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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY FIRST ANNUAL GENERAL MEETING** of NAIM INDAH CORPORATION BERHAD will be held at Level 3M, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 16 June 2006 at 10.30 a.m. or at any adjournment thereof to transact the following business:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the year ended 31 December 2005 and the Directors and Auditors Reports thereon. **(Resolution 1)**

2. To re-elect Mr. Tan Lam Hin who retires pursuant to Article 79 of the Company's Articles of Association, and being eligible has offered himself for re-election. **(Resolution 2)**

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

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as a Special Resolution in accordance with Section 129(6) of the Companies Act, 1965:

   "THAT pursuant to Section 129 of the Companies Act, 1965, Y. Bhg. Dato' Shamsir bin Omar be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 4)**

5. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

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

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

6. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

   Approval for execution of a Corporate Guarantee pursuant to Section 133(1)(a) of Companies Act, 1965

   "THAT, the Directors be and are hereby empowered pursuant to Section 133(1)(a) of the Companies Act, 1965 to execute a Corporate Guarantee on behalf of the Company to the amount of RM250,000.00 (Ringgit Malaysia Two Hundred and Fifty Thousand Only) in favour of En. Muhamed Bin Abdul Rahman, the Deputy Executive Chairman of the Company, to purchase one unit of Mercedes Benz S280 to enable him to perform his duties as an officer of the Company." **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

BY ORDER OF THE BOARD

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

KUALA LUMPUR
25 May 2006

Notes:

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

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

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

4. Explanatory Notes on Special Business

   Resolution pursuant to Section 129(6) of the Companies Act, 1965

   The proposed resolution 4 is to seek shareholders' approval on the re- appointment of Director who is over 70 years of age.

5. Explanatory Notes on Special Business

   Resolution pursuant to Section 132D of the Companies Act, 1965

   The Ordinary Resolution proposed under agenda 5, if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General Meeting.

6. Explanatory Notes on Special Business

   Resolution pursuant to Section 133 of the Companies Act, 1965

   Section 133(1)(a) allows a Company to enter into any guarantee in connection with a loan made to a director by other person provided approval is given by the shareholders. If approval of the shareholders is not obtained, the liability under the guarantee shall be discharged within six months from the conclusion of the forthcoming Annual General Meeting.

   The Ordinary Resolution proposed under agenda 6, if passed, will give approval to the Company to enter into Corporate Guarantee to the amount of RM250,000 to enable the Deputy Executive Chairman of the Company, En. Muhamed Bin Abdul Rahman, to meet the expenditure incurred by him for the purpose of enabling him to purchase a car to perform his duties as an officer of the Company.

STATEMENT OF ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

DIRECTORS STANDING FOR RE-ELECTION

Directors who are standing for re-election at the Thirty First Annual General Meeting of the company which will be held at Level 3M, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 16 June 2006 at 10.30 a.m. or at any adjournment thereof are:

Name of Director	Details of Board Meeting Attendance	Profile of Director
Y. Bhg. Dato' Shamsir Bin Omar	Refer to Page 11 of Annual Report	Refer to Page 8 of Annual Report
Mr. Tan Lam Hin	Refer to Page 11 of Annual Report	Refer to Page 9 of Annual Report

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CORPORATE INFORMATION

Board of Directors

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

Muhamed Bin Abdul Rahman
Deputy Executive Chairman
Non-Independent Director

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

Ramli Bin Harun
Non-Executive Director
Independent Director

Zailan Bin Othman
Non-Executive Director
Independent Director

Audit Committee

Ramli Bin Harun
Chairman
Independent Director

Zailan Bin Othman
Non-Executive Director
Independent Director

Dato' Shamsir Bin Omar
Non-Independent Director

Nomination and Remuneration Committee

Zailan Bin Othman
Chairman
Independent Director

Ramli Bin Harun
Independent Director

Company Secretaries

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

Registrar

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

Registered Office

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

Principal Place of Business

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

Listing

Main Board of Bursa Malaysia Securities Berhad

Principal Banker

Malayan Banking Berhad

Auditors

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

Principal Solicitors

Gulam & Wong
Peter Cheah & Co.
Senthi & Associates
T.Y. Teh & Partners

CORPORATE STRUCTURE

Naim Indah Corporation Berhad
Investment Holding

- 100% Kewangan Bersatu Berhad
  Financial Services
  - 100% KBB Nominees (Tempatan) Sdn Bhd
    Nominee Services
  - 100% KBB Properties Sdn Bhd
    Renting of Properties
- 100% Angkasa Lampiran Sdn Bhd
  Property Developer
- 100% Bitarex Sdn Bhd
  Land Owner
- 100% Consistent Harvest Sdn Bhd
  Property Investment
- 100% Jernih Makmur Sdn Bhd
  Timber Concessionaire
- 100% Ni-Corp Oil & Gas Technologies Sdn Bhd
  Oil and Gas Industry

CHAIRMAIN'S STATEMENT

Dear Shareholders,

The year 2005 has been a year of consolidation for Naim Indah Corporation Berhad. We managed to continue as a profitable company albeit the unexpected delays in business developments and increasing operating costs.

On behalf of the Board, I am pleased to present the Annual Report and Statutory Financial Statements of Naim Indah Corporation Berhad and its subsidiaries for the financial year ended 31 December 2005.

FINANCIAL REVIEW

For the financial under review, the Group recorded a decrease in revenue from RM22.3 million to RM12.5 million, a reduction of approximately RM9.8 million. This was mainly due to the delay in the trees tagging process and the delay in the issuance of logging licence from the relevant authorities as a result of the prolonged monsoon season which in turn, slowed down the income generating activities from our timber extraction and trading operations. However, the reduction in the gross profit was mitigated by our selling of a recently acquired timber clearing award which has allowed the Group to generate an additional revenue of approximately RM3,000,000.

Despite increases in cost of doing business and due to close monitoring, we had reduced our operating costs from RM7.5 million to RM2.5 million, giving a total decrease in operating costs of RM5.0 million. The net result for the Group for the financial year under review recorded a profit after taxation of approximately RM1.3 million as compared to a profit of RM6.0 million in the preceding financial year.

SIGNIFICANT EVENT AND PROSPECTS

During the financial year, the company entered into an agreement with Uzma Engineering Sdn. Bhd. to form an unincorporated joint venture, known as Nicorp Uzma JV to jointly provide goods and services to the oil and gas industry. As at 31 December 2005, the Company was required to contribute RM6 million as working capital for the unincorporated joint venture of which RM4.4 million had been deposited with our corporate lawyer as a stakeholder fund to be used as working capital on the commencement of the joint venture. A working group headed by our Deputy Chairman, Encik Muhamed Bin Abdul Rahman has been actively pursuing jobs both locally and internationally.

With its eventual success, it is hoped that the joint venture will contribute positively to the income of the Group.

DIVIDEND

As the expansion programmes are on the threshold to commence, the Board is of the opinion that sufficient fund needs to be conserved so as to ensure the smooth implementation of proposed plans. The Board, therefore, is recommending that no dividends be declared for the year ended 31 December 2005.

APPRECIATION

We are grateful for the good support given by our customers, business associates, financial providers and government authorities which has allowed us to achieve another year of success. I also wish to record my appreciation to the Board and all the management team members for their wholehearted contribution to ensure our success.

