



NAIM INDAH CORPORATION BERHAD
(19727-P)

Annual Report

2009

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	1
CORPORATE INFORMATION	3
CORPORATE STRUCTURE	4
CHAIRMAN'S STATEMENT	5
PROFILE OF THE BOARD OF DIRECTORS	7
CORPORATE GOVERNANCE STATEMENT	9
STATEMENT OF INTERNAL CONTROL	14
AUDIT COMMITTEE REPORT	17
ANALYSIS OF SHAREHOLDINGS	21
LIST OF PROPERTIES	24
DIRECTORS' REPORT	25
STATEMENT BY DIRECTORS	29
STATUTORY DECLARATION	29
INDEPENDENT AUDITORS' REPORT	30
BALANCE SHEETS	32
INCOME STATEMENTS	34
STATEMENTS OF CHANGES IN EQUITY	35
CASHFLOW STATEMENTS	36
NOTES TO FINANCIAL STATEMENTS	38
APPENDIX I	86
PROXY FORM	ENCLOSED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY FIFTH ANNUAL GENERAL MEETING of NAIM INDAH CORPORATION BERHAD** will be held at the Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Monday, 28 June 2010 at 10.30 a.m. or at any time thereof to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. [Resolution 1]
2. To re-elect Encik Zailan Bin Othman who retires in accordance with Article 79 of the Articles of Association of the Company and who, being eligible, offers himself for re-election. [Resolution 2]
3. To re-appoint Messrs. Crowe Horwath (Formerly Known As Messrs. Horwath) as Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 3]
4. To transact any other business for which due notice shall have been given.

AS SPECIAL BUSINESS

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

5. **Ordinary Resolution**

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

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

6. **Special Resolution**

Proposed Amendments to the Articles of Association of the Company

"THAT alterations, modifications, additions or deletions to the Articles of Association of the Company contained in Appendix I signed by a Director of the Company for the purpose of identification be and are hereby approved." [Resolution 5]

BY ORDER OF THE BOARD

NAIM INDAH CORPORATION BERHAD

YEAP KOK LEONG (MAICSA NO. 0862549)

THAM WAI YING (MAICSA NO. 7016123)

Company Secretaries

Kuala Lumpur

Date: 3 June 2010

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and a member may appoint 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.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Proxy Form duly completed must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd (Formerly Known As Tenaga Koperat Sdn Bhd) of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

Explanatory Notes on Special Business:-

a. Section 129(6) of the Companies Act, 1965

The Proposed Resolution 4, is to seek shareholders' approval on the re-appointment of Director who is over 70 years of age pursuant to Section 129(6) of the Companies Act, 1965.

b. Proposed Amendments to the Articles of Association of the Company

The Proposed Resolution 5, if passed, will render the Articles of Association of the Company to be updated in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and any prevailing laws, rules and regulations of the relevant authorities and to enhance the administrative efficiency of the Company.

The details on the Proposed Amendments to the Articles of Association of the Company are set out in the Appendix I dated 3 June 2010 enclosed together with the Annual Report 2009.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No Director was appointed after the last Annual General Meeting held on 26 June 2009.

CORPORATE INFORMATION

Board of Directors

Dato' Shamsir Bin Omar

Executive Chairman

Non-Independent Director

Khoo Lay Wah

Executive Director

Non-Independent Director

Ramli Bin Harun

Non-Executive Director

Independent Director

Zailan Bin Othman

Non-Executive Director

Independent Director

Chan Kwai Weng

Non-Executive Director

Independent Director

Listing

Main Board of Bursa Malaysia Securities Berhad

Registered Office

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel: 03 – 2264 8888

Fax: 03 – 2282 2733

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

Yeap Kok Leong (MAICSA No. 0862549)
Tham Wai Ying (MAICSA No. 7016123)

