NAIM INDAH
CORPORATION BERHAD
19727-P

ANNUAL REPORT
2015

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NAIM INDAH CORPORATION BERHAD
19727-P

NAIM INDAH CORPORATION BERHAD (NICORP)
(Company No. 19727-P)

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

Chairman's Statement

Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar
Executive Chairman

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the 2015 Annual Report together with Audited Financial Statements for the financial year ended 31 December 2015.

Financial Review

It has been a better year for the Group in 2015 as the Group reported a total revenue of RM8.86 million as compared to RM4.69 million in previous correspondence year. This represents an 88% increase in group revenue mainly contributed from the project management consultancy activity started during the financial year.

For the financial year ended 31 December 2015, the Group reported profit after tax of RM1.36 million compared to a loss of RM12.56 million in the previous financial year.

The Group is expected to generate more revenue upon the reopening of the Gateway Centerpoint Seremban Shopping Mall in second half year of 2016 which will contribute positively towards the Group's cash flow and financial position.

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

Dividend

The Board of Directors is not recommending any dividend payment for the financial year ended 31 December 2015

Market Outlook and Prospects

For the year 2015, the Malaysian economy expanded by 5.0% (2014: 6%) supported mainly by the private sector demand. On the supply side, growth was underpinned by the major economic sectors. Inflation, as measured by the annual change in the Consumer Price Index (CPI), was lower at 2.6% in the fourth quarter of 2015 due to the lower domestic fuel prices. However, this was partly offset by the higher prices due to the implementation of Goods and Services Tax.

The construction sector grew by 8.2% in 2015 (2014: 11.6%), supported mainly by the civil engineering and residential sub-sectors. Activity in the civil engineering subsector was underpinned by petrochemical and transport-related projects, while construction in the mass-market and high-end housing segments supported growth in the residential sub-sector. The expansion in the non-residential sub-sector registered slower growth, amid lower construction activity in the industrial and commercial property segments.

Corporate Governance

The Group subscribes and will continue to uphold the principles of good corporate governance. We believe it is the only platform to ensure sustainable enhancement of our shareholders' value. Our practices are set out in our Statement of Corporate Governance on pages 16 to 26. There were no sanctions and/or penalties imposed on the Company and subsidiaries, directors or management by the relevant regulatory authorities.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to record my appreciation to all our customers, financiers, investors, shareholders, suppliers, contractors as well as my fellow Directors for their continued trust and loyalty and for growing the Group with us.

Managing Director / Group Chief Executive Officer's Statement

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

The overall review of financial year 2015 saw the Company's performance is improving as compared to the previous financial year. The management has taken proactive steps by diversifying into several businesses with the objective of taking the Group into brighter future.

Below are the significant events during the financial year and prospects of the Group:

Project Management Consultant ("PMC")
The Company has been awarded the role of project management consultant ("PMC") for the Gateway Klang Project, a mixed commercial development consisting of duplex shop office, hotel tower, anchor lot, cineplex and related external works from Lagenda Erajuta Sdn. Bhd. The value for the PMC award is estimated to be RM18 million over a period of three (3) years. The award has been approved by the shareholders at the Extraordinary General Meeting held on 17 April 2015.

Additionally, the Company also has been awarded the PMC role for the Likas Boulevard Project, a 30 storey mixed commercial development consisting of basement carpark, lower ground shop, duplex shop office, hotel tower, condominium, anchor lot, cineplex and related external works at Teluk Likas, Sabah from GE Properties Sdn. Bhd. The value for the PMC award is estimated to be RM24 million over a period of five (5) years.

Both awards are expected to provide the Group with additional sources of income for the next five (5) financial years and the income generated from the PMC is expected to contribute positively to the future earnings of the Group.

Refurbishment of Shopping Mall
The Gateway Centerpoint Seremban Shopping Mall is currently undergoing an asset enhancement initiatives to upgrade the Shopping Mall for better branding and to generate better and stable rental income to the Group. The Company is targeting to re-open the Shopping Mall in the second half of 2016.

The Board believes that the proposed asset enhancement initiatives would contribute positively to the Group's profitability and returns on shareholders' fund.

Proposed Joint Venture Development Project in Myanmar
The Company had signed a 'Memorandum of Understanding' with United Pacific Development Co. Ltd. (a company that incorporated in Myanmar) on 13 June 2015 to set up a joint venture company in Myanmar to develop a 32 storey office tower at Pyay Road, Yangon. The property is located within the inner city area of Yangon, next to the downtown area, within Kamayut Township. Pyay Road is one of the longest and most prominent roads in Yangon and runs along the west of Inya Lake. It is the main thoroughfare connecting Yangon's airport and Central Business District.

The joint venture agreement is being finalised at the moment and is pending approval from Myanmar Investment Commission before signing the agreement.

The Board is of the opinion that the proposed joint venture project would contribute positively to its future earnings and will improve the financial position of the Group in a longer term.

Shares Issuance Scheme ("SIS")

The proposed SIS options has been approved by the Bursa Securities and subsequently approved by the shareholders during the EGM. The allocation of SIS options to the eligible directors and employees has been completed during the same financial year.

The SIS is intended to achieve the following objectives:

(i) to recognise and reward the contributions and services of the Eligible Person that are considered vital to the operation and continued growth of the Group;

(ii) to align the interests of the Eligible Person through the Proposed SIS to focus on long-term financial performance and the shareholders' value enhancement via equity participation;

(iii) to create a sense of belonging and ownership amongst the Eligible Person as they will be able to participate directly in the future growth of the Group;

(iv) to serve as an alternative form of employee remuneration which does not result in cash outflow for the Group but instead allows for fund-raising upon exercise of the SIS Options by the Eligible Person; and

(v) to attract and retain high calibre Eligible Person, hence ensuring that the loss of key personnel is kept to a minimum level.

CONCLUSION

Looking forward, ongoing economic and fiscal uncertainties, in the markets both at Malaysia and overseas, are expected to make for more challenging operating conditions but we will continue to deliver and sustain long-term growth as we remain committed to all our stakeholders.

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

Corporate Information

BOARD OF DIRECTORS

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Executive Chairman

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

Hud Bin Abu Bakar
Executive Director

Cheang Soon Siang
Executive Director

Chua Eng Chin
Non-Executive Director
Independent Director

Md. Noor Bin Abd. Rahim
Non-Executive Director
Independent Director

George Alfonso Miranda
Non-Executive Director
Non-Independent Director

AUDIT COMMITTEE

Chua Eng Chin
Chairman
Non-Executive Director
Independent Director

George Alfonso Miranda
Non-Executive Director
Non-Independent Director

Md. Noor Bin Abd. Rahim
Non-Executive Director
Independent Director

NOMINATION COMMITTEE

Chua Eng Chin
Chairman
Non-Executive Director
Independent Director

George Alfonso Miranda
Non-Executive Director
Non-Independent Director

Md. Noor Bin Abd. Rahim
Non-Executive Director
Independent Director

REMUNERATION COMMITTEE

George Alfonso Miranda
Chairman
Non-Executive Director
Non-Independent Director

Chua Eng Chin
Non-Executive Director
Independent Director

Md. Noor Bin Abd. Rahim
Non-Executive Director
Independent Director

STOCK EXCHANGE LISTING

Main Market Of Bursa Malaysia
Securities Berhad
Stock Code : 4464

REGISTERED OFFICE

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

AUDITORS

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

COMPANY SECRETARIES

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

SHARE REGISTRAR

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

PRINCIPAL SOLICITORS

David Lai & Tan
Cheang & Ariff

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

Corporate Structure

NAIM INDAH
CORPORATION BERHAD
19727-P

- **100%** CONSISTENT HARVEST SDN BHD
  Property Management
- **100%** JERNIH MAKMUR SDN BHD
  Logging and Selling Round End Timber Logs
- **100%** NAIM INDAH CITY DEVELOPMENT SDN BHD
  Property Development and Investment Holding
- **100%** NAIM INDAH PROPERTIES SDN BHD
  Property Management, Leasing and Renting Property
- **100%** NAIMKBB BERHAD
  Dormant
- **100%** ANGKASA LAMPIRAN SDN BHD
  Property Development
  - **51%** BITAREX SDN BHD
    Property Development
  - **100%** CONSISTENT HARVEST PROPERTIES SDN BHD
    Leasing and Renting Properties
  - **100%** NI-CORP OIL & GAS TECHNOLOGIES SDN BHD
    Trading of Building Materials and Renting of Machinery

Board Of Directors

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar ("Dato' Abdel Aziz"), a Malaysian aged 62, was appointed as Executive Chairman of the Company on 7 October 2014. He is currently serves on the Board of Airasia Berhad as a Non- Independent Non- Executive Director. He is also a Trustee of Yayasan Astro Kasih which is the ultimate holding company of Astro Malaysia Holdings Berhad.

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

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

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

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

Dato' Abdel Aziz is the brother of Ar Hud Bin Abu Bakar, an Executive Director of the Company. He does not have any family relationship with any major shareholder of the Company, had no conflict of interests with the Company and had not committed any offences within the past 10 years.

As at the date of this Annual Report, Dato' Abdel Aziz is holding 9,434,000 ordinary shares of RM0.10 each in the Company.

Dato' Abdel Aziz attended three Board meetings of the Company held during the financial year ended 31 December 2015.

DATO' ABDEL AZIZ @
ABDUL AZIZ BIN ABU BAKAR
Executive Chairman,
Non-Independent Director

Dato' Siaw Swee Hin ("Dato' Siaw"), a Malaysian aged 43, was appointed as an Executive Director of the Company on 22 October 2012. Subsequently he was re-designated to Managing Director on 18 November 2014. On 26 November 2014, he was re-designated to Managing Director/Group Chief Executive Officer. Dato' Siaw holds a Master Degree Business Management and Master Degree Business Administration in International Business, from University of Hertfordshire, United Kingdom.

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

Dato' Siaw is a substantial shareholder of the Company through his holdings in Quantum Discovery Sdn Bhd pursuant to section 6A of the Companies Act 1965 and he is a major shareholder in the Company. As at the date of this Annual Report, Dato' Siaw has direct shareholdings of 52,172,600 ordinary shares of RM0.10 each and indirect shareholding of 67,847,976 ordinary shares of RM0.10 each in the Company.

Dato' Siaw does not have any family relationship with any other Director. However, Mr Siaw Swee Woon, the substantial shareholder of the Company, is the brother of Dato' Siaw. Dato' Siaw had no convictions for offences within the past 10 years.

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

Dato' Siaw attended all Board meetings of the Company held during the financial year ended on 31 December 2015.

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

Board Of Directors

HUD BIN ABU BAKAR
Executive Director,
Non-Independent Director

Ar Hud Bin Abu Bakar ("Ar Hud"), a Malaysian aged 53, was appointed as an Executive Director of the Company on 26 November 2014. He graduated from UC Berkeley with Master of Architecture in 1988. He started his career in San Francisco Bay Area before coming back to Malaysia in 1989.

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

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

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

Ar Hud holds 9,434,000 ordinary shares of RM0.10 each in the Company as at the date of this Annual Report. He is the brother of Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, the Executive Chairman of the Company. However, he does not have any family relationship with any major shareholder of the Company and has no conflict of interests with the Company. Ar Hud had not committed any offences within the past 10 years.

Ar Hud attend two Board meetings of the Company held during the financial year ended 31 December 2015.

Board Of Directors

Mr Cheang Soon Siang ("Mr Cheang"), a Malaysian aged 48, was appointed as an Executive Director of the Company on 11 April 2014. Mr Cheang is a member of Chartered Secretaries Malaysia (MAICSA) and International Association of Registered Financial Consultants (IARFC), USA. He is also a registered trainer under Pembangunan Sumber Manusia Berhad.

Mr Cheang has more than 20 years of experience in the banking and financial services industry. He was attached to several Financial Institutions such as Southern Bank Bhd, Orix Leasing Bhd, Oriental Bank Bhd and EON Bank Bhd. He has vast experience in handling credit matters involving credit evaluation, cash flow management, working capital management, restructuring and recovery of credit facilities for corporate, commercial and consumer customers.

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

Mr Cheang holds 270,000 ordinary shares of RM0.10 each in the Company. He 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 had no convictions for offences within the past 10 years.

Mr Cheang attended all Board meetings of the Company held during the financial year ended on 31 December 2015.