CHAIRMAIN'S STATEMENT (CONT'D)

Last but not least, I would also like to give my assurance to our loyal and patient shareholders that it is our commitment to you to maximise the value of our company. The Group is well geared to achieve better performance in the years ahead.

Dato' Shamsir Bin Omar
Executive Chairman
Kuala Lumpur
25 May 2006

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BOARD OF DIRECTORS AND PROFILE

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

A Malaysian aged 71, was appointed as Director and Chairman of the Company on 16 November 1998. He was appointed as the Executive Chairman on 26 August 2002. He is also a member of the Audit Committee. He is a Fellow Member of The Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He commenced his career in 1960 as an Auditor and Accountant in the Department of Co-operative Development. In 1967, he was the Chief Accountant in the Ministry of Education and in 1968, he became the Deputy Accountant General. From 1969 to 1989, he held the position of Accountant General in the Ministry of Finance. He also holds a directorship in Tanah Emas Corporation Berhad.

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

Dato' Shamsir attended four (4) Board meetings of the Company held during the financial year ended 31 December 2005.

Muhamed Bin Abdul Rahman
Deputy Executive Chairman
Non-Independent Director

A Malaysian aged 61, was appointed as an Executive Director on 16 November 1998. On 26 August 2002, he was appointed as the Deputy Executive Chairman. He graduated from the Royal Military College ("RMC") and after commissioning in December 1965, he served in various parts of Malaysia until his early retirement in mid-1980. While in service, he attended various courses both locally and overseas. From mid-1980's, he has been actively involved in international trading, petroleum, timber and construction industries.

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

Encik Muhamed attended four (4) Board meetings of the Company held during the financial year ended 31 December 2005.

BOARD OF DIRECTORS AND PROFILE (CONT'D)

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

A Malaysian aged 52, was appointed as an Executive Director cum Chief Executive Officer on 30 July 2002 and 13 October 2003 respectively. He graduated from the University of Malaya with a Bachelor of Science (Hons.) degree in 1978. He is a Licentiate Member of the Institute of Chemists. He was involved in the timber industry from 1980 to 1986 and with S.E.A Piling Sdn Bhd before being appointed a Director of Pembinaan Kansalles Sdn Bhd, a development and construction company. He has a strong background in property development and property management skills that he acquired through "hands on" experiences.

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

Mr. Tan attended four (4) Board Meetings of the Company held during the financial year ended 31 December 2005.

Ramli Bin Harun
Non-Executive Director
Independent Director

A Malaysian aged 48, was appointed as an Independent Non-Executive Director on 30 July 2002. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He was a Director of Palembang Usahaniaga Sdn Bhd from 1984 to 1992, managing various large housing projects in Negeri Sembilan Darul Khusus. During his tenure in Palembang Usahaniaga Sdn Bhd, he focused his attention predominantly on project management. Thereby, he has a good working knowledge in property management and property development.

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

Encik Ramli attended four (4) Board meetings of the Company held during the financial year ended 31 December 2005.

BOARD OF DIRECTORS AND PROFILE (CONT'D)

Zailan Bin Othman
Non-Executive Director
Independent Director

A Malaysian aged 44, was appointed as an Independent Non-Executive Director on 7 August 2002. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He was a Director for Kemayan Resources Sdn Bhd, managing project "Rasah Kemayan" from 1995 to 1998. His role then was predominantly in business development. In 1999, he ventured into trading and distribution of branded sports goods where he was the Director in charge of operations. He has a strong background in successful operational business management.

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

Encik Zailan attended four (4) Board meetings of the Company held during the financial year ended 31 December 2005.

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CORPORATE GOVERNANCE STATEMENT

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

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

THE BOARD

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

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

The Board currently consists of five (5) Directors, two (2) of whom are Independent Non – Executive Directors. The Board has complied with the listing requirements of Bursa Securities that at least one-third (1/3) of the entire Board consists of independent directors. The independent directors provide assurance that Board's decisions are deliberated objectively in the interest of all stakeholders of the Company.

All the members of the Board have attended the Mandatory Accreditation Programme ("MAP") as per the listing requirements of Bursa Securities for all directors of public listed companies. In order to continually upgrade their skills, Board members will be required to select training courses in the coming years to enable them to effectively discharge their duties.

During the year ended 31 December 2005, all the Board attended a seminar organised by Rating Agency Malaysia Berhad on the topic "good governance to good results".

BOARD MEETINGS

During the financial year ended 31 December 2005, four (4) Board meetings were held.

Details of each Director's attendance are as follows:

Name	Status	Attendance	%
Dato' Shamsir Bin Omar	Non – Independent	4 of 4	100
Muhamed Bin Abdul Rahman	Non – Independent	4 of 4	100
Tan Lam Hin	Non – Independent	4 of 4	100
Ramli Bin Harun	Independent	4 of 4	100
Zailan Bin Othman	Independent	4 of 4	100

MEETING OF THE NOMINATION AND REMUNERATION COMMITTEE

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

During the financial year ended 31 December 2005, one (1) meeting was held and details of the attendance are as follows:

Name	Status	Attendance	%
Ramli Bin Harun	Independent	1 of 1	100
Zailan Bin Othman	Independent	1 of 1	100

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SUPPLY OF INFORMATION

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

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

RE-ELECTION

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

REMUNERATION OF DIRECTORS

Details of the remuneration of each director who served during the financial year ended 31 December 2005 are as follows:

	RM
Executive Directors	
Salaries and other emoluments	360,000
Fees	-
Pension costs – defined contribution plan	35,000
Benefits-in-kind	30,000
	425,000
Non – Executive Directors	
Allowance	40,000
Total	465,00

Number of directors whose remuneration falls into the following bands:

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DIALOGUE BETWEEN COMPANY AND INVESTORS

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

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

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

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

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

RELATIONSHIP WITH AUDITORS'

The Board has a transparent relationship with both the Internal Auditors and the External Auditors through the Audit Committee. Both the internal and external auditors have complete access to the Audit Committee to present 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.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

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

BOARDS RESPONSIBILITIES

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

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

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

CONTROL AND MONITORING PROCESS

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

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

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

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

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

STATEMENT OF INTERNAL CONTROL (CONT'D)

OTHER INFORMATION

SHARE BUYBACK

There was no share buyback in the financial year ended 31 December 2005.

OPTION, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities in respect of the financial year ended 31 December 2005. During the year, there was an increase in the issued and fully-paid share capital by way of conversion of 233,884,190 3 year, 0.5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM0.20 each into 233,884,190 ordinary shares of the Company with a nominal value of RM0.20 each.

MATERIAL CONTRACTS

During the financial year under review, there were no material contracts entered into by the Company and/or its subsidiary companies which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year 2005 or entered into since the end of the previous financial year other than those, if any, disclosed in the Statutory Financial Statements.

SANCTION AND/OR PENALTY IMPOSED

There were no sanctions and/or penalties imposed on the Company, Directors or management by the relevant authorities during the financial year ended 31 December 2005.

NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2005 was RM28,000.

AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board on 16 August 2002.