Principal Bankers

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

Audit Committee

Ramli Bin Harun

Chairman

Non-Executive Director

Independent Director

Zailan Bin Othman

Non-Executive Director

Independent Director

Chan Kwai Weng

Non-Executive Director

Independent Director

Nomination and Remuneration Committee

Zailan Bin Othman

Chairman

Non-Executive Director

Independent Director

Ramli Bin Harun

Non-Executive Director

Independent Director

Registrar

Tricor Investor Services Sdn Bhd (118401-V)
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03 – 2264 3883
Fax: 03 – 2282 1886

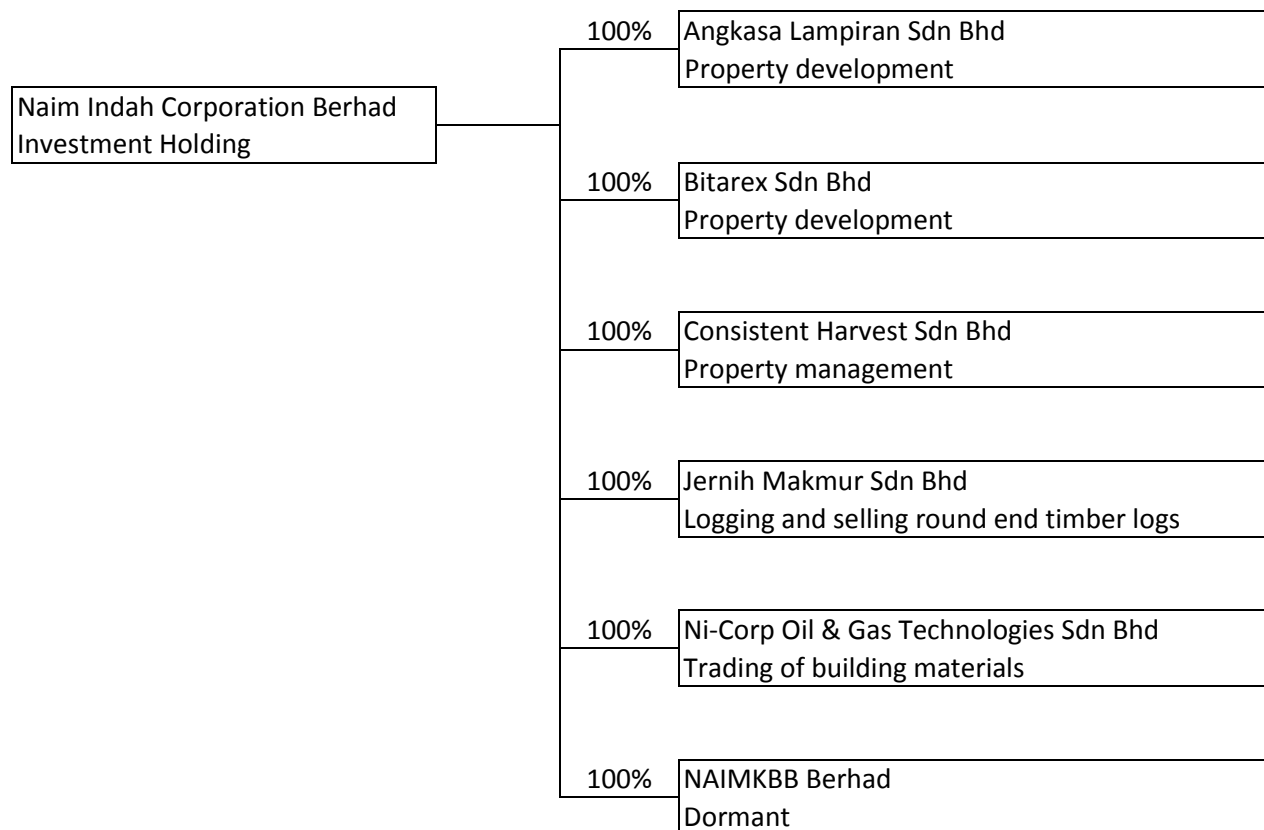
Principal Solicitors

Peter Cheah & Co.
T.Y. Teh & Partners

Principal Place of Business

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

CORPORATE STRUCTURE



[The remainder of this page is intentionally left blank]

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2009 together with the Audited Financial Statements of the Group for the financial year ended 31 December 2009.