CHEANG SOON SIANG
Executive Director,
Non-Independent Director

Board Of Directors

En Md. Noor Bin Abd. Rahim ("En Md. Noor"), a Malaysian aged 60, is an Independent Non-Executive Director of the Company and was appointed to the Board on 8 March 2012. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Economics (Hons) majoring in Accounting from University of Malaya in 1978, a Diploma in Public Administration from INTAN and obtained his Masters of Administration from Monash University of Austria in 1985. Amongst other, he is presently the Affiliate Principal Partner with DWA Advisory Sdn Bhd. He has had vast and extensive working experience of more than 30 years in providing advice on all corporate finance matters, including providing independent advice on takeovers and mergers, corporate restructuring, capital raising, listing exercises and writing of proposals by public companies.

He started his career as a Trainee Officer in UMBC Berhad in 1978 and went on to be an Administrative and Diplomatic Service Officer from 1979 through 1993. From 1979 to 1984, he was an Assistant Secretary in the Investment Division of the Ministry of Finance. He was the Principal Assistant Secretary of the Capital Issues Committee of the Finance Division in the Ministry of Finance from 1984 to 1993, of which his duties includes reviewing and processing of corporate proposals, restructuring of public companies and stock broking companies for fund raising and listing exercises.

Previously, he was also the Deputy General Manager and Head of the Takeover and Mergers Department of the Securities Commission for the period from March 1993 until November 2011. He was a Member of the Technical Committee for Tax Incentive for Foreign Assets Acquisition chaired by MIDA from the year 2004 to 2010. He also sits on the Board of Stone Master Corporation Berhad.

En Md. Noor 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. He has no conflict of interests with the Company and had no convictions for offences within the past 10 years.

En Md. Noor attended all Board meetings of the Company held during the financial year ended on 31 December 2015.

MD. NOOR BIN ABD. RAHIM
Non-Executive Director,
Independent Director

Mr Chua Eng Chin ("Mr Chua"), a Malaysian aged 56, is an Independent Non-Executive Director of the Company and was appointed to the Board on 26 September 2013. He is the Chairman of the Audit Committee and Nomination Committee and also a member of Remuneration Committee.

He is a Fellow of The Association of Chartered Accountants (ACCA) and also a member of Malaysian Institute of Accountants (MIA).

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

Mr Chua has indirect shareholding in the Company for 250,000 shares, held by his spouse. He has no family relation with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He had no convictions for offences within the past 10 years.

Mr Chua attended all Board meetings of the Company held during the financial year ended on 31 December 2015.

CHUA ENG CHIN
Non-Executive Director,
Independent Director

Board Of Directors

Mr George Alfonso Miranda ("Mr Miranda"), a Malaysian aged 47, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 11 December 2014. He is the Chairman of the Remuneration Committee and he is also a member of Audit Committee and Nomination Committee. He has more than 20 years' experience as a practicing lawyer at partner level.

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

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

Mr Miranda does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He had not committed any offences within the past 10 years.

Mr Miranda attend all Board meetings of the Company held during the financial year ended 31 December 2015.

GEORGE ALFONSO MIRANDA
Non-Executive Director,
Non-Independent Director

NAIM INDAH
CORPORATION BERHAD
19727-P

FORWARD

Fully committed to creating superior long-term value for all our shareholders

CORPORATE GOVERNANCE STATEMENT

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

In implementing the corporate governance practices and ensuring compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). This Statement reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year ended 31 December 2015, having considered the Group's structure, business environment and industry practices.

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

Principle 1: Establish Clear Roles and Responsibilities

1.1 Clear Function of the Board and Management

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

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

The Board comprises one (1) Executive Chairman, three (3) Executive Directors (including the Managing Director/ Group Chief Executive Officer ("MD/Group CEO")), two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The present composition of the Board complies with the MMLR of Bursa Securities where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should consist of Independent Directors. The Independent Directors provide assurance that Board's decisions are deliberated objectively in the interest of all stakeholders of the Company.

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

1.2 Clear Roles and Responsibilities

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

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

The following are the roles of the Board and its principal responsibilities:

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

CORPORATE GOVERNANCE STATEMENT

Principle 1: Establish Clear Roles and Responsibilities (Continued)

1.2 Clear Roles and Responsibilities (Continued)

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

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

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

1.3 Formalised Ethical Standards through Code of Ethics

Code of Ethics seek to represent the Company values and principles of honesty, integrity and respect in doing business and wishes to communicate these values to all the parties engaging in business with/within the Group. The Code of Ethics is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on conduct when dealing with other parties doing business with the Group. A summary of the code of ethics is made available on our corporate website at http://www.naimindah.com.

1.4 Promoting Sustainability

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

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

1.5 Supply of Information

Notice, agenda and all relevant information are circulated to each member of the Board 7 days prior to Board meetings so as to enable them to have sufficient time to understand issues to be raised. In doing so, all issues can be deliberated at the said meetings and that an informed decision can be arrived at the conclusion of each Board meeting.

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

In addition, all Board members have accessed to senior management and services of the Company Secretary and may also obtain independent professional advice at the Company's expense when necessary. The Group had in place a procedure whereby the Independent Director who wish to obtain advice from independent professionals, will seek approval from the Chairman of the Board and will obtain and submit a quotation of fee for the Board's approval prior to the engagement of such independent professionals.

1.6 Qualified and Competent Company Secretaries

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

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

1.7 Board Charter

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

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

Principle 2: Strengthen Composition

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

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

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

2.1 Nomination Committee

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

The duties and responsibilities of the Nomination Committee are as follows:

- To recommend to the Board, candidates for any directorships proposed to be filled by the shareholders or the Board;
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular proposed appointment. In identifying suitable candidates, the Nomination Committee shall:
  a) consider candidates from a wide range of backgrounds;
  b) consider candidates on merit, against objective criteria with due regard to the benefits of diversity on the Board; and
  c) ensure that once appointed, appointees have enough time available to devote to the position of director.
- To assess annually, the effectiveness of the Board as a whole and each Director individually, as well as the effectiveness of the various committees of the Board;
- To assess on an annual basis the independence of the Independent Non-Executive Directors;
- To review the results of the directors' performance evaluation process;
- To give consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;

Principle 2: Strengthen Composition (Continued)

2.1 Nomination Committee (Continued)

- To review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- To keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- To act in line with the directions of the Board.

The Nomination Committee met once during the financial year ended 31 December 2015 and details of attendance of members of the Nomination Committee are as follows:

Members	Designation	No. of Meetings Attended
Chua Eng Chin (Chairman)	Independent Non-Executive Director	1/1
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	1/1
George Alfonso Miranda	Non-Independent Non-Executive Director	1/1

A summary about the activities of the Nomination Committee in the discharge of its duties during the financial year ended 31 December 2015 are set out in the Nomination Committee Statement in pages 36 to 37 of the Annual Report.

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

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

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

The 2015 assessment of the Board was structured to ensure a balanced and objective review by the Directors in the key areas. The Board, Board Committees and individual Directors evaluated the Board's composition and structure, principal responsibilities, governance, objectivity and independence of Directors. The results of the assessment were presented to the Board for its consideration and formally documented.

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

The Company takes note of the recommendation of the MCCG 2012 pertaining to the need to establish a policy formalising approach to Boardroom diversity and to set targets and measures for the adoption of the said recommendation. The Company believes that individuals with diverse backgrounds on board of directors could improve board functioning and the decision making process. Harnessing strength from a variety of backgrounds, experiences and perspectives allows the Board to bring a more diverse perspective in its deliberation. Ultimately, Board diversity is about providing complementary views that lead to better Board decisions.

Retirement of Directors

In accordance with the MMLR of Bursa Securities and Article 79 of the Company's Articles of Association, at least 1/3 or the number nearest to 1/3 of the Directors shall retire from office each year such that all directors retire at least once in every 3 years at the Annual General Meeting. The retiring directors shall be eligible for re-election at the Annual General Meeting.

Principle 2: Strengthen Composition (Continued)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Continued)

Retirement of Directors (Continued)

Upon the recommendation by the Nomination Committee, the following Directors shall retire by rotation at the forthcoming 41st Annual General Meeting of the Company pursuant to Article 79 of the Articles of Association and being eligible, have offered themselves for re-election:
(a) Chua Eng Chin
(b) Md. Noor Bin Abd. Rahim

Encik Md. Noor Bin Abd. Rahim had indicated to the Company that he would not be seeking re-election at the Forty First Annual General Meeting. Therefore, Encik Md. Noor Bin Abd. Rahim shall retire as Director at the conclusion of the Forty First Annual General Meeting.

2.3 Remuneration Committee

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

The Remuneration Committee met once during the financial year ended 31 December 2015 and details of attendance of members of the Remuneration Committee are as follows:

Members	Designation	No. of Meetings Attended
George Alfonso Miranda (Chairman)	Non-Independent Non-Executive Director	1/1
Chua Eng Chin	Independent Non-Executive Director	1/1
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	1/1

Details of the remuneration of the directors who served during the financial year ended 31 December 2015 were as follows:-

Component	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	288	126
Salary	600	-
Allowance	110	-
Benefits In Kind	123	-
EPF	79	-
Equity Compensation Benefits	678	55
Total	1,878	181

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

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
RM50,001 – RM100,000	-	3
RM100,001 – RM150,000	2	-
RM300,001 – RM350,000	1	-
RM1,250,001 – RM1,300,000	1	-
Total	4	3

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

CORPORATE GOVERNANCE STATEMENT

Principle 3: Reinforce Independence

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

3.1. Annual Assessment of Independent Directors

During the financial year under review, the Nomination Committee has assessed the contribution and performance of the Independent Non-Executive Directors, upon appointment, re-election and their independence. Moving forward, the independence assessments shall be performed on an annual basis.

The Board is satisfied with the assessment of the Independent Directors especially with the level of independence demonstrated by all the Independent Directors of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interested parties.

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

3.2. Tenure of Independent Directors

The Board takes cognizance of the MCCG 2012's recommendation on the tenure of an Independent Non-Executive Director which shall not exceed a cumulative term of nine (9) years. Under the MCCG 2012, upon completion of the nine (9) years of service, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. However, subject to the assessment of the Nomination Committee, an Independent Director after serving a cumulative nine (9) years are subject to the Shareholders' approval in a general meeting.

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

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

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

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

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

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

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

Principle 4: Foster Commitment

4.1 Time Commitment

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

Four (4) Board Meetings were held for the financial year ended 31 December 2015. Details of attendance of the Board members are as follows: -

Name of Director	Designation	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	Executive Chairman	3/4	75
Dato' Siaw Swee Hin	Managing Director/Group Chief Executive Officer	4/4	100
Hud Bin Abu Bakar	Executive Director	2/4	50
Cheang Soon Siang	Executive Director	4/4	100
Chua Eng Chin	Independent Non-Executive Director	4/4	100
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	4/4	100
George Alfonso Miranda	Non-Independent Non-Executive Director	4/4	100

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2015 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

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

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

4.2 Appropriate Continuing Education Programmes

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

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

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

CORPORATE GOVERNANCE STATEMENT

Principle 4: Foster Commitment (Continued)

4.2 Appropriate Continuing Education Programmes (Continued)

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

Director	Title of Programmes/Seminars/Courses/Forum
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	• The Board's Response in Light of Rising Shareholder Engagements
Dato' Siaw Swee Hin	• Corporate Disclosure Policy Under the Listing Requirements
Hud Bin Abu Bakar	• Liberalisation and the Future of the Profession • Mandatory Accreditation Programme for Directors of Public Listed Companies
Cheang Soon Siang	• Corporate Disclosure Policy Under the Listing Requirements • Valuation on Mergers & Acquisitions • The Board's Response in Light of Rising Shareholder Engagements
Chua Eng Chin	• Breaches of Bursa Trading Rules, Penalties for non-compliance • Corporate Disclosure Policy Under the Listing Requirements
Md. Noor Bin Abd. Rahim	• Corporate Disclosure Policy Under the Listing Requirements • GST and its Impact on Investment Banking, Commercial Banking and Islamic Banking • Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers
George Alfonso Miranda	• Corporate Disclosure Policy Under the Listing Requirements

Principle 5: Uphold Integrity in Financial Reporting

5.1 Compliance with Applicable Financial Reporting Standard

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

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

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

Principle 5: Uphold Integrity in Financial Reporting (Continued)

5.1 Compliance with Applicable Financial Reporting Standard (Continued)

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

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

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

5.2 Assessment of Suitability and Independences of External Auditors

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

Audit Committee had on 26 November 2015 conducted an assessment on the suitability and independence of the external auditors, M/s Crowe Horwath. Having considered their competency, resources and the audit team assigned and the tenure of the change of its audit engagement partner, the Audit Committee had recommended to the Board on their suitability and independence and to re-appoint M/s Crowe Horwath as auditors of the Group for the ensuing year. The Board has recommended M/s Crowe Horwath for re-appointment as auditors of the Group for the shareholders' approval at this Annual General Meeting.