MEMBERS

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

Ramli Bin Harun
Chairman, Independent Non-Executive Director

Zailan Bin Othman
Member, Independent Non-Executive Director

Dato' Shamsir Bin Omar
Member, Non-Independent Executive Director

One member of the Audit Committee, namely Dato' Shamsir Bin Omar is a member of the Malaysian Institute of Accountants.

The Company Secretary is the Secretary of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of sub-paragraph 15.10(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within three months from the date of the vacancy.

OBJECTIVE

The primary objective of the Audit Committee is to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to business ethics, policies and practices, financial management and control.

FREQUENCY OF MEETING AND MINUTES

Meetings are held every quarter, although additional meetings may be called at any time at the Chairman's discretion. The External Auditors may also request a meeting if they consider that one is necessary. The quorum per each meeting shall not be less than two independent Non-Executive Directors.

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

DETAILS OF MEETING

The Audit Committee met four (4) times during the financial year ended 31 December 2005 and details of the attendance are as follows:

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

AUDIT COMMITTEE REPORT (CONT'D)

AUTHORITY

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

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

ROLE AND RESPONSIBILITY

The duties of the Audit Committee include the following:

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

SUMMARY OF ACTIVITIES

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

- The compliance with Group's business practices, progress, update on composition and effectiveness of the working group for the joint venture with Uzma Engineering Sdn Bhd; and
- The potential financial impact subsequent to the adoption of the new financial reporting standards.

ANALYSIS OF SHAREHOLDINGS – AS AT 24 APRIL 2006

SHARE CAPITAL

Authorised Share Capital	:	2,500,000,000 Ordinary Shares of RM0.20 per share
Issued and Fully Paid-Up Share Capital	:	546,590,795 Ordinary Shares of RM0.20 per share
Voting Rights	:	One voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shares Held	Percentage of Issued Capital	Number of Shareholders	Percentage of Shareholders
Less than 100	8,222	0.00	183	1.30
100 to 1,000	2,244,384	0.41	2,435	17.24
1,001 to 10,000	37,418,863	6.85	7,739	54.79
10,001 to 100,000	114,006,587	20.86	3,275	23.19
100,001 to less than 5% of issued shares	181,485,937	33.20	489	3.46
5% and above of issued shares	211,426,802	38.68	3	0.02
Total	546,590,795	100.00	14,124	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest		Indirect Interest	
		No. of shares	% of Total	No. of shares	% of Total
1.	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Crest Energy Sdn. Bhd	96,000,002	17.56	-	-
2.	HDM Nominees (Tempatan) Sdn. Bhd. Quantum Discovery Sdn. Bhd.	80,000,000	14.64	-	-
3.	HDM Nominees (Tempatan) Sdn. Bhd. Prosperous Court Sdn. Bhd.	35,426,800	6.48	-	-
4.	Dato' Tan Ah Chak*	-	-	96,000,002	17.56
5.	Lee Keck Keong"	-	-	96,000,002	17.56
6.	Wong Kui Yeong~	-	-	80,000,000	14.64
7.	Tan Wei Loon^	-	-	80,000,000	14.64
8.	Khoo Lay Wah#	-	-	80,000,000	14.64
9.	Chan Choong Kok<	-	-	35,426,800	6.48
10.	Hoo Hon Yong>	-	-	35,426,800	6.48

Notes:

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

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

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

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

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

<: Deemed interest by virtue of his shareholding in Prosperous Courts Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

>: Deemed interest by virtue of his shareholding in Prosperous Courts Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS (CONT'D) – AS AT 24 APRIL 2006

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholders	Number of Shares Held	Percentage of Issued Capital
1.	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Crest Energy Sdn. Bhd.	96,000,002	17.56
2.	HDM Nominees (Tempatan) Sdn. Bhd. Quantum Discovery Sdn. Bhd.	80,000,000	14.64
3.	HDM Nominees (Tempatan) Sdn. Bhd. Prosperous Court Sdn. Bhd.	35,426,800	6.84
4.	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Wong Foot Kheong	10,000,002	1.83
5.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Foot Kheong	4,903,900	0.90
6.	Lim Chee Sing	3,350,000	0.61
7.	Yeoh Kean Hua	3,330,000	0.61
8.	Ng Soon Gun	2,701,000	0.49
9.	Lim Sin Seong	2,550,000	0.47
10.	M & A Securities Sdn. Bhd. IVT (B)	2,515,300	0.46
11.	Fong Moh Cheek @ Fong Mow Kit	2,020,000	0.37
12.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Nai Kwong	2,000,000	0.37
13.	Tay Hong Peng	2,000,000	0.37
14.	A. A. Assets Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenny Hoo Khai Meng	1,843,500	0.34
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Hoy Egg Sun (SDK)	1,789,300	0.33
16.	Lim Seng Qwee	1,621,700	0.30
17.	Fun Yoon Fah	1,610,000	0.29
18.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Fook Khiong	1,500,000	0.27
19.	Toh Seng Kok	1,500,000	0.27
20.	M & A Nominee (Tempatan) Sdn. Bhd. Titan Express Sdn. Bhd.	1,423,500	0.26

ANALYSIS OF SHAREHOLDINGS (CONT'D) – AS AT 24 APRIL 2006

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholders	Number of Shares Held	Percentage of Issued Capital
21.	Ng Pei Peng	1,360,000	0.25
22.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yew Teong	1,278,500	0.23
23.	Shin Yoke Lin	1,265,000	0.23
24.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Kwai Weng	1,253,300	0.23
25.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chia Mui Tian	1,250,000	0.23
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Kwai Weng	1,234,300	0.23
27.	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ee Soo Yim	1,200,000	0.22
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rozaimee Bin Abdul Rahman	1,200,000	0.22
29.	Lim Chooi Teck	1,200,000	0.22
30.	Lee Chin Peng	1,180,000	0.22
	Total	270,506,104	49.49

ANALYSIS OF 0.5%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2003/2006 ("ICULS") HOLDINGS – AS AT 24 APRIL 2006

Size of Holdings	Number of ICULS Held	Percentage of ICULS Issued	Number of ICULS holders	Percentage of ICULS holders
Less than 100	0	0.00	0	0.00
100 to 1,000	17,600	0.01	108	38.71
1,001 to 10,000	541,600	0.35	82	29.39
10,001 to 100,000	2,881,100	1.85	81	29.03
100,001 to less than 5% of ICULS issued	4,140,000	2.66	6	2.15
5% and above of ICULS issued	147,862,869	95.13	2	0.72
Total	155,443,169	100.00	279	100.00

THIRTY (30) LARGEST ICULS HOLDERS

No.	Names of ICULS Holders	Number of ICULS Held	Percentage of ICULS Issued
1.	HDM Nominees (Tempatan) Sdn. Bhd. Quantum Discovery Sdn. Bhd.	120,128,560	77.28
2.	HDM Nominees (Tempatan) Sdn. Bhd. Prosperous Court Sdn. Bhd.	27,734,309	17.84
3.	Teoh Cheoh Thin @ Chung Soo Chern	2,006,800	1.29
4.	Teoh Hunt Thuim	1,001,900	0.64
5.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Kwai Weng	610,300	0.39
6.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Kwai Lan	215,000	0.14
7.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Doh Hui Huat	172,000	0.11
8.	M & A Nominee (Asing) Sdn. Bhd. Toh Ah Guan @ Toh Hee Nam	134,000	0.09
9.	Gan Hiok Kwee	100,000	0.06
10.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Eng Ah Chee @ Ng Chong Min	100,000	0.06
11.	Tan Chee Kian	100,000	0.06
12.	TCL Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tong Chai Kuan	100,000	0.06
13.	Norsalbani Binti Zacharia	93,000	0.06
14.	Foong Ngoke Len	90,100	0.06
15.	A. A. Assets Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenny Hoo Khai Meng	84,000	0.05

