% equity interest in the share capital of Consistent Harvest Properties Sdn. Bhd. ("CHP") for a cash consideration of RM1.00.

(iii) 2 ordinary shares of RM1.00 each representing 100% equity interest in the share capital of Ni-Corp Oil & Gas Technology Sdn. Bhd. ("NCOGT") for a cash consideration of RM1.00.

(d) On 30 September 2016, NICORP announced that Consistent Harvest Sdn. Bhd. ("CHSB"), a wholly-owned subsidiary of the Company conducted a valuation of its non-current assets, namely Gateway Centerpoint Seremban Shopping Mall.

(e) On 20 October 2016, NICORP acquired two ordinary shares of RM1.00 each representing 100% of the total issued and paid-up share capital in Naim Indah Creative & Communications Sdn. Bhd. (f.k.a Pedoman Nusantara Sdn Bhd) ("PNSB") from Selochana A/P Murugiah and Salasiah Binti Mohd Said for a total cash consideration of RM2.00.

Consequently, Naim Indah Creative & Communications Sdn. Bhd. became a wholly-owned subsidiary of the Company.

(f) On 26 October 2016, NICORP acquired two ordinary shares of RM1.00 each representing 100% of the total issued and paid-up share capital of Naim Indah Energy Sdn Bhd ("NIESB") from Dato' Sri Siaw Swee Hin and Cheang Soon Siang for a total cash consideration of RM2.00.

Consequently, Naim Indah Energy Sdn Bhd became a wholly-owned subsidiary of the Company.

NOTES to the Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

42. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares will cease to have par or nominal value; and
(iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

43. COMPARATIVE FIGURES

The following figures have been reclassified to confirm with the presentation of the amount financial year:

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statements of cash flows (Extract):		
NET CASH FROM/(FOR) OPERATIONS ACTIVITIES	10,062	(11,136)
CASH FLOWS (FOR) INVESTING ACTIVITIES		
Increase in construction-in-progress of investment property	(21,198)	-

44. 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:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	3,185	(18,318)	(16,300)	(19,577)
- unrealised	(2,001)	(148)	250	1,527
	1,184	(18,466)	(16,050)	(18,050)
Total share of retained profits of associate:				
- realised	(12)	(84)	-	-
- unrealised	-	-	-	-
Less: Consolidation adjustments	(15,785)	(6,401)	-	-
At 31 December	(14,613)	(24,951)	(16,050)	(18,050)

NOTICE Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting ("AGM") of NAIM INDAH CORPORATION BERHAD will be held at Perdana Room, 1st Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, on Tuesday, 20 June 2017 at 10.00 a.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**

2. To approve the payment of Directors' fees and benefits up to an amount of RM675,000 from 1 January 2017 until the next AGM of the Company. **(Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Article 79 of the Company's Constitution:-

   (i) Dato' Sri Siaw Swee Hin **(Resolution 2)**
   (ii) Cheang Soon Siang **(Resolution 3)**

4. To re-elect Low Tuck Meng who retires pursuant to Article 86 of the Company's Constitution. **(Resolution 4)**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

To consider, and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

6. **ORDINARY RESOLUTION I**
   AUTHORITY TO ALLOT SHARES **(Resolution 6)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." (Resolution 6)

NOTICE Of Annual General Meeting (cont'd)

7. **ORDINARY RESOLUTION II** **(Resolution 7)**
PROPOSED SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and/or its subsidiaries ("NICORP Group") be and are hereby authorised to enter into any of the recurrent related party transactions of revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 28 April 2017 with the related parties mentioned therein provided that such transactions are:-

(a) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public;
(b) necessary for the day-to-day operations; and
(c) not to the detriment of the minority shareholders of the Company,

("the Shareholders' Mandate");

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."
(Resolution 7)

8. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

THAM WAI YING (MAICSA 7016123)
NG BEE LIAN (MAICSA 7041392)
Company Secretaries

Kuala Lumpur
Date: 28 April 2017

NOTES:-

1. Appointment of Proxy

(a) A member entitled to attend and vote at the meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company.

(b) 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.

NOTICE Of Annual General Meeting (cont'd)

(c) 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 instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. 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.

(d) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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.

(e) Where a member of the Company is an exempt authorised nominee as defined under the SICDA 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.

(f) The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

(g) Only the member whose names appear on the Record of Depositors as at 13 June 2017 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.

2. Audited Financial Statements for the financial year ended 31 December 2016

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

3. Directors' Fees and Benefits

The Directors' fees and benefits (including meeting allowances) proposed for the period from 1 January 2017 up to the date of the next Annual General Meeting are calculated based on the current Board size and number of scheduled Board and Committee meetings for 2017 up to the next Annual General Meeting. This resolution is to facilitate payment of Directors' benefits on a current financial year basis. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. Explanatory Notes On Special Business

(i) Resolution No. 6 – Authority to Allot Shares

The Proposed Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company up to an amount not exceeding in total ten per cent (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The renewed General Mandate is to provide flexibility to the Company to allot new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this General Mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisition and/or for issuance of shares as settlement of purchase consideration.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Forty-First Annual General Meeting, because there were no investment(s), acquisition(s) or working capital that required fund raising activity.

(ii) Resolution No. 7 – Proposed RRPT Mandate

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 28 April 2017 enclosed together with the Company's Annual Report 2016.

NOTICE Of Annual General Meeting (cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Authority for Directors to Allot Shares Pursuant to Section 75 and 76 of the Companies Act 2016

Kindly refer to item (4)(i) of the Explanatory Notes on Special Business on page 117.

NAIM INDAH CORPORATION BERHAD (19727-p)
(Incorporated in Malaysia)

Proxy Form

CDS account no.	No. of shares held

I/We______________________________________I.C./Passport/Company No.____

of____

being a member/members of **NAIM INDAH CORPORATION BERHAD** hereby appoint______________________________________

of____

or failing whom,____of____

____

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 Forty-Second Annual General Meeting of the Company to be held at Perdana Room, 1st Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 20 June 2017 at 10.00 a.m. or any adjournment thereof for/against* the resolution(s) to be proposed thereat.

Item	AGENDA	Resolution	For	Against
1.	**Ordinary Business** Receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.			
2.	Approval on the payment of Directors' fees and benefits up to an amount of RM675,000 from 1 January 2017 until the next Annual General Meeting of the Company.	1		
3.	Re-election of Dato' Sri Siaw Swee Hin as Director of the Company pursuant to Article 79 of the Company's Constitution.	2		
4.	Re-election of Cheang Soon Siang as Director of the Company pursuant to Article 79 of the Company's Constitution.	3		
5.	Re-election of Low Tuck Meng as Director of the Company pursuant to Article 86 of the Company's Constitution.	4		
6.	Re-appointment of Messrs. Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration.	5		
7.	**Special Business** Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	6		
8.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature.	7		

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.

Dated this ______________ day of ____________________________, 2017.

____
Signature of Shareholder/Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy(ies) (or in case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company.

2. 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.

3. 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 instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. 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.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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.

5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA 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.

6. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

7. Only the member whose names appear on the Record of Depositors as at 13 June 2017 shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend and vote on their behalf.

Please fold here to seal

Affix
Postage
Stamp

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here to seal

NAIM INDAH CORPORATION BERHAD (19727-P)
Level 8, Tower 7, Avenue 5, The Horizon Bangsar South,
No 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Tel : (603) 2242 3514 / 2904 Fax : (603) 2242 4317
Website : www.naimindah.com