To ensure independence, the Audit Committee had met the External Auditors once without the executive board members present during the financial year to discuss issues arising from any audit exercises or other matters, which the External Auditors may wish to raise. No subsequent meeting was held as there were no major issues that required their immediate attention. Nevertheless, they met the External Auditors and raised their concern at other Audit Committee meetings during the financial year.

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

A summary of activities of the Audit Committee during the financial year under review is set out in the Audit Committee Report on pages 31 to 35 of this Annual Report.

Principle 6: Recognise and Manage Risk

6.1 Sound Framework to Manage Risk

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

6.2 Internal Audit Function

The Company has in place Internal Audit function, which reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The internal audit function is independent of the activities it audits and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively. The scope of work it covered during the financial year under review is provided in the Audit Committee Report as set out on page 35 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

Principle 6: Recognise and Manage Risk (Continued)

6.2 Internal Audit Function (Continued)

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

Information on the Group's system of Internal Control is outlined in the Statement on Risk Management and Internal Control on page 28 of the Annual Report.

Principle 7: Ensure Timely and High Quality Disclosure

7.1 Corporate Disclosure Policy

The Board and the Management facilitate effective communications with the shareholders, analysts, fund managers and the media. The Company mainly communicates with its shareholders, stakeholders and the public through timely announcements and disclosures made to Bursa Securities. The Group's results for the first three quarters and full year for financial year 2015 were all released on a timely basis.

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

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

7.2 Leverage on Information Technology for Effective Dissemination of Information

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

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

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

Principle 8: Strengthen Relationship between Company and Shareholders

8.1 Encourage Shareholder Participation at General Meeting

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

The Company supports the MCCG 2012's principle to encourage shareholder participation. Shareholders receive the annual report in electronic format and notice of Annual General Meeting. Notice of the Annual General Meeting is also advertised in the press. At the Annual General Meeting and immediately thereafter, shareholders have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Group. Also, shareholders are informed of their right to demand a poll vote during the Annual General Meeting.

8.2 Encourage Poll Voting

The board encourage putting substantive resolution to vote by poll and to make an announcement of the detailed results showing the number of votes cast for and against each resolution. In line with Recommendation 8.2 of the MCCG 2012, the Chairman informs shareholders of their right to demand a poll vote at the commencement of all general meetings.

Principle 8: Strengthen Relationship between Company and Shareholders (Continued)

8.3 Effective Communication and Proactive Engagement

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

ACCOUNTABILITY AND AUDIT

(i) Corporate Responsibility ("CR")

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

(ii) Workforce Diversity

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

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

COMPLIANCE STATEMENT

The Board is of the view that the Group has taken necessary steps throughout the financial year under review to comply with the principles and best practices of the MCCG 2012. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 March 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2015.

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

Board's Responsibilities

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

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year under review up to the date of approval of the this Statement for inclusion in the Annual Report. The process is applied in reviewing the risk management and internal control system and that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. The process is regularly reviewed by the Board through its Audit Committee with the assistance of the Internal Auditors.

The functions of the Board are to:-

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

In performing its review of adequacy and effectiveness of the Group's Statement of Internal Control, the Audit Committee considered the following reporting:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Control and Monitoring Process

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

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

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

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

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

- The Audit Committee reviews the adequacy and effectiveness of the Group's risk management and internal control procedures as well as any internal control issues identified by the Internal and External Auditors;
- An annual budgeting process that establishes monthly budgets for the Group against which performance is monitored on an ongoing basis;
- Monthly management accounts are reviewed by senior management;
- Segregation of duties and limits of authority are practised to ensure accountability and responsibility.

Other Key Elements Of Internal Control

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

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

The internal audit function for the financial year ended 31 December 2015 was outsourced and the cost incurred was RM10,000.00.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2015.

Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 30 March 2016.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-back

There was no share buy-back exercised during the financial year ended 31 December 2015.

Options or Convertible Securities

The Company did not issue any options or convertible securities in respect of the financial year ended 31 December 2015.

Share Issuance Scheme

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

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

		← Number of options over Ordinary Shares of RM0.10 Each →				
Date of Offer	Exercise Price	At 1 January 2015	Granted	Exercised	Nullified #	At 31 December 2015
3 June 2015	RM0.11	-	98,400,000	(10,000,000)	(88,400,000)	-
18 August 2015	RM0.10	-	88,900,000	(3,000,000)	-	85,900,000
		-	187,300,000	(13,000,000)	(88,400,000)	85,900,000

\# The Company had on 18 August 2015 nullified and void 88,400,000 options which were earlier granted to option holders on 3 June 2015 based on mutual consent. On 18 August 2015, a new offer of 88,900,000 options had been granted to eligible employees and directors.

The aggregate maximum and actual SIS allocations to Executive Directors and Senior Management during the financial year 2015 and since the commencements of the SIS are as follows:

	Financial Year 2015		Since the Commencement of the SIS	
	Maximum Allowable Allocation (%)	Actual Allocation (%)	Maximum Allowable Allocation(%)	Actual Allocation (%)
Executive Directors and Senior Management	-	69	-	69

Please refer to page 42, 43 and 45 of the Annual Report 2015 for the further details on the Share Issuance Scheme.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2015.

Profit Guarantees

During the financial year ended 31 December 2015, the Company did not provide any profit guarantee nor is there any profit guarantee given to the Company.

Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries which involving the interests of Directors and major shareholders during the financial year ended 31 December 2015.

Utilisation of Proceeds

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

	Proposed Utilisation (RM'000)	Utilised (RM'000)	Unutilised/ (Over) (RM'000)
Renovation of shopping mall	2,968	2,962	6
Repayment of bank borrowings	2,160	126	2,034
Working capital	2,614	509	2,105
Estimated expenses in relation to the Proposed Private Placement	80	72	8
TOTAL	7,822	3,669	4,153

ADDITIONAL COMPLIANCE INFORMATION

Imposition of Sanctions and/or Penalties

There were no significant sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year ended 31 December 2015.

Non-Audit Fees

The amount of non-audit fees paid and payable to Messrs Crowe Horwath and their affiliates by the Group for the financial year ended 31 December 2015 is RM5,000.00.

Variation in Results

There is no material variation in the Company's audited financial results for the financial year ended 31 December 2015 from the unaudited results as previously announced. The Company did not make or release any profit estimate, financial forecast or projection in the financial year ended 31 December 2015.

Recurrent Related Party Transactions of a Revenue or Trading Nature

There were no recurrent related party transactions of revenue nature entered into during the financial year.

Corporate Social Responsibility

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

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

Some of the activities undertaken during the year include:

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

Workforce Diversity

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

Total Workforce by Gender, Age and Races as at 31 December 2015 are as follow:-

Gender/ Age Group/ Races	21 – 30			31 – 40			41 - 60			Total workforce
	Malay	Chinese	Indian	Malay	Chinese	Indian	Malay	Chinese	Indian	
Female	1	4	0	0	0	0	0	0	0	5
Male	1	1	1	1	1	1	4	5	0	15
Total	**2**	**5**	**1**	**1**	**1**	**1**	**4**	**5**	**0**	**20**

AUDIT COMMITTEE REPORT

OBJECTIVE

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

SALIENT TERMS OF REFERENCE

Composition and Size

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

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

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

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

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

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

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

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

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

Chairman

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

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

AUDIT COMMITTEE REPORT

Chairman (Continued)

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

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

Meetings

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

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

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

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

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

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

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

The Minutes of each meeting shall be circulated to each Member of the Audit Committee and the Audit Committee Chairman and each report on each meeting to the Board. The Board of Directors should be kept aware of the Committee's activities by way of the Committee Minutes being circulated together with the Board meeting papers.

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

Details of the Committee members and the attendance of each member at the Committee held during the financial year ended 31 December 2015 are set out below:

Name	Designation Attended	Meetings
Chua Eng Chin (Chairman of the Committee)	Independent Non-Executive Director	4/4
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	4/4
George Alfonso Miranda	Non-Independent Non-Executive Director	4/4

AUDIT COMMITTEE REPORT

Secretary

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

Rights

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

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

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

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

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

Functions

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

The AC is responsible for:-

- Assessing the risks and control environment;
- Overseeing financial reporting;
- Evaluating the internal and external audit process;
- Reviewing conflict of interest situations and related party transactions that may arise within the Company or the Group including any transactions, procedures or course of conduct that raises questions or management integrity;
- Reviewing the quarterly results and year-end financial statements, before submission to the Board of Directors for approval, focusing particularly on:-
    - > Changes in or implementation of major accounting policies and practices;
    - > Major risk areas;
    - > Significant and unusual events;
    - > Significant adjustments resulting from the audit; and
    - > Compliance with accounting standards, Listing Requirements and other legal requirements.

- Reviewing the following with the External Auditors and report the same to the Board of Directors:
    - > The audit plan;
    - > The audit report;
    - > Evaluation of the system of internal controls;
    - > Letter to Management and the Management's response;
    - > The assistance given by the employees to the External Auditors; and
    - > Any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response.

Functions (Continued)

- Reviewing the following with the Internal Auditors and report the same to the Board of Directors:
  - > The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
  - > The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Undertaking such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC.
- Establishing procedures for receipt, retention and treatment of complaints received by the Company and the Group regarding inter alia, criminal offences involving the Company and the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company and the Group.
- Monitoring, reviewing and assessing the utilization of proceeds are consistent with the intention presented to investors for any fund raising exercise.
- Considering and recommending the appointment or re-appointment of the Internal and External Auditors and matters relating to the resignation or dismissal of the auditors.
- Reviewing resignation from the External Auditors.
- Undertaking such other functions and duties as may be required by statute or the Listing Requirements, or by such amendments as may be made thereto from time to time.
- Accessing the suitability and independence of the External Auditors;

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

SUMMARY OF ACTIVITIES

A brief summary and an overview of the activities of the Audit Committee in discharging their duties and responsibilities during the financial year ended 31 December 2015 are as follows:-

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

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

(iii) reviewed the annual audit planning memorandum and the scope of work prepared by the external auditors;

(iv) reviewed the proposed audit fees for external auditors;

(v) discussed with the external auditors their report on the financial statements and management letter relating to their audit;

(vi) met with the external auditors for a private session without the presence of the Executive Board members and Management staff;

(vii) reviewed major findings in the reports prepared by the outsourced internal auditors together with the recommended Management's responses;

(viii) reviewed on a quarterly basis the actual transacted value of related party transactions;

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

SUMMARY OF ACTIVITIES (Continued)

(x) reviewed the Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report 2015; and

(xi) accessed the suitability and independence of the External Auditors.

INTERNAL AUDIT FUNCTION

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

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

In year 2015, one internal audit plan were issued and presented to the Audit Committee with recommended corrective actions acted upon.

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

STATEMENT ON SHARE ISSUANCE SCHEME ("SIS") BY AUDIT COMMITTEE

The Committee verified and confirmed that during the financial year ended 31 December 2015, a total of 98,900,000 SIS options were allocated to the eligible directors and employees of the Group initially but these options has been nullified and voided during the same financial year. Subsequently, new offer of 88,900,000 SIS options were allocated to the eligible directors and employees of the Group.

NOMINATION COMMITTEE STATEMENT

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

The Nomination Committee comprises of the following manners:

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

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

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

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

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

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

A quorum shall consist of two (2) members.

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

The Nomination Committee met once during the financial year ended 31 December 2015. The minute of each meeting are to be kept by the Company Secretary as evidence that the Nomination Committee has discharged its functions. The Chairman of the Nomination Committee reports to the Board after each Committee Meeting.