ANALYSIS OF 0.5%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2003/2006 ("ICULS") HOLDINGS (CONT'D) – AS AT 24 APRIL 2006

THIRTY (30) LARGEST ICULS HOLDERS

No.	Names of ICULS Holders	Number of ICULS Held	Percentage of ICULS Issued
16.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yew Teong	79,000	0.05
17.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ching Eng Seong	71,000	0.05
18.	Teng Lung Ming	70,000	0.05
19.	Boo Seong Ngoh	60,000	0.04
20.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Shum Yoke Lan	52,000	0.03
21.	Chong Yan Onn	50,000	0.03
22.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Mohammed Amin Bin Mahmud	50,000	0.03
23.	Ko Choon Kiat	50,000	0.03
24.	Koh Lye Thiam	50,000	0.03
25.	Loh Tuck Meng	50,000	0.03
26.	PB Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hok Ming	50,000	0.03
27.	Tan Teong Heng	50,000	0.03
28.	Yong Chow Seong	50,000	0.03
29.	Chang Chee Ching	48,500	0.03
30.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Shew Kai	40,000	0.03
	Total	153,490,469	98.74

LIST OF PROPERTIES

Location	Description/Existing Use	Area	Tenure	Approximate age of property	Date of acquisition	Net book value RM'000
Lot No. PT 4611 and 4619 in the Municipality and District of Seremban Darul Khusus	3 ½ Storey shopping complex for rental and open air car park	Complex net lettable area of 217,096 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 88 years)	10 years	25.8.2003	81,039

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and the provision of management and administrative services.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	1,320	2,819

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There were no dividends declared or paid since the end at the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

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

Dato' Shamsir Bin Omar
Muhamed bin Abdul Rahman
Tan Lam Hin
Ramli bin Harun
Zailan bin Othman

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements) by reason of a contract made by the Company or related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of the directors' shareholding, none of the directors holding office at the end of the financial year had any interest in shares in the Company or its subsidiaries and ICULS in the Company during the financial year.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

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

The salient features of the ICULS are as follows:

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

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

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

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

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up capital from RM62,461,381 to RM109,238,219 by way of conversion of RM46,776,838 ICULS comprising 233,884,190 ICULS of nominal value of RM0.20 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provisions had been made for doubtful debts, and;

   (ii) to ensure that any current assets which were likely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

The significant events were as follows:

i) On 21 October 2005, the Company entered into a joint venture agreement with Uzma Engineering Sdn Bhd to form an unincorporated joint venture, known as Nicorp Uzma JV to jointly provide goods and services in the oil and gas industry in the areas of professional manpower supply, concept and selection study, integrated field evaluation, reservoir simulation and modelling, well engineering, project management, geological and geophysical interpretation and production optimisation. As part of the said arrangement, the Company was required to contribute RM6 million as working capital for the unincorporated joint venture of which RM4.4 million had been deposited with a stakeholder as at 31 December 2005.

ii) On 2 December 2005, the Company acquired the rights for the clearing of five (5) compartments of land at the concession area located at Hutan Simpanan Lebir, Kelantan for a total cash consideration of RM500,000 to be settled via cash ("clearing permit") from Yakin Mother Earth Sdn Bhd. The Company concurrently entered into a sale and purchase agreement to sell its rights to the clearing permit to Rimbastia Sdn Bhd for a total cash consideration of RM3 million to be settled via a six months installment plan.

DIRECTORS' REPORT

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors.

Dato' Shamsir Bin Omar

Muhamed Bin Abdul Rahman

Kuala Lumpur, Malaysia.
7 April 2006

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

We, Dato' Shamsir Bin Omar and Muhamed Bin Abdul Rahman, being two of the directors of Naim Indah Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 58 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Dato' Shamsir Bin Omar

Muhamed Bin Abdul Rahman

Kuala Lumpur, Malaysia.
7 April 2006

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

I, Dato' Shamsir Bin Omar, being the Director primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 58, are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Shamsir bin Omar at
Kuala Lumpur in the Federal Territory on
7 April 2006

Dato' Shamsir Bin Omar

Before me,

REPORT OF THE AUDITORS TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 30 to 58. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

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

  (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flow of the Group and of the Company for the year then ended; and

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

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

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia

7 April 2006

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

		Group		Company	
		2005	2004	2005	2004
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	3	12,519	22,299	4,443	10,648
Cost of sales	4	(8,437)	(7,359)	-	-
Gross profit		4,082	14,940	4,443	10,648
Other income		61	29	-	-
Administrative expenses		(2,229)	(2,445)	(1,308)	(1,635)
Other expenses		(299)	(5,074)	(85)	(5,701)
Gain from disposal of subsidiaries		-	253	-	4
Profit from operations	5	1,615	7,703	3,050	3,316
Finance cost	8	(447)	(695)	(231)	(479)
Profit before taxation		1,168	7,008	2,819	2,837
Taxation	9	152	(989)	-	-
Net profit for the year		1,320	6,019	2,819	2,837
Earnings per share (sen)					
Basic	10	0.3	3.0		
Diluted	10	0.3	1.0		

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

BALANCE SHEETS
AS AT 31 DECEMBER 2005

		Group		Company	
		2005	2004	2005	2004
	Note	RM'000	RM'000	RM'000	RM'000
Non-Current Assets					
Property, plant and equipment	11	1,566	767	802	762
Investment property	12	81,039	81,039	-	-
Timber concession	13	38,110	38,234	-	-
Investment in subsidiaries	14	-	-	73,500	73,926
Goodwill on consolidation	15	635	726	-	-
Deferred tax assets	16	140	-	-	-
Amount due from subsidiaries	17	-	-	53,164	49,335
		121,490	120,766	127,466	124,023
Current Assets					
Property development costs	18	4,369	7,811	-	-
Inventories	19	-	59	-	-
Trade receivables	20	5,314	8,322	3,001	3,544
Other receivables	21	6,866	279	6,078	3,112
Cash and bank balances	22	1,226	2,998	87	2,884
		17,775	19,469	9,166	9,540
Current Liabilities					
Borrowings	23	2,128	1,707	86	415
Trade payables	24	453	596	-	-
Other payables	25	1,994	2,293	1,762	1,010
Tax payable		978	1,268	-	-
ICULS	27	149	-	149	-
		5,702	5,864	1,997	1,425
Net Current Assets		12,073	13,605	7,169	8,115
		133,563	134,371	134,635	132,138
Financed By:					
Share capital	26	109,238	62,461	109,238	62,461
Accumulated losses		(7,262)	(8,582)	(6,190)	(9,009)
Irredeemable convertible loan stocks ("ICULS")	27	31,071	77,250	31,071	77,250
Shareholders' equity		133,047	131,129	134,119	130,702
Borrowings	23	516	2,416	516	610
ICULS	27	-	826	-	826
Non-current liabilities		516	3,242	516	1,436
		133,563	134,371	134,635	132,138