FINANCIAL REVIEW

2009 was a difficult year to say the least. The global economic crisis was still present but despite many challenges, we did well to maintain our operations in the various business segments in which we operate in. In fact, we have increased our revenue for the Group from RM8.74 million to RM15.3 million. The improvements were mainly contributed by our property development segment as well as the timber extraction segment.

We reported a gross profit of RM1.1 million in the financial year ended 31 December 2009 but a net loss after taxation of RM28.5 million. The losses incurred were mainly due to the Fair Value Accounting in compliance with the Financial Reporting Standards ("FRS") whereby we recognised RM13 million worth of impairment losses from the timber extraction segment as well as RM4 million in the property management segment.

SIGNIFICANT EVENTS AND PROSPECTS

As we step into 2010, we are focused on continually growing all segments of our business. Our property development segment, in particular the successful handing over of phase I – Bandar Tunjong Development in Kota Bharu, has resulted in confirmed 100 % sales of Phase I (B). With this positive note in hand, we have embarked on phase II, which we believe would contribute significantly to the group.

For the timber extraction sector, it is likely to see prices move upwards in tandem with the property development segment and thereby contribute substantially to the Group's performance.

The property investment market continues to be very competitive with the glut of available retail spaces for rental in the Seremban area. We will continue our efforts to market the availability of our investment property and to improve on the facilities in order to generate better returns.

DIVIDEND

In view of the current situation, the Board of Directors has decided not to recommend any payment of dividend for the financial year ended 31 December 2009.

CHAIRMAN'S STATEMENT (CONT'D)

APPRECIATION

On behalf of the Board of Directors, I would like to thank our management, staff, customers, business partners, business associates, bankers and the governmental authorities for their continuous and unwavering support which has always been vital to us.

To all my fellow colleagues on the Board, I thank them for their counsel and invaluable contribution towards the Group. To our shareholders, we extend our appreciation for being patient with us.

Y. Bhg. Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

3 June 2010

[The remainder of this page is intentionally left blank]

PROFILE OF THE BOARD OF DIRECTORS

Dato' Shamsir Bin Omar

Executive Chairman

Non-Independent Director

A Malaysian aged 75, was appointed as Director and Chairman of the Company on 16 November 1998. He was appointed as the Executive Chairman on 26 August 2002. He is a Fellow Member of The Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He commenced his career in 1960 as an Auditor and Accountant in the Department of Co-operative Development. In 1967, he was the Chief Accountant in the Ministry of Education and in 1968, he became the Deputy Accountant General. From 1969 to 1989, he held the position of Accountant General in the Ministry of Finance. He also holds a directorship in Tanah Emas Corporation Berhad.

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

Dato' Shamsir attended four (4) Board meetings of the Company held during the financial year ended 31 December 2009.

Khoo Lay Wah

Executive Director

Non-Independent Director

A Malaysian aged 50, was appointed as an Executive Director on 24 April 2009. She has a Diploma in Management and Secretarial Studies, UK. She commenced her career as a business woman who has always been involved in the property development and property management sectors.

She is a substantial shareholder of Naim Indah Corporation Berhad through her holdings in Quantum Discovery Sdn Bhd. She does not have any family relationship with any Director and / or major shareholder of the Company except for her indirect interest through Quantum Discovery Sdn Bhd and has no conflict of interests with the Company. She has no convictions for offences within the past ten years other than traffic offences.

Ms. Khoo attended three (3) Board meetings of the Company held during the financial year ended 31 December 2009.

Chan Kwai Weng

Non-Executive Director

Independent Director

A Malaysian aged 57, was appointed as an Independent Non-Executive Director and a member of the Audit Committee on 16 January 2009. He had previously held various senior management positions in both multinational and local corporations and is a member of the Malaysian Institute of Accountants.

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

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

Chan Kwai Weng (Cont'd)

Non-Executive Director

Independent Director

Mr. Chan attended four (4) Board meetings of the Company held during the financial year ended 31 December 2009.