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

Name of Committee Members	Attendance
Chua Eng Chin (Chairman)	1/1
Md. Noor Bin Abd. Rahim	1/1
George Alfonso Miranda	1/1

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

NOMINATION COMMITTEE STATEMENT

OBJECTIVE

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

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

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

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

BOARD EFFECTIVENESS ASSESSMENT

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

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

The Nomination Committee conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Members in respect of the financial year ended 31 December 2015. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Nomination Committee for review and deliberation.

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

SUMMARY OF ACTIVITIES

The Nomination Committee met once during the financial year ended 31 December 2015.

The activities undertaken by the Nomination Committee in relation to the financial year ended 31 December 2015 were as follows:

- Conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Committees. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and deliberation;

- Conducted an annual assessment on the independence of each independent director;

- Reviewed and made recommendations to the Board for the appointment of Directors to the Board; and

- Made recommendations to the Board for the re-election or re-appointment of the Directors who are subject to retirement at the forthcoming Annual General Meeting.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

SHARE CAPITAL

Authorised Share Capital	: 5,000,000,000 Ordinary Shares of RM0.10 per share
Issued and Fully Paid-Up Share Capital	: 863,459,964 Ordinary Shares of RM0.10 per share
Voting Rights	: One voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Percentage (%) of Total	No. of Shares Held	Percentage (%) of Total
1 to 99	368	3.04	16,625	Negligible
100 to 1,000	1,788	14.79	1,500,992	0.17
1,001 to 10,000	4,982	41.20	25,746,868	2.98
10,001 to 100,000	3,945	32.63	162,049,012	18.77
100,001 to less than 5% of issued shares	1,006	8.32	561,961,891	65.08
5% and above of issued shares	2	0.02	112,184,576	13.00
Total	12,091	100.00	863,459,964	100.00

DIRECTOR'S SHAREHOLDINGS

	No. of shares held		Percentage (%)		Total	
Name of Director	Direct	Indirect	Direct	Indirect	No. of Shares	Percentage (%)
1. Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434,000	-	1.09	-	9,434,000	1.09
2. Dato' Siaw Swee Hin	52,172,600	*67,847,976	6.04	7.86	120,020,576	13.90
3. Hud Bin Abu Bakar	9,434,000	-	1.09	-	9,434,000	1.09
4. Cheang Soon Siang	270,000	-	0.03	-	270,000	0.03
5. Chua Eng Chin	-	**250,000	-	0.03	250,000	0.03
6. Md.Noor Bin Abd. Rahim	-	-	-	-	-	-
7. George Alfonso Miranda	-	-	-	-	-	-

Notes:

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

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

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

		Direct interest		Indirect interest	
No.	Name of Substantial Shareholder	Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	DATO' SIAW SWEE HIN	52,172,600	6.04	*67,847,976	7.86
2.	QUANTUM DISCOVERY SDN BHD	67,847,976	7.86	-	-
3.	SIAW SWEE WOON	1,200,000	0.14	*67,847,976	7.86

Notes:

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

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

THIRTY (30) LARGEST SHAREHOLDERS

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
1	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUANTUM DISCOVERY SDN BHD	67,847,976	7.86
2	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN	44,336,600	5.13
3	STEADY INFLUX SDN BHD	30,000,000	3.48
4	CRYSTAL PROPEL SDN BHD	20,000,000	2.32
5	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN (B)	14,311,400	1.66
6	HARMONY DOTCOM SDN BHD	13,223,000	1.53
7	CHIONG MIAW THUAN	10,000,000	1.16
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUD BIN ABU BAKAR	9,434,000	1.09
9	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR (MGN-AAA0019M)	9,434,000	1.09
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW SWEE HIN (8084169)	7,800,000	0.90
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	7,000,000	0.81
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HWA CHENG	6,508,300	0.75
13	KHOO CHAI HENG	5,800,000	0.67
14	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA NYOK CHONG	5,448,300	0.63
15	YONG LING FOUNG	5,000,000	0.58
16	NEO CHIN KIAN	4,778,000	0.55
17	NG HONG MING	4,635,000	0.54
18	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHING LOON	4,154,100	0.48
19	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAKARIAH BIN ABDUL RASHID	4,007,200	0.47
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE MOY	4,000,000	0.46

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

THIRTY (30) LARGEST SHAREHOLDERS (Continued)

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
21	LAI KIM LAN	4,000,000	0.46
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	3,940,000	0.46
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR CHUAH CHIEW IANG (SMART)	3,200,000	0.37
24	YEOH PHEK LENG	3,170,000	0.37
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NAZRI BIN ABDULLAH @ NAZRI BHUPALAN (MM0581)	3,000,000	0.35
26	ZULKIFLI BIN OSMAN	3,000,000	0.35
27	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM THIAM HUAT (B)	2,978,800	0.35
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,950,000	0.34
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG CHOY	2,800,000	0.32
30	WONG WAI KUAN	2,776,141	0.32
		309,532,817	35.85

LIST OF PROPERTIES
AS AT DECEMBER 2015

Location of properties	Description/ Existing use	Land Area	Tenure (expiry of lease)	Approximate Age of Property	Date of Revaluation	Date of Acquisition	Net Book Value# RM'000
Lot No. 20890 and 20891 in the Municipality and District of Seremban Darul Khusus	3 ½ Storey shopping complex for rental and open air car park	Complex net lettable area of 217,096 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 78 years)	20 years	11.01.2016	25.08.2003	70,000

Excluding the cost of construction-in-progress for refurbishment of the investment property.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM'000	**The Company** RM'000
Profit after taxation for the financial year	1,362	3,791
Attributable to:-		
Owners of the Company	1,439	3,791
Non-controlling interest	(77)	-
	1,362	3,791

DIVIDENDS

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Note 29 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

The movements in the authorised and issued and paid-up share capital are disclosed in Note 15 to the financial statements.

There were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Share Issuance Scheme.

SHARE ISSUANCE SCHEME

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

The main features of the SIS are disclosed in Note 16.2 to the financial statements.

SHARE ISSUANCE SCHEME (Continued)

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

Date of Offer	Exercise Price	← Number of options over Ordinary Shares of RM0.10 Each → At 1 January 2015	Granted	Exercised	Nullified #	At 31 December 2015
3 June 2015	RM0.11	-	98,400,000	(10,000,000)	(88,400,000)	-
18 August 2015	RM0.10	-	88,900,000	(3,000,000)	-	85,900,000
		-	187,300,000	(13,000,000)	(88,400,000)	85,900,000

The Company had on 18 August 2015 nullified and void its options which were earlier granted to option holders on 3 June 2015 based on mutual consent.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 3,000,000 ordinary shares of RM0.10 each. The names of option holders granted options to subscribe for 3,000,000 or more ordinary shares of RM0.10 each during the financial year, other than directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:-

Name	Grant Date	Expiry Date	Exercise Price	Number of Share Options Granted	Exercised	At 31 December 2015
Low Tuck Meng	18 August 2015	27 May 2020	RM0.10	11,000,000	-	11,000,000
Siaw Swee Woon	18 August 2015	27 May 2020	RM0.10	5,000,000	-	5,000,000
Lok Wung Yip	18 August 2015	27 May 2020	RM0.10	5,000,000	-	5,000,000
Chan Kok Leong	18 August 2015	27 May 2020	RM0.10	3,000,000	-	3,000,000
Thirungana Sammanthan	18 August 2015	27 May 2020	RM0.10	3,000,000	-	3,000,000

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as a director, who is also a substantial shareholder of the Company, has indicated its willingness to provide continued financial support to the Group and the Company to enable it to operate as a going concern in the foreseeable future.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 38 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

DIRECTORS

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

Dato' Siaw Swee Hin
Cheang Soon Siang
Chua Eng Chin
Md. Noor Bin Abd. Rahim
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Hud Bin Abu Bakar
George Alfonso Miranda

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Direct Interests in the Company				
Dato' Siaw Swee Hin	39,172,600	13,000,000	-	52,172,600
Cheang Soon Siang	270,000	-	-	270,000
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	9,434,000	-	-	9,434,000
Hud Bin Abu Bakar	9,434,000	-	-	9,434,000
Indirect Interests in the Company				
Dato' Siaw Swee Hin#	67,847,976	-	-	67,847,976
Chua Eng Chin	250,000	-	-	250,000

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

	Number of Options over Ordinary Shares of RM0.10 Each			
	At 1.1.2015	**Granted**	**Exercised**	**At 31.12.2015**
Share Options of the Company				
Dato' Siaw Swee Hin	-	30,000,000	(13,000,000)	17,000,000
Cheang Soon Siang	-	15,000,000	-	15,000,000
Chua Eng Chin	-	2,000,000	-	2,000,000
Md. Noor Bin Abd. Rahim	-	3,000,000	-	3,000,000
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	-	10,000,000	-	10,000,000
Hud Bin Abu Bakar	-	6,000,000	-	6,000,000
George Alfonso Miranda	-	3,000,000	-	3,000,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Group or the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest as disclosed in Note 36 to the financial statements.

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

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 43 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors dated 11 April 2016

Dato' Siaw Swee Hin

Cheang Soon Siang

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

We, Dato' Siaw Swee Hin and Cheang Soon Siang, being two of the directors of Naim Indah Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 50 to 108 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 44, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 11 April 2016

Dato' Siaw Swee Hin

Cheang Soon Siang

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

I, Low Tuck Meng, being the officer primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Low Tuck Meng,
at Kuala Lumpur in the Federal Territory
on this 11 April 2016

Low Tuck Meng

Before me

Datin Hajah Raihela Wanchik (W-275)
Commissioner for Oaths

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

Report on the Financial Statements

We have audited the financial statements of Naim Indah Corporation Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 108.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3.2 to the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that as of 31 December 2015, the Group's current liabilities exceeded its current assets by RM7,855,000 (2014 - RM3,372,000).

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

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

Report on Other Legal and Regulatory Requirements (Continued)

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Requirements

The supplementary information set out in Note 44 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Onn Kien Hoe
Approval No: 1772/11/16 (J/PH)
Chartered Accountant

11 April 2016

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	6	2,007	1,529	1,839	1,295
Investment property	7	91,198	70,000	-	-
Intangible asset	8	-	-	-	-
Investments in subsidiaries	9	-	-	52,263	52,265
Investments in associate	10	316	-	400	-
Deferred tax assets	11	1,527	-	1,527	-
		95,048	71,529	56,029	53,560
CURRENT ASSETS					
Trade receivables	12	1,474	1,069	1,443	1,069
Other receivables, deposits and prepayments	13	375	499	13,940	2,520
Tax recoverable		-	7	-	-
Fixed deposits with licensed banks	14	230	209	-	-
Cash and bank balances		5,892	1,337	3,686	1,199
		7,971	3,121	19,069	4,788
TOTAL ASSETS		103,019	74,650	75,098	58,348
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	86,346	77,224	86,346	77,224
Reserves	16	2,441	1,404	2,441	1,404
Accumulated losses		(23,276)	(24,715)	(18,050)	(21,841)
Equity attributable to owners of the Company		65,511	53,913	70,737	56,787
Non-controlling interest		(2)	75	-	-
TOTAL EQUITY		65,509	53,988	70,737	56,787
NON-CURRENT LIABILITIES					
Long-term borrowings	17	13,602	14,169	388	128
Amount owing to a director	20	8,082	-	3,283	-
		21,684	14,169	3,671	128
CURRENT LIABILITIES					
Trade payables	21	137	950	-	804
Other payables and accruals	22	11,312	1,477	586	601
Provision for taxation		284	284	-	-
Short-term borrowings	23	1,093	946	104	28
Bank overdraft	24	3,000	2,836	-	-
		15,826	6,493	690	1,433
TOTAL LIABILITIES		37,510	20,662	4,361	1,561
TOTAL EQUITY AND LIABILITIES		103,019	74,650	75,098	58,348
NET ASSETS PER ORDINARY SHARE (RM)	25	0.08	0.07		

The annexed form an integral part of these financial statement.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		The Group		**The Company**	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	26	8,855	4,690	8,766	2,742
COST OF SALES	27	(1,465)	(3,531)	(1,465)	(2,086)
GROSS PROFIT		7,390	1,159	7,301	656
OTHER INCOME	28	106	89	225	66
		7,496	1,248	7,526	722
ADMINISTRATIVE EXPENSES		(5,570)	(4,353)	(4,767)	(2,980)
OTHER EXPENSES		(468)	(7,987)	(479)	(7,319)
PROFIT/(LOSS) FROM OPERATIONS		1,458	(11,092)	2,280	(9,577)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(84)	-	-	-
FINANCE COSTS		(1,532)	(1,464)	(16)	-
(LOSS)/PROFIT BEFORE TAXATION	29	(158)	(12,556)	2,264	(9,577)
INCOME TAX EXPENSE	30	1,520	-	1,527	-
PROFIT/(LOSS) AFTER TAXATION		1,362	(12,556)	3,791	(9,577)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		1,362	(12,556)	3,791	(9,577)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		1,439	(12,553)	3,791	(9,577)
Non-controlling interest		(77)	(3)	-	-
		1,362	(12,556)	3,791	(9,577)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		1,439	(12,553)	3,791	(9,577)
Non-controlling interest		(77)	(3)	-	-
		1,362	(12,556)	3,791	(9,577)
EARNINGS/(LOSS) PER SHARE (SEN)					
- Basic	31	0.18	(1.73)		
- Diluted		N/A	N/A		

The annexed form an integral part of these financial statement.