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Accumulated Losses RM'000	ICULS RM'000	Total RM'000
At 1 January 2004		178,341	317,358	(482,632)	111,286	124,353
Conversion of ICULS into share capital						
- Equity component	26	34,036	-	-	(34,036)	-
- Liability component		757	-	-	-	757
Capital reconstruction	26	(150,673)	-	150,673	-	-
Share premium reconstruction	26	-	(317,358)	317,358	-	-
Net profit for the year		-	-	6,019		6,019
At 31 December 2004		62,461	-	(8,582)	77,250	131,129
Conversion of ICULS into share capital						
- Equity component	26	46,179	-	-	(46,179)	-
- Liability component		598	-	-	-	598
Net profit for the year		-	-	1,320	-	1,320
At 31 December 2005		109,238	-	(7,262)	31,071	133,047

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Accumulated Losses RM'000	ICULS RM'000	Total RM'000
At 1 January 2004		178,341	317,358	(479,877)	111,286	127,108
Conversion of ICULS into share capital						
- Equity component	26	34,036	-	-	(34,036)	-
- Liability component		757	-	-	-	757
Capital reconstruction	26	(150,673)	-	150,673	-	-
Share premium reconstruction	26	-	(317,358)	317,358	-	-
Net profit for the year		-	-	2,837		2,837
At 31 December 2004		62,461	-	(9,009)	77,250	130,702
Conversion of ICULS into share capital						
- Equity component	26	46,179	-	-	(46,179)	-
- Liability component		598	-	-	-	598
Net profit for the year		-	-	2,819	-	2,819
At 31 December 2005		109,238	-	(6,190)	31,071	134,119

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,168	7,008	2,819	2,837
Adjustment for:				
Amortisation of concession rights	124	3,505	-	-
Amortisation of goodwill on consolidation	91	90	-	-
Bad debts written off	63	215	-	215
Depreciation	302	185	213	184
Gain on disposal of subsidiaries	-	(253)	-	(4)
Goodwill written off	6	-	-	-
Interest expense	447	695	231	479
Interest income	(51)	-	-	-
Impairment losses on investment in subsidiaries	-	-	428	4,642
Provision for doubtful debts	83	65	-	-
Operating profit before working capital changes	2,233	11,510	3,691	8,353
Decrease/(increase) in land development costs	3,442	(707)	-	-
Decrease in inventories	59	89	-	-
Increase in receivables	(3,676)	(6,781)	(5,481)	(3,769)
Decrease in payables	(449)	(650)	(130)	(1,610)
Net change in amounts due from subsidiaries	-	-	111	346
Cash generated from/(used in) operations	1,609	3,461	(1,809)	3,320
Interest paid	(525)	(686)	(310)	(536)
Tax paid	(278)	(60)	-	-
Net cash generated from/(used in) operating activities	806	2,715	(2,119)	2,784
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,101)	(70)	(253)	(68)
Purchase of investment property	-	(544)	-	-
Purchase of investment in subsidiary	-	-	(2)	-
Interest received	1	-	-	-
Net cash used in investing activities	(1,100)	(614)	(255)	(68)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loan	(1,055)	(98)	-	-
Repayment of hire purchase	(423)	(70)	(423)	(70)
Net cash used in financing activities	(1,478)	(168)	(423)	(70)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(1,772)	1,933	(2,797)	2,646
CASH AND BANK BALANCES AT BEGINNING OF YEAR	2,998	1,065	2,884	238
CASH AND BANK BALANCES AT END OF YEAR	1,226	2,998	87	2,884

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2005

1 CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and the provision of management and administrative services. The principal activities of the subsidiaries are described in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

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

The number of employees in the Group and in the Company at the end of the year was 55 (2004: 61) and 26 (2004: 27) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2006.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries except for a non-consolidated subsidiary namely Kewangan Bersatu Berhad and its subsidiaries, KBB Nominees (Tempatan) Sdn. Bhd. and KBB Properties Sdn. Bhd.

The reasons for the non-consolidation are disclosed in Note 14. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life of not more than ten (10) years.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

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

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Investment Properties

Investment properties consist of investment in leasehold land and buildings held for investment potential and rental. The related maintenance expenditure is dealt with in the income statement. Investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Land held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

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

(ii) Property Development Costs

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

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

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

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

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

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

(h) Inventories

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and Cash Equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

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

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

The depreciation policy for lease assets is consistent with that for depreciable property, plant and equipment as described in Note 2 (e).

(k) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(l) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Properties

Revenue from sale of properties is accounted for by the stages of completion method as described in Note 2 (g).

(ii) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Revenue from Services

Revenue for services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iv) Sale of Goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(v) Rental Income

Rental income is recognised on an accrual basis.

(vi) Dividend Income

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

(vii) Commission income

Commission income is recognised on an accrual basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense to the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(p) Financial Instruments

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

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

(i) Receivables

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

(ii) Payables

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

(iii) Interest Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(iv) ICULS

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Financial Instruments (Cont'd)**

(v) **Equity Instruments**

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

(vi) **Concession Rights**

These represent initial costs incurred in obtaining the exclusive right to fell, extract and harvest merchantable timber logs from the concession area granted. Concession rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement in proportion to timber resources in the concession area based on the amount of tonnes logged every year. The total timber resources derived are based on estimates provided by professional valuers and forester at the point of acquisition. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

3 REVENUE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Commission income	2,500	3,544	2,500	3,544
Management fees from subsidiaries	-	-	1,943	7,104
Rental income	4,552	5,169	-	-
Sale of properties	4,961	93	-	-
Sale of logs	506	13,493	-	-
	12,519	22,299	4,443	10,648

4 COST OF SALES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Maintenance cost of rented properties	2,307	2,604	-	-
Cost of properties	5,461	97	-	-
Cost of logs	669	4,658	-	-
	8,437	7,359	-	-

5 PROFIT FROM OPERATIONS (CONT'D)

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Amortisation of concession rights	124	3,505	-	-
Amortisation of goodwill on consolidation	91	90	-	-
Auditors' remuneration				
- statutory audit	67	57	35	30
- other services	28	52	13	17
Bad debts written off	63	215	-	215
Depreciation	302	185	213	184
Goodwill written off	6	-	-	-
Gain on disposal of subsidiaries (Note 14)	-	(253)	-	(4)
Interest income	(51)	-	-	-
Impairment loss on investment in subsidiaries	-	-	428	4,642
Provision for doubtful debts	83	65	-	-
Rental of equipment	5	5	-	5
Rental of motor vehicles	156	120	-	-
Rental of premises	221	79	-	79
Staff costs (Note 6)	2,229	2,259	1,309	1,451
Doubtful debts recovered	(1,587)	-	(1,587)	-

6 STAFF COSTS

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 7)	435	435	435	435
Wages and salaries	1,275	1,407	624	759
Social security costs	11	11	3	11
Pension costs – defined contribution plans	142	121	65	80
Other staff related expenses	366	285	182	166
	2,229	2,259	1,309	1,451