Ramli Bin Harun

Non-Executive Director

Independent Director

A Malaysian aged 51, was appointed as an Independent Non-Executive Director on 30 July 2002. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He was a Director of Palembang Usahaniaga Sdn Bhd from 1984 to 1992, managing various large housing projects in Negeri Sembilan Darul Khusus. During his tenure in Palembang Usahaniaga Sdn Bhd, he focused his attention predominantly on project management. Thereby, he has a good working knowledge in property management and property development.

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

Encik Ramli attended four (4) Board meetings of the Company held during the financial year ended 31 December 2009.

Zailan Bin Othman

Non-Executive Director

Independent Director

A Malaysian aged 48, was appointed as an Independent Non-Executive Director on 7 August 2002. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He was a Director for Kemayan Resources Sdn Bhd, managing project "Rasah Kemayan" from 1995 to 1998. His role then was predominantly in business development. In 1999, he ventured into trading and distribution of branded sports goods where he is the Director in charge of operations. He has a strong background in successful operational business management.

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

Encik Zailan attended four (4) Board meetings of the Company held during the financial year ended 31 December 2009.

CORPORATE GOVERNANCE STATEMENT

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

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

THE BOARD

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

In accordance with the Best Practices of the Code, the Chairman and the Chief Executive Officer of the Company are different persons with separate defined responsibilities. Currently, the Chief Executive Officer's position is vacant and the Nomination and Remuneration Committee is currently considering suitable candidates internally to take up this position.

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

All the members of the Board have attended the Mandatory Accreditation Programme ("MAP") as per the Listing Requirements of Bursa Securities for all directors of public listed companies. During the financial year ended 31 December 2009, none of the directors attended any Continuing Education Programme because the planned training scheduled at November 2009 titled "Key Amendments to Listing Requirements for Main Market" and "Corporate Governance Guide 2009" was postponed until May 2010.

[The remainder of this page is intentionally left blank]

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEETINGS

During the financial year ended 31 December 2009, four (4) Board meetings were held.

Details of Directors' attendances were as follows:

Name	Designation	Attendance	%
Dato' Shamsir Bin Omar	Executive Chairman Non – Independent Director	4 of 4	100.0
Khoo Lay Wah (Appointed on 24 April 2009)	Executive Director Non – Independent Director	3 of 3	100.0
Ramli Bin Harun	Independent Non-Executive Director	4 of 4	100.0
Zailan Bin Othman	Independent Non-Executive Director	4 of 4	100.0
Chan Kwai Weng	Independent Non-Executive Director	4 of 4	100.0
Tan Lam Hin (Resigned on 24 April 2009)	Executive Director Chief Executive Officer	1 of 1	100.0

THE NOMINATION AND REMUNERATION COMMITTEE

The purpose of the establishment of the Nomination and Remuneration Committee is to assist the Board of Directors to:

- identify, nominate and orientate new Directors of Board Committee for the Company and the Group;
- achieve a balance between setting the level and structure of the remuneration package of Executive Directors so as to be able to attract and retain best against its interest in not paying excessive remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole.

During the financial year ended 31 December 2009, one (1) meeting was held and details of the attendance were as follows:

Name	Designation	Attendance	%
Zailan Bin Othman	Chairman Independent Non-Executive Director	1 of 1	100.0
Ramli Bin Harun	Member Independent Non-Executive Director	1 of 1	100.0

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SUPPLY OF INFORMATION

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

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

RE-ELECTION

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

REMUNERATION OF DIRECTORS

Details of the remuneration of each director who served during the financial year ended 31 December 2009 are as follows:

	RM
Executive Directors	
Salaries and other emoluments	<u>262,000</u>
Non – Executive Directors	
Allowance	<u>-</u>
Total	<u>262,000</u>

Number of directors whose remuneration falls into the following bands:

	Number of Directors
Executive Directors	
RM50,001 to RM100,000	1
RM200,001 to RM250,000	<u>1</u>
	2
Non – Executive Directors	
Below RM50,000	<u>-</u>
Total	<u>2</u>

DIALOGUE BETWEEN COMPANY AND INVESTORS

The Board has always recognised 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

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

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

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

INTERNAL CONTROL

The Group's system of internal control is outlined in the Statement of Internal Control in this Annual Report.