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Non-Distributable			Distributable			
		Share Capital RM'000	Share Premium RM'000	SIS Options Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interest RM'000	Total Equity RM'000
The Group								
Balance at 1 January 2014		70,203	-	-	(12,084)	58,119	-	58,119
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(12,553)	(12,553)	(3)	(12,556)
Contributions by and distributions to owners of the Company:								
- Private placement		7,021	1,404	-	-	8,425	-	8,425
- Changes in a subsidiary's ownership interest that do not result in a loss of control		-	-	-	(78)	(78)	78	-
Total transactions with owners		7,021	1,404	-	(78)	8,347	78	8,425
Balance at 31 December 2014/1 January 2015		77,224	1,404	-	(24,715)	53,913	75	53,988
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial year		-	-	-	1,439	1,439	(77)	1,362
Contributions by and distributions to owners of the Company:								
New ordinary shares issued pursuant to:-								
- Private placement		7,822	-	-	-	7,822	-	7,822
- vested		-	-	937	-	937	-	937
- exercise of SIS options		1,300	487	(387)	-	1,400	-	1,400
Total transactions with owners		9,122	487	550	-	10,159	-	10,159
Balance at 31 December 2015		86,346	1,891	550	(23,276)	65,511	(2)	65,509

The annexed form an integral part of these financial statement.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	Non-Distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	SIS Options Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
The Company					
Balance at 1 January 2014	70,203	-	-	(12,264)	57,939
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(9,577)	(9,577)
Contributions by and distributions to owners of the Company:					
Private placement	7,021	1,404	-	-	8,425
Balance at 31 December 2014/ 1 January 2015	77,224	1,404	-	(21,841)	56,787
Profit after taxation/Total comprehensive income for the financial year	-	-	-	3,791	3,791
Contributions by and distributions to owners of the Company:					
New ordinary shares issued pursuant to:-					
- private placement	7,822	-	-	-	7,822
- vested	-	-	937	-	937
- exercise of SIS options	1,300	487	(387)	-	1,400
Total transactions with owners	9,122	487	550	-	10,159
Balance at 31 December 2015	86,346	1,891	550	(18,050)	70,737

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(158)	(12,556)	2,264	(9,577)
Adjustments for:-					
Bad debts written off		1	8	1	8
Depreciation of property and equipment		467	237	401	109
Development costs written off		-	762	-	-
Impairment loss on:					
- goodwill		6	-	-	-
- investment in subsidiaries		-	-	2	5,566
- trade receivables		-	7,664	-	-
- amount owing by subsidiaries		-	-	74	1,637
- prepayment		-	5	-	-
Writeback of impairment loss on:					
- trade receivables		(18)	(4)	-	-
- other receivables		-	(53)	-	(53)
Gain on disposal of equipment		-	(10)	-	(10)
Reversal of impairment loss on amount owing by subsidiaries		-	-	(223)	-
Waiver of debts		-	(5)	-	-
Share option to employees		937	-	937	-
Share of result of associates		84	-	-	-
Interest income		(9)	(9)	(2)	-
Interest expense		1,532	1,464	16	-
Operating profit/(loss) before working capital changes		2,842	(2,497)	3,470	(2,320)
Increase in property development costs		-	(431)	-	-
Increase in construction-in-progress of investment property		(21,198)	-	-	-
Increase in trade and other receivables		(264)	(807)	(483)	(1,037)
Increase/(Decrease) in trade and other payables		9,016	(591)	(565)	653
CASH (FOR)/FROM OPERATIONS		(9,604)	(4,326)	2,422	(2,704)
Interest paid		(1,532)	(1,464)	(16)	-
Tax paid		-	(10)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD		(11,136)	(5,800)	2,406	(2,704)

The annexed form an integral part of these financial statement.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	Note	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(11,136)	(5,800)	2,406	(2,704)
CASH FLOWS FOR INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(11,164)	-
Purchase of property and equipment	33	(545)	(1,278)	(545)	(1,215)
Interest income received		9	9	2	-
Acquisition of an associate		(400)	-	(400)	-
Change in pledged fixed deposits		(21)	-	-	-
Proceeds from disposal of equipment		-	10	-	10
NET CASH FOR INVESTING ACTIVITIES		(957)	(1,259)	(12,107)	(1,205)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from a director		8,082	-	3,283	-
Repayment to subsidiaries		-	-	(253)	(3,320)
Repayment of term loans		(733)	(575)	-	-
Repayment of hire purchase payables		(87)	(15)	(64)	-
Proceeds from exercise of SIS options		1,400	-	1,400	-
Proceeds from private placement		7,822	8,425	7,822	8,425
NET CASH FROM FINANCING ACTIVITIES		16,484	7,835	12,188	5,105
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,391	776	2,487	1,196
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(1,499)	(2,275)	1,199	3
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	34	2,892	(1,499)	3,686	1,199

The annexed form an integral part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 April 2016

2. PRINCIPAL ACTIVITIES.

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

3. BASIS OF ACCOUNTING

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

3.1 BASIS OF PREPARATION

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

FRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to FRSs 2010 – 2012 Cycle
Annual Improvements to FRSs 2011 – 2013 Cycle

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

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

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016

The annexed form an integral part of these financial statement.

3. BASIS OF ACCOUNTING (Continued)

3.1 BASIS OF PREPARATION (Continued)

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

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

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

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

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

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

3.2 GOING CONCERN

The financial statements are prepared on the basis of accounting principles applicable to a going concern as a director, who is also a substantial shareholder of the Company has indicated its willingness to provide financial support to the Group to enable it to operate as a going concern in the foreseeable future.

During the financial year ended 31 December 2015, the Group's current liabilities exceeded its current assets by RM7,855,000 (2014 - RM3,372,000).

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the amount and classification of assets and liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of Property and Equipment

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

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

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

(b) Income Taxes

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

(c) Impairment of Non-Financial Assets

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

(d) Impairment of Trade and Other Receivables

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

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

(g) Fair Value Estimates for Investment Property

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

(h) Share-based Payments

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

4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 BASIS OF CONSOLIDATION (Continued)

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

Business Combinations from 1 January 2011 Onwards

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

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

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

Business combinations before 1 January 2011

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

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

4.3 GOODWILL

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

Business Combinations from 1 January 2011 Onwards

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 GOODWILL (Continued)

Business Combinations before 1 January 2011

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

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

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to nearest thousand, unless otherwise stated.

(b) Transactions and Balances

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

4.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instrument in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 FINANCIAL INSTRUMENTS (Continued)

(a) Financial Assets

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

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

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

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

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

(ii) Held-to-maturity Investments

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

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

(iii) Loans and Receivables Financial Assets

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

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

(iv) Available-for-sale Financial Assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 FINANCIAL INSTRUMENTS (Continued)

(a) Financial Assets (Continued)

(iv) Available-for-sale Financial Assets (Continued)

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

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

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

(b) Financial Liabilities

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

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

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

(c) Equity Instruments

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

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

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

(d) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 FINANCIAL INSTRUMENTS (Continued)

(e) Financial Guarantee Contracts

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

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

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENT IN ASSOCIATES

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

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2015. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 PROPERTY AND EQUIPMENT

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

Depreciation is charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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

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

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

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

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 IMPAIRMENT (Continued)

(a) Impairment of Financial Assets (Continued)

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

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

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.10 ASSETS UNDER HIRE PURCHASE

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

4.11 OPERATING LEASES – THE GROUP AS LESSOR

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as set out in Note 4.22(c).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 INVESTMENT PROPERTIES

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

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

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

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

4.13 PROPERTY DEVELOPMENT COSTS

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

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

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

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

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

4.14 PROVISIONS

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

4.15 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 INCOME TAXES (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

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

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

4.16 BORROWING COSTS

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

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

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

4.17 CASH AND CASH EQUIVALENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 CONTINGENT LIABILITIES

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

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

4.19 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

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

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

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

4.20 RELATED PARTIES

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 RELATED PARTIES (Continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

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

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

4.21 FAIR VALUE MEASUREMENTS

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.22 REVENUE RECOGNITION

(a) Sale of Goods

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.22 REVENUE RECOGNITION (Continued)

(b) Property Development

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

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

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

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

(c) Rental Income

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

(d) Project Management Consultant

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the surveys of work performed. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(e) Interest Income

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

4.23 OPERATING SEGMENTS

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

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

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

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

(c) Property development segment - involved in the constructing and developing residential and commercial properties.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.24 EARNINGS PER ORDINARY SHARE

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

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

5. CORPORATE PROPOSALS

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

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

Details of the Proposed Private Placement can be found from the Company's announcement made on 16 May 2015 and its updates on 20 May 2014, 24 June 2014, 7 July 2014, 19 August 2014 and 28 August 2014 respectively.

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

(a) Proposed Award

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

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

(b) Proposed Diversification

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

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

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

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

5. CORPORATE PROPOSALS (Continued)

(c) Proposed Share Issuance Scheme (“Proposed SIS”)

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

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

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

The corporate proposals were approved by shareholders in the Extraordinary General Meeting on 17 April 2015.

5.3 The Company’s announcement dated 4 September 2015 for Proposed Private Placement of up to 78,223,000 new ordinary shares of RM0.10 each in the Company, representing approximately 10% of the issued and paid-up share capital of the Company, to independent third party investors to be identified.

On 2 December 2015, the Company had completed the proposal. All the 78,223,000 additional shares were fully subscribed for at the issue price of RM0.10 per share, amounting to approximately RM7,822,300.

Details of the Private Placements can be found from the Company’s announcement made on 4 September 2015, 15 September 2015, 22 September 2015, 4 November 2015, 24 November 2015, 1 December 2015 and 2 December 2015 respectively.

6. PROPERTY AND EQUIPMENT

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

6. PROPERTY AND EQUIPMENT (Continued)

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

Note:
- Amount below RM1,000

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2015			
Computer equipment	724	(316)	408
Electrical fittings	69	(18)	51
Furniture and fittings	575	(418)	157
Motor vehicles	1,174	(247)	927
Office equipment	589	(530)	59
Renovation	698	(293)	405
	3,829	(1,822)	2,007
2014			
Computer equipment	639	(178)	461
Electrical fittings	12	(12)	-
Furniture and fittings	574	(501)	73
Motor vehicles	1,319	(831)	488
Office equipment	574	(525)	49
Renovation	639	(181)	458
	3,757	(2,228)	1,529

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. PROPERTY AND EQUIPMENT (Continued)

	At 1.1.2014 RM'000	Additions RM'000	Depreciation Charge RM'000	At 31.12.2014 RM'000
2014				
Net Book Value				
Computer equipment	5	500	(44)	461
Electrical fittings	1	-	(1)	-
Furniture and fittings	18	70	(18)	70
Motor vehicles	-	289	(14)	275
Office equipment	3	44	(3)	44
Renovation	6	468	(29)	445
	33	1,371	(109)	1,295

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Company			
2015			
Computer equipment	686	(278)	408
Electrical fittings	69	(18)	51
Furniture and fittings	360	(204)	156
Motor vehicles	905	(137)	768
Office equipment	105	(50)	55
Renovation	602	(201)	401
	2,727	(888)	1,839
2014			
Computer equipment	593	(132)	461
Electrical fittings	12	(12)	-
Furniture and fittings	259	(189)	70
Motor vehicles	1,050	(775)	275
Office equipment	82	(38)	44
Renovation	543	(98)	445
	2,539	(1,244)	1,295

Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM926,693 (2014 - RM487,369), which were acquired under hire purchase term.