7 DIRECTORS' REMUNERATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	360	360	360	360
Pension costs – defined contribution plan	35	35	35	35
Benefits-in-kind	30	15	30	15
	425	410	425	410
Non - Executive				
Allowance	40	40	40	40
Total	465	450	465	450
Directors of the Company				
Analysis excluding benefits-in-kind				
Total executive directors' remuneration excluding benefits-in-kind	395	395	395	395
Total non-executive directors' remuneration	40	40	40	40
Total directors' remuneration excluding benefits-in-kind	435	435	435	435

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

	Number of Directors 2005	Number of Directors 2004
Executive:		
RM50,001 to RM100,000	2	2
RM200,001 to RM250,000	1	1
Non-executive directors:		
Below RM50,000	2	2

8 FINANCE COST

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Interest expense on hire purchase	28	22	28	22
Interest expense on ICULS	203	457	203	457
Interest expense on other borrowings	216	216	-	-
	447	695	231	479

9 TAXATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Income tax:				
Tax expense for the year	-	989	-	-
Overprovision of income tax expense in prior years	(12)	-	-	-
Deferred tax relating to originating temporary difference (Note 16)	(140)	-	-	-
	(152)	989	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. For subsidiaries in the Group with paid up capital of RM2.5 million and below at the beginning of the basis period, the domestic income tax is calculated at the Malaysian statutory tax rate of 20% on the first RM500,000 (2004: RM500,000) chargeable income and 28% on subsequent chargeable income (2004: 28%).

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

	2005 RM'000	2004 RM'000
Group		
Profit before taxation	1,168	7,008
Taxation at Malaysian statutory rate of 28% (2004:28%)	327	1,962
Effect of reduction in income tax from 28% to 20% for the first RM500,000 (2004: RM500,000) chargeable income	-	(52)
Expenses not deductible for tax purposes	75	1,028
Utilisation of previously unrecognised tax losses	(582)	(2,046)
Utilisation of previously unrecognised unabsorbed capital allowance	-	(81)
Deferred tax assets not recognised during the year	40	178
Overprovision of income tax expense in prior years	(12)	-
	(152)	989
Company		
Profit before taxation	2,819	2,837
Taxation at Malaysian statutory rate of 28% (2004:28%)	789	794
Expenses not deductible for tax purposes	1	1,333
Utilisation of previously unrecognised tax losses	(790)	(2,046)
Utilisation of previously unrecognised unabsorbed capital allowance	-	(81)
	-	-

Tax savings during the financial year arising from:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Utilisation of previously unrecognised unabsorbed capital allowance	-	81	-	81
Utilisation of previously unrecognised tax losses	582	2,046	790	2,046
	582	2,127	790	2,127

10 EARNINGS PER SHARE

(a) Basic

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

	Group 2005	Group 2004
Net profit for the year (RM'000)	1,320	6,019
Weighted average number of ordinary shares in issue ('000)	424,043	195,229
Basic earnings per share (sen)	0.3	3.0

(b) Diluted

For the purposes of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of 0.5% ICULS. The amount of net profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which would have been saved on conversion of outstanding ICULS into ordinary shares.

The adjusted weighted average number of ordinary shares is the weighted average number of shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS into ordinary shares. The ICULS are deemed to have been converted into ordinary shares at the date of issuance of the ICULS.

	Group 2005	Group 2004
Net profit for the year (RM'000)	1,320	6,019
After-tax effect of interest on ICULS (RM'000)	203	457
Adjusted net profit for the year (RM'000)	1,523	6,476
Weighted average number of ordinary shares in issue ('000)	424,043	195,229
Assumed conversion of ICULS ('000)	155,843	389,727
Adjusted weighted number of ordinary shares in issue and issuable ('000)	579,886	584,956
Diluted earnings per share (sen)	0.3	1.0

11 PROPERTY, PLANT & EQUIPMENT

Group	Computer Equipment RM'000	Electrical Fittings RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovations RM'000	Total RM'000
Cost							
At 1 January 2005	28	4	29	856	31	19	967
Additions	68	35	454	4	465	75	1,101
At 31 December 2005	96	39	483	860	496	94	2,068
Accumulated Depreciation							
At 1 January 2005	7	2	3	181	4	3	200
Charge for the year	23	1	49	172	50	7	302
At 31 December 2005	30	3	52	353	54	10	502
Net Book Value							
At 31 December 2005	66	36	431	507	442	84	1,566
At 31 December 2004	21	2	26	675	27	16	767
Details as at 1 January 2004							
Cost	21	4	28	312	28	19	412
Accumulated depreciation	1	1	1	10	1	1	15
Depreciation charge for 2004	6	1	2	171	3	2	185

11 PROPERTY, PLANT & EQUIPMENT (CONT'D)

Company	Computer Equipment RM'000	Electrical Fittings RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovations RM'000	Total RM'000
Cost							
At 1 January 2005	25	4	29	856	28	19	961
Additions	26	8	157	4	2	56	253
At 31 December 2005	51	12	186	860	30	75	1,214
Accumulated Depreciation							
At 1 January 2005	6	2	3	181	4	3	199
Charge for the year	12	1	18	172	3	7	213
At 31 December 2005	18	3	21	353	7	10	412
Net Book Value							
At 31 December 2005	33	9	165	507	23	65	802
At 31 December 2004	19	2	26	675	24	16	762
Details as at 1 January 2004							
Cost	18	4	28	312	28	19	409
Accumulated depreciation	1	1	1	10	1	1	15
Depreciation charge for 2004	5	1	2	171	3	2	184

Included in property, plant and equipment of the Group and of the Company are motor vehicles with net book value of RM507,000 (2004: RM675,000) held under hire purchase arrangements.

During the previous financial year, the Group and the Company acquired motor vehicles with an aggregate cost of RM555,000 of which RM485,000 was acquired by means of hire purchase arrangements.

12 INVESTMENT PROPERTY

	Group 2005 RM'000	Group 2004 RM'000
Leasehold property, at cost		
At 1 January	81,039	80,495
Additional building improvements	-	544
At 31 December	81,039	81,039

13 TIMBER CONCESSION

	Group 2005 RM'000	Group 2004 RM'000
Timber concession, at cost	42,243	42,243
Less: Accumulated amortisation		
At 1 January	(4,009)	(504)
Amortised during the year	(124)	(3,505)
At 31 December	(4,133)	(4,009)
	38,110	38,234

14 INVESTMENT IN SUBSIDIARIES

	Company 2005 RM'000	Company 2004 RM'000
Unquoted shares at cost	78,570	78,568
Less: Accumulated impairment losses		
At 1 January	(4,642)	-
Impairment losses during the year	(428)	(4,642)
At 31 December	(5,070)	(4,642)
	73,500	73,926

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

Name of subsidiaries	Paid-up capital RM	Equity interest (%) held 2005	Equity interest (%) held 2004	Principal Activities
Kewangan Bersatu Berhad and its subsidiaries				
❑ Kewangan Bersatu Berhad ("KBB") *	147,500,000	100	100	Financing
❑ KBB Nominees (Tempatan) Sdn Bhd *	10,000	100	100	Nominee services
❑ KBB Properties Sdn Bhd *	410,000	100	100	Renting of properties
Angkasa Lampiran Sdn Bhd	300,000	100	100	Property developer
Bitarex Sdn Bhd	4,000,000	100	100	Investment holding
Consistent Harvest Sdn Bhd	1,000,000	100	100	Property management
Jernih Makmur Sdn Bhd	1,000,000	100	100	Logging and selling of round end timber logs
Ni-Corp Oil & Gas Technologies Sdn Bhd *	2	100	-	Oil and gas industry – dormant

* Audited by firms of auditors other than Ernst & Young

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Arising from the above, the financial statements of KBB and its subsidiaries ("KBB Group") had not been consolidated in the preparation of the Group financial statements as the directors were of the opinion that the Company had lost effective control in KBB Group as the control and management of the affairs of KBB Group had been assumed by BNM since 4 January 1999. Consequently, the audited financial statements of KBB Group for the financial year ended 31 December 2005 were not annexed to the Group financial statements as exempted by the Assistant Registrar of Companies on 9 December 2005.