7. INVESTMENT PROPERTY

	The Group	
	2015	**2014**
	RM'000	RM'000
At fair value		
At 1 January	70,000	67,774
Transfer from property development costs	-	2,226
Construction-in-progress of investment property	21,198	-
At 31 December	91,198	70,000

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

(b) Investment properties are stated at fair value, which have been determined based on valuations performed by independent valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

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

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Leasehold land	-	6,000	-	6,000
Buildings	-	64,000	-	64,000
	-	70,000	-	70,000

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

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

8. INTANGIBLE ASSET

	The Group	
	2015	**2014**
	RM'000	RM'000
Timber extraction rights	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INTANGIBLE ASSET (Continued)

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

	The Group	
	2015	**2014**
	RM'000	RM'000
Cost:		
At 1 January	-	38,745
Accumulated impairment losses:		
At 1 January	-	(17,580)
Impairment during the financial year	-	-
At 31 December	-	(17,580)
Accumulated amortisation:		
At 1 January	-	(21,165)
Amortisation for the financial year	-	-
At 31 December	-	(21,165)
Net carrying amount	-	-

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

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

9. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	**2014**
	RM'000	RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	38,051	38,051
	116,621	116,621
Accumulated impairment losses	(64,358)	(64,356)
	52,263	52,265
Accumulated impairment losses:-		
At 1 January	(64,356)	(58,790)
Addition during the financial year	(2)	(5,566)
At 31 December	(64,358)	(64,356)
At carrying amount		
Unquoted shares	33,763	33,765
Quasi loan	18,500	18,500
	52,263	52,265

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9. INVESTMENTS IN SUBSIDIARIES (Continued)

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

Name Of Company	Effective Equity Interest		Principal Activities
	2015	2014	
Angkasa Lampiran Sdn. Bhd.	100%	100%	Property development. Ceased operations in the previous financial year.
Bitarex Sdn. Bhd.	51%	51%	Dormant.
Consistent Harvest Sdn. Bhd.	100%	100%	Property management.
Jernih Makmur Sdn. Bhd.	100%	100%	Logging and selling round end timber logs. Ceased operations in the previous financial year.
Consistent Harvest Properties Sdn. Bhd. *	100%	100%	Leasing and renting property. Ceased operations during the financial year.
NAIMKBB Berhad *	100%	100%	Dormant.
Ni-Corp Oil & Gas Technologies Sdn. Bhd. *	100%	100%	Trading of building materials and rental of machinery. Ceased operations in the previous financial year.
Naim Indah City Development Sdn. Bhd.	100%	-	Property development and investment holding.
Naim Indah Properties Sdn. Bhd.	100%	-	Property management, leasing and renting Property.

* - Not audited by Messrs. Crowe Horwath.

During the current financial year, the Company acquired 100% equity interests in Naim Indah Properties Sdn. Bhd. and Naim Indah City Development Sdn. Bhd. The details of the acquisition are disclosed in Note 32.1 to the financial statements.

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

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

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

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

(i) After assuming control of KBB Group on 20 December 1998, BNM had obtained approval from the Minister of Finance pursuant to the Banking and Financial Institutions Act 1989 ("BAFIA") for Malayan Banking Berhad ("MBB") to acquire the whole of the assets and liabilities of KBB Group. The acquisition was completed through a vesting order by the Kuala Lumpur High Court on 30 September 2006;

9. INVESTMENTS IN SUBSIDIARIES (Continued)

(ii) Following the completion of the acquisition of the assets and liabilities of KBB Group by MBB, BNM had obtained approval from the Minister of Finance to carry out the following:

(aa) Cancellation of an order made by BNM on 30 December 1998 pursuant to Section 73(5) of BAFIA to relinquish control of KBB back to the Company; and

(bb) Revocation of the license granted to KBB pursuant to Section 10(4) of BAFIA whereby KBB shall no longer be a licensed financial institution under BAFIA.

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

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

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

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

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

There has been no further development since then.

9.2 In the previous financial year, the Company had disposed of its 49% equity interests in Bitarex Sdn. Bhd. (“Bitarex”), representing 1,960,000 shares of RM1 each for a total consideration of RM2, resulting in a dilution of equity interest from 100% to 51%.

9.3 Quasi loans represent advances and payments made on behalf of which the settlement are neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company’s net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

9.4 The Company has assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. A total impairment losses of RM2,304 (2014 – RM5,565,963), representing the write-down of the investments to their recoverable amounts, was recognised in “Other Expenses” line item of the statement of profit or loss and other comprehensive income. The recoverable amounts were determined by reference to the net asset value, of the respective subsidiaries.

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

	Effective Equity Interest		**The Group**	
	2015	**2014**	**2015**	**2014**
	%	%	RM’000	RM’000
Bitarex Sdn. Bhd.	51	51	(2)	75

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. INVESTMENTS IN SUBSIDIARIES (Continued)

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

	Bitarex Sdn. Bhd. 2015 RM'000	Bitarex Sdn. Bhd. 2014 RM'000
At 31 December		
Current assets	-	158
Current liabilities	(6)	(6)
Net (liabilities)/assets	(6)	152
Financial Year Ended 31 December		
Revenue	-	-
Loss for the financial year	(158)	(12)
Total comprehensive expenses	(158)	(12)
Total comprehensive expenses attributable to non-controlling interests	(77)	(3)
Net cash flows for operating activities	(158)	(12)
Net cash flows from investing activities	158	12

10. INVESTMENTS IN AN ASSOCIATE

	The Group 2015 RM'000	The Group 2014 RM'000	The Company 2015 RM'000	The Company 2014 RM'000
Unquoted shares, at cost	400	-	400	-
Share of post acquisition loss	(84)	-	-	-
	316	-	400	-

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

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

Name Of Company	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Naim Indah Mobile Communications Sdn. Bhd.	20	-	Business of telecommunication business, provision of network facilities infrastructure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. INVESTMENTS IN AN ASSOCIATE (Continued)

(c) The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	Naim Indah Mobile Communications Sdn. Bhd. 2015 RM'000
At 31 December	
Current assets	45,655
Current liabilities	(44,415)
Net assets	1,240
3-month Period Ended 31 December	
Revenue	-
Loss for the financial period/Total comprehensive expenses	760
Group's share of loss for the financial period	(84)
Reconciliation of Net Assets to Carrying Amount	
Group's share of net assets above	248
Goodwill	68
Carrying amount of the Group's interest in this associate	316

11. DEFERRED TAX ASSETS

	The Group/The Company 2015 RM'000	2014 RM'000
At 1 January 2015/2014	-	-
Recognised in profit or loss (Note 30)	1,527	-
At 31 December 2015/2014	1,527	-

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

The Group/The Company	Unutilised tax losses RM'000
At 1 Jan 2015	-
Recognised in profit or loss	1,527
At 31 December 2015	1,527

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. DEFERRED TAX ASSETS (Continued)

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	-	259	-	259
Unutilised tax losses	78,799	70,958	57,570	60,425
Impairment loss on receivables	1,215	10,723	-	-
	80,014	81,940	57,570	60,684

12. TRADE RECEIVABLES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables				
Third parties	1,954	11,393	708	1,069
Related parties	735	-	735	-
	2,689	11,393	1,443	1,069
Less: Allowance for impairment losses	(1,215)	(10,324)	-	-
	1,474	1,069	1,443	1,069
Represented by:-				
Current	1,474	1,069	1,443	1,069
Allowance for impairment losses:-				
At 1 January	(10,324)	(2,664)	-	-
Addition for the financial year	-	(7,664)	-	-
Written off during the financial year	9,091	-	-	-
Writeback during the financial year	18	4	-	-
At 31 December	(1,215)	(10,324)	-	-

(a) The Group's normal trade credit terms range from 30 to 60 days.

(b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.

(c) In the previous financial year, a trade receivable had defaulted on its minimum repayment of RM200,000 per month to a subsidiary, Jernih Makmur Sdn. Bhd. ("JMSB"). Management had taken steps to recover the debt from the trade receivable by issuing three reminder letters to the trade receivable. The directors, having considered all available information regarding the debt owing by the trade receivable, are of opinion that the amount is unlikely to be recoverable. Accordingly, the entire amount owing by the trade receivable was written off against the allowance for impairment losses.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Represented by:-				
Current	375	499	13,940	2,520
Sundry receivables				
- Investment and advances to joint venture projects	2,790	2,790	2,790	2,790
- Payment for purchase of properties	10,790	10,790	10,790	10,790
- Others	197	6	-	-
	13,777	13,586	13,580	13,580
Allowance for impairment losses				
At 1 January	(13,580)	(13,633)	(13,580)	(13,633)
- Writeback of impairment loss	-	53	-	53
At 31 December	(13,580)	(13,580)	(13,580)	(13,580)
	197	6	-	-
Deposits	119	37	104	30
Other receivables				
At gross:-				
Amount owing by subsidiaries	-	-	15,284	4,776
Amount owing by related parties	16	16	16	16
Amount owing by a director	-	10	-	10
	16	26	15,300	4,802
Allowance for impairment losses:				
At 1 January	-	-	(2,313)	(676)
- Addition during the financial year	-	-	(74)	(1,637)
- Writeback of impairment loss	-	-	223	-
- Written off of impairment loss	-	-	657	-
At 31 December	-	-	(1,507)	(2,313)
	16	26	13,793	2,489
Prepayments	43	430	43	1
	375	499	13,940	2,520

13.1 Investment and advances to joint venture projects

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

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

(i) the Company was required to provide an advance of RM2.5 million and a bridging loan of not more than RM4.0 million as working capital for the property development project; and

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

13.1 Investment and advances to joint venture projects (Continued)

(a) Joint venture with Creative Springs Sdn. Bhd. ("CSSB") (Continued)

(ii) the Company is entitled to share 50% of the risks and rewards arising therefrom.

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

(i) the scope of the JV be reduced from the construction of 139 units of shop office to 71 units of shop office; and

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

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

(i) the initial sum of RM6.5 million shall be treated as investment made and paid by the Company to NICORP-CREATIVE JV and shall be recouped by the Company as and when NICORP-CREATIVE JV is profitable;

(ii) notwithstanding any terms to the contrary stipulated in the principal agreement, the Company shall not be obligated to advance any further monies to NICORP-CREATIVE JV;

(iii) the Company's participation in the joint venture as contemplated is strictly on an investment basis. The Company shall not contribute, involve or participate in any administrative or operational matters of NICORP-CREATIVE JV or any policy making, decision or any other aspects of NICORP-CREATIVE JV and the Company shall be absolved from any duties, obligations or responsibilities incidental to or arising from these matters;

(iv) the obligation of the Company to provide all management and technical expertise to NICORP-CREATIVE JV is hereby waived and removed;

(v) the Company is entitled to share 60% of the risks and rewards arising therefrom.

(vi) grants to CSSB an exclusive right, authority and power to build 68 units of shop office already acquired by the Company and develop the shop office land in accordance with the layout plan or such amendment thereto as may be approved by the appropriate authorities subject to the terms and conditions hereinafter set forth at CSSB's own costs and expenses;

(vii) assigns absolutely to CSSB the option, namely the benefit of right to build and sell the remaining 68 units of the shop office together with the infrastructure work already done on an "as-is-where-is" basis in relation to NICORP-CREATIVE JV; and

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

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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

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

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

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

14. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.90% to 3.25% (2014 - 2.90% to 3.05%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2014 - 30 to 365) days for the Group.

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

15. SHARE CAPITAL

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

	The Group / The Company			
	2015	**2014**	**2015**	**2014**
	Number Of Shares		**Share Capital**	
	'000	'000	RM'000	RM'000
Authorised				
Ordinary shares of RM0.10 each	5,000,000	5,000,000	500,000	500,000

	The Group / The Company			
	2015	**2014**	**2015**	**2014**
	Number Of Shares		**Share Capital**	
	'000	'000	RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares of RM0.10 Each				
At 1 January	772,237	702,034	77,224	70,203
Issuance of shares pursuant to private placement	78,223	70,203	7,822	7,021
Exercise of share options (Note 16.2)	13,000	-	1,300	-
At 31 December	863,460	772,237	86,346	77,224

16. RESERVES

16.1 SHARE PREMIUM

	The Group/The Company	
	2015	**2014**
	RM'000	RM'000
At 1 January	1,404	-
Ordinary shares issued pursuant to exercise of SIS	487	-
Ordinary shares issued pursuant to private placement	-	1,404
At 31 December	1,891	1,404

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

16.2 SIS OPTIONS RESERVE

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

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

The main features of the SIS are as follows:-

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

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

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

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

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

16. RESERVES (Continued)

16.2 SIS OPTIONS RESERVE (Continued)

The main features of the SIS are as follows:- (Continued)

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

			← Number of Options over Ordinary Shares of RM1 Each →				
Date of Offer	Exercise Price	Remaining Contractual Life of Options Price	At 1 January 2015 ´000	Granted ´000	Exercised ´000	Nullified ´000	At 31 December 2015 ´000
3 June 2015	RM0.11	5 Years	-	98,400	(10,000)	(88,400)	-
18 August 2015	RM0.10	5 Years	-	88,900	(3,000)	-	85,900
			-	187,300	(13,000)	(88,400)	85,900

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

	Options Date	
	18 August 2015	**3 June 2015**
Fair value of share options at the grant date (RM)	0.0194	0.0329
Weighted average ordinary share price (RM)	0.08	0.105
Exercise price of share option (RM)	0.10	0.11
Expected volatility (%)	29.60	30.00
Expected life (years)	5	5
Risk free rate (%)	4.02	3.57

17. LONG-TERM BORROWINGS

	The Group		The Company	
	2015 RM'000	**2014** RM'000	**2015** RM'000	**2014** RM'000
Secured:				
Hire purchase payables (Note 18)	522	286	388	128
Term loans (Note 19)	13,080	13,883	-	-
	13,602	14,169	388	128

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. HIRE PURCHASE PAYABLES (SECURED)

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:				
- not later than 1 year	157	67	125	35
- later than 1 year and not later than 5 years	535	268	419	141
- later than 5 years	33	54	-	-
	725	389	544	176
Future finance charges	(74)	(51)	(52)	(20)
Present value of hire purchase payables	651	338	492	156
Current:				
- not later than 1 year (Note 23)	129	52	104	28
Non-current (Note 17):				
- later than 1 year and not later than 5 years	489	235	388	128
- later than 5 years	33	51	-	-
	522	286	388	128
	651	338	492	156

The hire purchase payables of the Group and the Company bore effective interest rates ranging from 4.50% to 5.01% and 4.57% to 4.97% (2014 - 4.50% to 6.59% and 4.97% to 6.59%) per annum respectively.

19. TERM LOANS (SECURED)

	The Group	
	2015	**2014**
	RM'000	RM'000
Secured:		
Not later than 1 year (Note 23)	964	894
Later than 1 year and not later than 5 years	4,678	4,337
Later than 5 years	8,402	9,546
Total non-current portion (Note 17)	13,080	13,883
	14,044	14,777

(a) The term loans of the Group bore an effective interest rate of 7.85% (2014 - 7.85%) per annum at the end of the reporting period and are secured by:

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

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

19. TERM LOANS (SECURED) (Continued)

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

	Effective Interest Rate	The Group	
		2015	**2014**
	%	RM'000	RM'000
Floating rate term loans	7.85	14,044	14,777

20. AMOUNT OWING TO A DIRECTOR

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

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2014 - 30 to 60 days).

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Amount owing to subsidiaries	-	-	-	254
Accruals	421	262	310	175
Deposits received	316	769	-	-
Other payables	10,575	446	276	172
	11,312	1,477	586	601

In the previous financial year, the amount owing to subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

23. SHORT-TERM BORROWINGS

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Secured:				
Hire purchase payables (Note 18)	129	52	104	28
Term loans (Note 19)	964	894	-	-
	1,093	946	104	28

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. BANK OVERDRAFT (SECURED)

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

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

(ii) a pledged of fixed deposit of the Group.

(b) The bank overdraft of the Group at the reporting period bore floating interest rate interest rate of 8.85% (2014 - 7.85%) per annum.

25. NET ASSETS PER ORDINARY SHARE (RM)

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

	The Group	
	2015	**2014**
Net assets (RM'000)	65,509	53,988
Number of ordinary shares in issue (´000)	863,460	772,237
Net assets per share (RM)	0.08	0.07

26. REVENUE

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Sale of goods	846	2,279	846	2,190
Rental income from investment property	89	2,411	-	-
Management fees from subsidiaries	-	-	-	552
Project management consultancy fee ("PMC")	7,920	-	7,920	-
	8,855	4,690	8,766	2,742

27. COST OF SALES

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Cost of goods sold	806	2,171	806	2,086
Direct cost related to PMC	659	-	659	-
Maintenance cost of investment property	-	1,360	-	-
	1,465	3,531	1,465	2,086

28. OTHER INCOME

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total interest income on financial assets not at fair value through profit or loss and not impaired	9	9	2	-
Writeback of impairment loss on:				
- trade receivables	18	4	-	-
- other receivables	-	53	-	53
- amount owing by subsidiaries	-	-	223	-
Sundry income	79	8	-	3
Gain on disposal of equipment	-	10	-	10
Waiver of debts	-	5	-	-
	106	89	225	66

29. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
In addition to those disclosed in Note 26, Note 27 and Note 28, (loss)/profit before taxation is arrived at after charging/(crediting) the following:-				
Audit fee:				
- statutory audit:				
- current financial year	123	146	85	90
- overprovision in the previous financial year	(16)	-	(13)	-
- other non-statutory audit:				
- current financial year	-	13	-	13
- overprovision in the previous financial year	(13)	-	(13)	-
Bad debts written off	1	8	1	8
Depreciation of property and equipment (Note 6)	467	237	401	109
Development costs written off	-	762	-	-
Directors' remuneration (Note 35)	2,058	574	2,058	574
Impairment loss on:				
- investments in subsidiaries	-	-	2	5,566
- trade receivables	-	7,664	-	-
- amount owing by subsidiaries	-	-	74	1,637
- prepayment	-	5	-	-
- goodwill	6	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	243	227	-	-
- term loans	1,262	1,230	-	-
- hire purchase	25	7	16	-
- bank guarantee	2	-	-	-
Staff costs (including other key management personnel as disclosed in Note 35):				
- share option expenses	204	-	204	-
- others	1,786	1,417	1,786	1,417
Rental expense on:				
- office	240	-	240	-
- premises	110	-	110	-
- staff quarters	2	-	-	-
- equipment	2	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. INCOME TAX EXPENSE

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	-	-	-	-
- under provision in the previous financial year	7	-	-	-
	7	-	-	-
Deferred tax (Note 11):				
- originating and recognition of temporary differences	(1,527)	-	(1,527)	-
	(1,520)	-	(1,527)	-

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation	(158)	(12,556)	2,264	(9,577)
Tax at the statutory tax rate of 25%	(39)	(3,139)	566	(2,394)
Tax effects of:				
Non-deductible expenses	642	450	268	1,967
Non-taxable income	(122)	(672)	(55)	(16)
Recognition of previously unrecognised tax losses	(1,527)	-	(1,527)	-
Utilisation of deferred tax assets not recognised in the previous financial year	(481)	(1)	(779)	-
Deferred tax assets not recognised during the financial year	-	3,362	-	443
Underprovision for income tax in the previous financial year	7	-	-	-
Income tax expense for the financial year	(1,520)	-	(1,527)	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

31. EARNINGS/(LOSS) PER SHARE

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

	The Group	
	2015	**2014**
Net profit/(loss) attributable to owners of the Company (RM'000)	1,439	(12,553)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January (´000)	772,237	702,034
Effect of new ordinary shares issued (´000)	5,830	24,234
Weighted average number of ordinary shares in issue (´000)	778,067	726,268
Basic earnings/(loss) per share (Sen)	0.18	(1.73)

The diluted earnings per share was not presented as there is an anti-dilutive effect arising from the assumed conversion of the SIS.

32. ACQUISITIONS OF SUBSIDIARIES AND AN ASSOCIATE

32.1 ACQUISITION OF SUBSIDIARIES

On 9 February 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% equity interests in Naim Indah Properties Sdn. Bhd. for a total cash consideration of RM2. The acquisition of this subsidiary is to enable the Group to expand its business into property management and investment advisory services.

On 8 May 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% equity interests in Naim Indah City Development Sdn. Bhd. for a total cash consideration of RM2. The acquisition of this subsidiary is to enable the Group to expand its business into property development and other investment activities.

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

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

32.2 ACQUISITION OF AN ASSOCIATE

On 30 September 2015, the Company acquired 400,000 ordinary shares of RM1.00 each, representing 20% equity interests in Naim Indah Mobile Communications Sdn. Bhd. for a total cash consideration of RM400,000. The acquisition of this associate is to enable the Group to expand its business into telecommunication business and provision of network facilities infrastructure.

33. PURCHASE OF PROPERTY AND EQUIPMENT

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cost of property and equipment purchased (Note 6)	945	1,482	945	1,371
Amount financed through hire purchase	(400)	(204)	(400)	(156)
Cash disbursed for purchase of property and equipment	545	1,278	545	1,215

34. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	230	209	-	-
Cash and bank balances	5,892	1,337	3,686	1,199
Bank overdraft	(3,000)	(2,836)	-	-
	3,122	(1,290)	3,686	1,199
Less: Deposits pledged to licensed banks (Note 14(b))	(230)	(209)	-	-
	2,892	(1,499)	3,686	1,199

35. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	288	208	288	208
- salaries, bonuses and other benefits	789	156	789	156
	1,077	364	1,077	364
Share option expenses	678	-	678	-
Benefits-in-kind	122	-	122	-
	1,877	364	1,877	364

35. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors				
Short-term employee benefits:				
- fees	126	210	126	210
Share option expenses	55	-	55	-
	181	210	181	210
Total directors' remuneration (Note 29)	2,058	574	2,058	574
Other Key Management Personnel				
Short-term employee benefits	666	-	666	-
Share option expenses	130	-	130	-
Total compensation for other key management personnel	796	-	796	-

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

	The Company	
	2015	**2014**
Executive directors		
Below RM50,000	-	2
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	2	1
RM300,001 - RM350,000	1	-
RM1,250,001 - RM1,300,000	1	-
Non-executive directors		
RM50,001 - RM100,000	3	3

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

36. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Advances from a director	8,082	-	3,283	-
Advances to subsidiaries	-	-	8,960	4,000
Management fee to subsidiaries	-	-	-	552
Payment on behalf of subsidiaries	-	-	2,471	1,093
Advertisement expenses to a company related a director	-	80	-	80
Consultancy fees to a company related to a director	-	350	-	350
Project management consultancy fee from a company related to a director	6,120	-	6,120	-

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

37. OPERATING LEASES

The Group as a lessor

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

	The Group	
	2015	**2014**
	RM'000	RM'000
Not later than 1 year	698	62

38. CONTINGENT LIABILITIES

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

	The Group	
	2015	**2014**
	RM'000	RM'000
Unsecured:-		
Performance guarantee extended by subsidiaries to third parties	210	-
Corporate guarantee given to third parties	800	-
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	17,052	17,613

39. OPERATING SEGMENTS

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

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

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

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

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

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

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

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

BUSINESS SEGMENTS

2015	Project Management Consultancy RM'000	Property Development RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Revenue						
External sales	7,920	-	89	846	-	8,855
Inter-segment sales	-	-	-	-	-	-
	7,920	-	89	846	-	8,855
Consolidation adjustments						-
Consolidated revenue						8,855
Results						
Segment profit/(loss) before interest and taxation	7,261	-	(585)	40	(4,448)	2,268
Finance costs						(1,532)
Share of result in an associate						(84)
Consolidation adjustments						(810)
Consolidated loss before taxation						(158)

39. OPERATING SEGMENTS (Continued)

BUSINESS SEGMENTS (Continued)

2015	Project Management Consultancy RM'000	Property Development RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Segment profit/(loss) before interest and taxation includes the followings:-						
Capital Expenditure	-	-	-	-	945	945
Interest income	(2)	-	(7)	-	-	(9)
Interest expenses	16	-	1,516	-	-	1,532
Depreciation of property and equipment	401	-	66	-	-	467
Rental expenses	350	-	4	-	-	354
Share option expenses	937	-	-	-	-	937
Writeback of allowance for impairment loss on trade receivables	-	-	(18)	-	-	(18)