It is the intention of the management to dispose of the equity interest in KBB Group to BNM. The management is in the midst of discussions with BNM on the procedures in relation to the intended disposal.

(a) Acquisition of Subsidiary

On 21 August 2005, the Group acquired 100% equity interest in Ni-Corp Oil & Gas Technologies Sdn Bhd, a company incorporated in Malaysia, for a consideration of RM2,300 satisfied by cash.

The acquisition had the following effect on the Group's financial results for the financial year:

	2005 RM'000
Revenue	-
Operating cost	(1)
Loss from operations	(1)
Taxation	-
Profit after taxation	(1)

The effects of the acquisitions on the financial position for the financial year:

	2005 RM'000
Other payables	(4)
Group's share of net liabilities	(4)

The fair value of assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	21.8.2005 RM'000
Net assets acquired	
Other payables	(4)
Fair value of total net liabilities	(4)
Goodwill on acquisition (Note 15)	6
Total consideration	2
Purchase consideration satisfied by cash	2
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	2
Cash and cash equivalents of subsidiary acquired	-
Net cash outflow of the Group	2

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of Subsidiaries

The Group disposed of its 100% equity interest in Arus Murni Capital Sdn Bhd, Giltedged Options and Futures Sdn Bhd, Macbloom Sdn Bhd and Megasanjung Sdn Bhd, on 30 December 2004 for a total cash consideration of RM4,000.

The disposals had the following effects on the Group's financial results for the year:

	2004 RM'000
Revenue	-
Loss from operations	(10)
Net loss for the year	(10)

The disposals had the following effects on the Group's financial position for the year:

	2004 RM'000
Other payables	(35)
Amount owing to holding company	(222)
Net liabilities disposed	(257)
Total disposal proceeds	4
Gain on disposal of subsidiaries	253
Disposal proceeds settled by deferred payment	4

The disposal of subsidiaries had the following effects on the financial results of the Company:

	2004 RM'000
Total disposal proceeds	4
Less: Cost of investments in subsidiaries	-
Gain on disposal of subsidiaries	4

15 GOODWILL ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
At 1 January	906	906
Arising from acquisition of subsidiary (Note 14)	6	-
Goodwill written off	(6)	-
At 31 December	906	906
Less: Accumulated amortization		
At 1 January	(180)	(90)
Amortised during the year	(91)	(90)
At 31 December	(271)	(180)
	635	726

16 DEFERRED TAX ASSET

	Group 2005 RM	Group 2004 RM
At 1 January	-	-
Recognised in the income statement (Note 9):		
As a result of the recognition of unutilised tax losses	140	-
At 31 December	140	-

17 AMOUNT DUE FROM SUBSIDIARIES

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

18 PROPERTY DEVELOPMENT COSTS

	Group 2005 RM'000	Group 2004 RM'000
Property development costs at beginning of year:		
Freehold land	3,117	3,021
Development costs	4,694	4,083
	7,811	7,104
Costs incurred during the year:		
Freehold land	-	96
Development costs	1,956	611
	1,956	707
Costs recognised in the income statement:		
Recognised during the year		
Freehold land	(1,103)	-
Development costs	(4,263)	-
Foreseeable losses	(32)	-
At end of year	(5,398)	-
Property development costs at end of year	4,369	7,811

19 INVENTORIES

	Group 2005 RM'000	Group 2004 RM'000
Properties held for resale, at net realisable value	-	59

20 TRADE RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	4,340	8,387	3,001	3,544
Accrued billings in respect of property development costs	1,122	-	-	-
	5,462	8,387	3,001	3,544
Less: Provision for doubtful debts	(148)	(65)	-	-
	5,314	8,322	3,001	3,544

The Group's normal trade credit term is 30 (2003:30) days. Other credit terms are assessed and approved on a case-to-case basis. The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

21 OTHER RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits	104	28	20	22
Prepayments	638	197	5	28
Due from subsidiaries	-	-	-	3,058
Deposits for proposed acquisition of investments	39,000	39,000	39,000	39,000
Deposit for proposed Joint venture (Note 32)	4,400	-	4,400	-
Sundry receivables	137	54	66	4
Tax recoverable	2,715	2,715	2,715	2,715
	46,994	41,994	46,206	44,827
Less: Provision for doubtful debts	(40,128)	(41,715)	(40,128)	(41,715)
	6,866	279	6,078	3,112

In prior years, the Group and the Company commenced legal action to recover deposits paid amounting to RM39,000,000 for the proposed acquisition of investments which were mutually aborted. This amount had been fully provided for in the financial statements of prior years.

22 CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is RM118,000 (2004: RM61,000) maintained pursuant to the Housing Developers (Housing Development Account) Regulations, 1991.

23 BORROWINGS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Short term borrowings				
Secured:				
Term loans	2,042	1,292	-	-
Hire purchase (Note 28)	86	415	86	415
	2,128	1,707	86	415
Long term borrowings				
Secured:				
Term loans	-	1,806	-	-
Hire purchase (Note 28)	516	610	516	610
	516	2,416	516	610
Total borrowings				
Term loans	2,042	3,098	-	-
Hire purchase (Note 28)	602	1,025	602	1,025
	2,644	4,123	602	1,025
Maturity of borrowings (excluding hire purchase				
Within one year	2,042	1,292	-	-
More than 1 year and less than 2 years	-	1,806	-	-
	2,042	3,098	-	-

The weighted average effective interest rate at the balance sheet date for borrowings was 8.4% (2004: 9.4%). The loans are secured by the following:

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

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

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

24 TRADE PAYABLES

The normal trade credit term granted to the Group is 30 (2003: 30) days.