2015	Project Management Consultancy RM'000	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Assets							
Segment assets	20,909	-	-	93,879	-	52,448	167,236
Unallocated assets:							
- investments in associate							316
- deferred tax assets							1,527
Consolidation adjustments							(66,060)
Consolidated total assets							103,019
Additions to non-current assets other than financial instruments and deferred tax assets are:-							
Property and equipment	1,839	-	-	168	-	-	2,007
Investment property	-	-	-	91,198	-	-	91,198

39. OPERATING SEGMENTS (Continued)

BUSINESS SEGMENTS (Continued)

2015	Project Management Consultancy RM'000	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Liabilities							
Segment liabilities							
Unallocated Liabilities:-	3,869	-	-	28,886	-	2,080	34,835
- hire purchase payables							651
- term loans							14,044
- bank overdraft							3,000
- current tax liabilities							284
Consolidation adjustments							(15,304)
Consolidated total liabilities							37,510

2014	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Revenue						
External sales	-	-	2,411	2,279	-	4,690
Inter-segment sales	-	-	-	-	552	552
	-	-	2,411	2,279	552	5,242
Consolidation adjustments						(552)
Consolidated revenue						4,690
Results						
Segment (loss)/profit before interest and taxation	(450)	(7,108)	(1,140)	101	(9,697)	(18,294)
Finance costs						(1,464)
Consolidation adjustments						7,202
Consolidated loss before taxation						(12,556)

39. OPERATING SEGMENTS (Continued)

BUSINESS SEGMENTS (Continued)

2014	Property Development RM'000	Timber Extraction RM'000	Investment Property RM'000	Trading RM'000	Investment Holding And Others RM'000	Group RM'000
Segment profit/(loss) before interest and taxation includes the followings:-						
Capital expenditure	-	-	111	-	1,371	1,482
Interest income	-	-	(9)	-	-	(9)
Interest expenses	-	-	1,464	-	-	1,464
Development cost written off	-	-	762	-	-	762
Depreciation of property and equipment	-	10	118	-	109	237
Impairment loss on:						
- trade receivables	10	6,928	726	-	-	7,664
- prepayment	5	-	-	-	-	5
Writeback of impairment loss on:						
- trade receivables	-	-	(4)	-	-	(4)
- other receivables	-	-	-	-	(53)	(53)
Assets						
Segment assets	4	1	70,996	1,069	57,562	129,632
Unallocated asset:						
- Tax recoverable						7
Consolidation adjustments						(54,989)
Consolidated total assets						74,650
Additions to non-current assets other than financial instruments assets are:-						
Property and equipment	-	-	234	-	1,295	1,529
Investment property	-	-	70,000	-	-	70,000
Liabilities						
Segment liabilities	649	1,499	3,303	813	1,201	7,465
Unallocated liabilities:						
- hire purchase payables						338
- term loans						14,777
- bank overdraft						2,836
- current tax liabilities						283
Consolidation adjustments						(5,037)
Consolidated total liabilities						20,662

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

39. OPERATING SEGMENTS (Continued)

MAJOR CUSTOMERS

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

	Revenue		Segment
	2015	**2014**	
	RM'000	RM'000	
Customer #1	845	2,190	Trading.
Customer #2	-	1,364	Investment property holding.
Customer #3	6,120	-	Project management consultancy.
Customer #4	1,800	-	Project management consultancy.

40. CAPITAL COMMITMENTS

	The Group	
	2015	**2014**
	RM'000	RM'000
<u>Contracted but not Provided For</u>		
Construction of investment property	10,256	29,730

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

41. FINANCIAL INSTRUMENTS

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

41.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

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

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19 and 24 to the financial statements

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Financial Risk Management Policies (continued)

(a) Market Risk (Continued)

(ii) *Interest Rate Risk (Continued)*

Interest Rate Sensitivity Analysis

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

	The Group	
	2015	**2014**
	Increase/ (Decrease) RM'000	Increase/ (Decrease) RM'000
Effects on profit/(loss) after taxation		
Increase of 100 basis points (bp)	128	132
Decrease of 100 bp	(128)	(132)
Effects on other comprehensive income		
Increase of 100 bp	128	(132)
Decrease of 100 bp	(128)	132

(iii) *Equity Price Risk*

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

(b) Credit Risk

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

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

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

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

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Financial Risk Management Policies (continued)

(b) Credit Risk (Continued)

Credit Risk Concentration Profile

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

Exposure to credit risk

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

Ageing Analysis

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

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2015				
Not past due	1,382	-	-	1,382
Past due:				
- less than 3 months	83	-	-	83
- 3 to 6 months	5	-	-	5
- over 6 months	1,219	(938)	(277)	4
	2,689	(938)	(277)	1,474
2014				
Not past due	302	-	-	302
Past due:				
- less than 3 months	766	-	-	766
- 3 to 6 months	74	-	(74)	-
- over 6 months	10,250	(10,029)	(221)	-
	11,392	(10,029)	(295)	1,069

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

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

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Financial Risk Management Policies (continued)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2015						
Non-derivative Financial Liabilities						
Hire purchase payables	4.69	651	725	157	535	33
Term loans	7.85	14,044	19,354	1,964	7,854	9,536
Trade payables	-	137	137	137	-	-
Other payables and accruals	-	11,312	11,312	11,312	-	-
Amount owing to a director	-	8,082	8,082	8,082	-	-
Bank overdraft	8.85	3,000	3,000	3,000	-	-
		37,226	42,610	24,652	8,389	9,569
2014						
Non-derivative Financial Liabilities						
Hire purchase payables	4.79	338	389	67	268	54
Term loans	7.85	14,777	21,317	1,964	7,854	11,499
Trade payables	-	950	950	950	-	-
Other payables and accruals	-	1,477	1,477	1,477	-	-
Bank overdraft	7.85	2,836	2,836	2,836	-	-
		20,378	26,969	7,294	8,122	11,553

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Financial Risk Management Policies (continued)

(c) Liquidity Risk

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2015					
Non-derivative Financial Liabilities					
Hire purchase payables	4.67	492	544	125	419
Other payables and accruals	-	586	586	586	-
Amount owing to a director	-	3,283	3,283	3,283	-
		4,361	4,413	3,994	419
2014					
Non-derivative Financial Liabilities					
Hire purchase payables	4.97	156	176	35	141
Trade payables	-	804	804	804	-
Other payables and accruals	-	601	601	601	-
		1,561	1,581	1,440	141

41.2 Capital Risk Management

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

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

	The Group 2015 RM'000	The Group 2014 RM'000
Hire purchase payables	651	338
Term loans	14,044	14,777
Bank overdraft	3,000	2,836
	17,695	17,951
Less: Fixed deposits with licensed banks	(230)	(209)
Less: Cash and bank balances	(5,892)	(1,337)
Net debt	11,573	16,405
Total equity	65,509	53,988
Debt-to-equity ratio	0.18	0.30

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

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Capital Risk Management (Continued)

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

41.3 Classification of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 12)	1,474	1,069	1,443	1,069
Other receivables and deposits (Note 13)	332	69	13,897	2,519
Fixed deposits with licensed banks (Note 14)	230	209	-	-
Cash and bank balances	5,892	1,337	3,686	1,199
	7,928	2,684	19,026	4,787
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 21)	137	950	-	804
Other payables and accruals (Note 22)	11,312	1,477	586	601
Amount owing to a director (Note 20)	8,082	-	3,283	-
Term loans (Note 19)	14,044	14,777	-	-
Hire purchase payables (Note 18)	651	338	492	156
Bank overdraft (Note 24)	3,000	2,836	-	-
	37,226	20,378	4,361	1,561

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Fair Value Information

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

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

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value				
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**Total Fair Value** RM'000	**Carrying Amount** RM'000
2015								
Financial Liabilities								
Hire purchase payables	-	-	-	-	651	-	651	651
Term loans	-	-	-	-	14,044	-	14,044	14,044
2014								
Financial Liabilities								
Hire purchase payables	-	-	-	-	338	-	338	338
Term loans	-	-	-	-	14,777	-	14,777	14,777
The Company								
2015								
Financial Liabilities								
Hire purchase payables	-	-	-	-	492	-	492	492
2014								
Financial Asset								
Hire purchase payables	-	-	-	-	156	-	156	156

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Fair Value Information (Continued)

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	%	%	%
Hire purchase payables	4.69	4.79	4.67	4.97
Term loans	7.85	7.85	-	-

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

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

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

43. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING PERIOD

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

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

44. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

	The Group		**The Company**	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	(18,318)	(19,039)	(19,577)	(21,841)
- unrealised	1,527	-	1,527	-
	(16,791)	(19,039)	(18,050)	(21,841)
Total share of retained profits of associate:				
- realised	(84)	-	-	-
- unrealised	-	-	-	-
Less: Consolidation adjustments	(6,401)	(5,676)	-	-
At 31 December	(23,276)	(24,715)	(18,050)	(21,841)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the FORTY FIRST ANNUAL GENERAL MEETING of NAIM INDAH CORPORATION BERHAD will be held at Spectrum and Prism Function Room, Level 3A, Connexion@Nexus, Bangsar South City, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 23 June 2016 at 10.00 a.m. to transact the following business:

AGENDA

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.	Please refer to explanatory note below
2.	To approve the payment of Directors' fees of up to RM450,000 for the financial year ending 31 December 2016.	Ordinary Resolution 1
3.	To re-elect Chua Eng Chin who retires pursuant to Article 79 of the Company's Articles of Association.	Ordinary Resolution 2
4.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 3

AS SPECIAL BUSINESS

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

5. **Ordinary Resolution**
   Authority to Issue Shares Pursuant to Section 132D of the Companies Act 1965 — Ordinary Resolution 4

   "THAT pursuant to Section 132D of the Act and the Articles of Association of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

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

BY ORDER OF THE BOARD
NAIM INDAH CORPORATION BERHAD

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

Kuala Lumpur
29 April 2016

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.

2. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

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

6. For the purpose of determining a member who shall be entitled to attend the Forty First Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 16 June 2016. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES ON ORDINARY BUSINESSES:

1. Item 1 of the Agenda

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

2. Ordinary Resolution 1

   Approval for Directors' Fees

   The Directors' fees proposed for the financial year ending 31 December 2016 are calculated based on the number of scheduled Board and Committee meetings for 2016 and assuming that all Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. Ordinary Resolution 2

   Encik Md. Noor Bin Abd. Rahim is retiring by rotation in accordance with Article 79 of the Company's Article of Association as Director of the Company at the Forty First Annual General Meeting and he had indicated to the Company that he would not be seeking re-election at the Forty First Annual General Meeting. Therefore, Encik Md. Noor Bin Abd. Rahim shall retire as Director at the conclusion of the Forty First Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

1. Ordinary Resolution 4

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

   The proposed Resolution 4 is the renewal if the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company has placed out 78,223,000 new Ordinary Shares at an issue price of RM0.10 each, which raised a total of RM7,822,300 and which shares were all listed on the Main Market of Bursa Malaysia Securities Berhad on 2 December 2015 ("Private Placement"). Details and status of the utilisation of proceeds from the Private Placement are set out in "Additional Compliance Information" in page 29 of the 2015 Annual Report.

   The proposed Resolution 4, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/ or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

PROXY FORM

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

CDS Account No

No. of shares held

I/We ____ Tel: ____________________
[Full name in block, NRIC No./Company No. and telephone number]

of ____

____

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

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

and / or (delete as appropriate)

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

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Forty First Annual General Meeting of the Company to be held at Spectrum and Prism Function Room, Level 3A, Connexion@ Nexus, Bangsar South City, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 23 June 2016 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTIONS	FOR	AGAINST
1. To approve the payment of Directors' Fees.		
2. To re-elect Mr Chua Eng Chin as Director of the Company.		
3. To re-appoint Messrs. Crowe Horwath as Auditors.		
4. Authority to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act,1965.		

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

Signed this   day of   , 2016

____
Signature of Shareholder/Common Seal

Please fold here to seal

Affix
Postage
Stamp

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

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

Please fold here to seal

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NAIM INDAH CORPORATION BERHAD (19727-P)
Level 8, Tower 7, Avenue 5, The Horizon Bangsar South,
No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
T: +603-2242 3514 / 2904 F: +603-2242 4317