25 OTHER PAYABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Deposits received	494	558	-	-
Sundry payables	656	697	284	578
Accruals	844	1,038	224	60
Amount due to a subsidiary	-	-	1,254	372
	1,994	2,293	1,762	1,010

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

26 SHARE CAPITAL

	Number of ordinary shares of RM0.20 each		Amount	
	2005	2004	2005	2004
	'000	'000	RM'000	RM'000
Authorised				
At 1 January / 31 December	2,500,000	2,500,000	500,000	500,000
Issued and fully paid:				
At 1 January	312,307	178,341	62,461	178,341
Reduction in par value	-	-	-	(150,673)
Conversion of ICULS (Note 27)	233,883	133,966	46,777	34,793
At 31 December	546,190	312,307	109,238	62,461

During the financial year, the Company increased its issued and paid-up capital from RM62,461,381 to RM109,238,219 by way of conversion of RM46,776,838 ICULS comprising 233,884,190 ICULS of nominal value of RM0.20 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

In the previous financial year, the Company via a capital reconstruction scheme, reduced its issued and paid up capital from RM188,340,909 to RM37,668,182 by way of a reduction in the par value of the ordinary share of RM0.80 per share and subsequent to the capital reconstruction scheme, increased its share capital from RM37,668,182 to RM62,461,381 by way of conversion of 123,965,996 ICULS of nominal value of RM0.20 each. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

27 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

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

The salient features of the ICULS are as follows:

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

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

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

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

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

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

27 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

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

	Group and Company	
	2005	2004
	RM'000	RM'000
Nominal value of ICULS at 1 January	77,945	112,739
Nominal value of ICULS converted into share capital (Note 25)	(46,777)	(34,793)
Nominal value of ICULS outstanding at balance sheet date	31,168	77,946
Equity component	31,071	77,250
Liability component at date of issue	97	696
Interest expense accrued	52	130
Liability component at 31 December	149	826

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

28 HIRE PURCHASE PAYABLES

	Group and Company	
	2005	2004
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	111	489
Later than 1 year and not later than 2 years	111	111
Later than 2 years and not later than 5 years	333	333
Later than 5 years	244	355
	799	1,288
Less: Future finance charges	(197)	(263)
Present value of finance lease liabilities	602	1,025
Present value of finance lease liabilities		
Not later than 1 year	86	415
Not later than 1 year and not later than 2 years	86	76
Later than 2 years and not later than 5 years	253	229
Later than 5 years	177	305
	602	1,025
Analysed as:		
Due within 12 months (Note 23)	86	415
Due after 12 months (Note 23)	516	610
	602	1,025

29 PROFIT GUARANTEE

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

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

30 COMMITMENTS

The Group and the Company have lease commitments for 5 years in respect of rented equipment. The non-cancellable long-term commitments are as summarised below:

	Group and Company	
	2005 RM'000	2004 RM'000
Not later than 1 year	5	5
Later than 1 year and not later than 2 years	5	5
Later than 2 years and not later than 5 years	2	7

31 CONTINGENT LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unsecured:				
Corporate guarantee given to banks for credit facilities granted to a director	250	-	250	-

32 SIGNIFICANT EVENTS

The significant events were as follows:

(i) On 21 October 2005, the Company entered into a joint venture agreement with Uzma Engineering Sdn Bhd to form an unincorporated joint venture, known as Nicorp Uzma JV to jointly provide goods and services in the oil and gas industry in the areas of professional manpower supply, concept and selection study, integrated field evaluation, reservoir simulation and modelling, well engineering, project management, geological and geophysical interpretation and production optimisation. As part of the said arrangement, the Company was required to contribute RM6 million as working capital for the unincorporated joint venture of which RM4.4 million had been deposited with a stakeholder as at 31 December 2005.

(ii) On 2 December 2005, the Company acquired the rights for the clearing of five (5) compartments of land at the concession area located at Hutan Simpanan Lebir, Kelantan for a total cash consideration of RM500,000 to be settled via cash ("clearing permit") from Yakin Mother Earth Sdn Bhd. The Company concurrently entered into a sale and purchase agreement to sell its rights to the clearing permit to Rimbastia Sdn Bhd for a total cash consideration of RM3 million to be settled via a six months installment plan.

33 FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are established by the Audit Committee and approved by the Board.

33 FINANCIAL INSTRUMENTS

(ii) Interest Rate Risk

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

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

(iii) Liquidity Risk

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

(iv) Credit Risk

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(v) Fair Values

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

34 BUSINESS SEGMENTS

(a) Business Segments

The Group is organised into four major business segments:

(i) Property development – the development of residential properties

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

(iii) Investment property holding

(iv) Investment holding

The other business segments are of insufficient size to be reported separately.

(b) Geographical Segments

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

34. BUSINESS SEGMENTS (CONT'D.)

	Property Development		Timber Concessionaire		Investment Property Holding		Investment Holding		Others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE AND RESULTS														
Revenue														
External revenue	4,961	93	506	13,493	4,552	5,169	2,500	3,544	-	-	-	-	12,519	22,299
Intersegment revenue	-	-	-	-	-	-	1,943	7,104	-	-	1,943	7,104	-	-
													12,519	22,299
Results														
Segment results	479	(446)	(609)	(105)	(286)	145	3,050	3,316	(1)	(10)	(1,018)	4,803	1,615	7,703
Finance cost													(447)	(695)
Profit before taxation													1,168	7,008
Taxation													152	(989)
Profit after taxation													1,320	6,019
ASSETS AND LIABILITIES														
Segment assets	6,251	8,103	39,560	41,912	82,852	82,251	10,602	7,969	-	-			139,265	140,235
Segment liabilities	2,299	3,741	1,359	1,404	1,297	1,471	1,259	2,490	4	-			6,218	9,106
OTHER INFORMATION														
Amortisation of goodwill	-	-	-	-	-	-	91	90	-	-	-	-	91	90
Amortisation of timber concession	-	-	124	3,505	-	-	-	-	-	-	-	-	124	3,505
Depreciation	1	-	11	-	77	1	213	184	-	-	-	-	302	185
Impairment losses	-	-	-	-	-	-	428	4,642	-	-	428	4,642	-	-

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

PROXY FORM

CDS account no. of authorised nominee

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

____

(full address) being a member(s) of the above named Company, hereby appoint ____________________________(name of proxy as per NRIC, in capital letters) IC No. ____________________(new) ________________________ (old) of

____

(full address) or failing him/ her ____ (name of proxy as per NRIC, in capital letters) IC No.__________________ (new) _____________________ (old) of ________________________________

____

(full address) failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty First Annual General Meeting of the Company to be held at Level 3M, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Friday, 16 June 2006 at 10.30 a.m and at each and every adjournment thereof.

My/our proxy is to vote as indicated below.

	RESOLUTIONS		FOR	AGAINST
1.	To receive the Statutory Financial Statements for the financial year ended 31 December 2005.	Resolution 1		
2.	To re-elect Mr. Tan Lam Hin who retire in accordance with Article 79 of the Articles of Association.	Resolution 2		
3.	To appoint Messrs. Ernst & Young as Auditors	Resolution 3		
	Special Business			
4.	To re-appoint Y. Bhg. Dato' Shamsir Bin Omar as a Director of the Company.	Resolution 4		
5.	To approve of the Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965	Resolution 5		
6.	To approve for execution of a Corporate Guarantee pursuant to Section 133(1)(a) of the Companies Act, 1965.	Resolution 6		

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

____

Signature/Common Seal

Number of shares held:______________________

Date:____________________________________

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

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

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities account.*
3. *This proxy form, duly signed or sealed, must be deposited at the office of the Company's Share Registrar listed on the reverse side of the form not less than 48 hours before the time fixed for the meeting.*
4. *A Corporation must complete the proxy form under its common seal or under the hand of a duly authorised officer or attorney. A proxy need not be a member of the company. The instrument appointing a proxy shall be deemed to confer authority to join in demanding a poll.*
5. *Unless voting instructions are indicated in the spaces provided the proxy may vote as he thinks fit.*

Please fold here to seal

Affix
Postage
Stamp

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

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