[The remainder of this page is intentionally left blank]

CORPORATE GOVERNANCE STATEMENT (CONT'D)

RELATIONSHIP WITH AUDITORS

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

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

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 19 April 2007, the Board had proposed the establishment of an ESOS. The proposed resolution was tabled on 15 June 2007 and was approved by our shareholders. However, the option has not been granted as at the date of the Notice of the Thirty Fifth Annual General Meeting.

[The remainder of this page is intentionally left blank]

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

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

BOARD'S RESPONSIBILITIES

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

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

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

CONTROL AND MONITORING PROCESS

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

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

STATEMENT OF INTERNAL CONTROL (CONT'D)

CONTROL AND MONITORING PROCESS (CONT'D)

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

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

There are no material joint ventures that have not been dealt with as a part of the Group for applying the Statement on Internal Control - Guidance for Directors of Public Listed Companies.

The system of internal control that is on-going at this point of time has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Group's Annual Report for the financial year under review. The internal audit function for the financial year ended 31 December 2009 was outsourced and the costs incurred was RM36,000.00

OTHER INFORMATION

Share Buyback

There was no share buyback in the financial year ended 31 December 2009.

Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities in respect of the financial year ended 31 December 2009.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2009.

Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2009.

Material Contracts

During the financial year under review, there were no material contracts entered into by the Company and/or its subsidiary companies which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year 2009 or which was entered into since the end of the previous financial year other than those if any, disclosed in the Audited Financial Statements.

STATEMENT OF INTERNAL CONTROL (CONT'D)

Utilisation of Proceeds

The Company did not raise funds through any corporate proposals during the financial year.

Sanction and/or Penalty Imposed

There were no 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 2009.

Non-Audit Fees Paid To External Auditors

The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2009 was RM7,000.00.

Corporate Social Responsibility

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

Revaluation policy

The Company does not adopt a policy of regular revaluation.

Variation in Results

There is no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make or release any profit estimate, forecast or projection for the financial year.

[The remainder of this page is intentionally left blank]

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 AC also provides a communication channel between the Board of Directors, Management, External Auditors and Internal Auditors.

During the financial year, review was conducted on the compliance and performance of the AC to ensure its effectiveness and compliance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and Malaysian Code on Corporate Governance (“Code”).

MEMBERSHIP

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:

- (a) the Committee must be composed of no fewer than 3 members;
- (b) all members of the Audit Committee shall be non-executive directors and financially literate, a majority of the Committee must be independent directors; and
- (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements prescribed or approved by the Exchange.

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

No alternate director should be appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.

The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT (CONT'D)

The existing Audit Committee comprises three (3) independent Directors.

The composition of the Audit Committee is as follows:

Ramli Bin Harun	Chairman, Independent Non-Executive Director
Zailan Bin Othman	Member, Independent Non-Executive Director
Chan Kwai Weng	Member, Independent Non-Executive Director

MEETINGS

Frequency

Meetings shall be held not less than four times a year.

Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

During the financial year ended 31 December 2009, the audit committee met four (4) times with the details of attendance as follows:-

Name	Attendance	%
Ramli Bin Harun	4/4	100.0
Zailan Bin Othman	4/4	100.0
Chan Kwai Weng	4/4	100.0

Quorum

To form a quorum, the majority of members present must be independent directors.

Secretary

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

Attendance

The Financial Director, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings. Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

Reporting Procedure

The minutes of each meeting shall be circulated to all members of the Board.

AUDIT COMMITTEE REPORT (CONT'D)

Meeting Procedure

The Committee shall regulate its own procedure, in particular on:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

RIGHTS

The Committee in performing its duties shall act in accordance with a procedure to be determined by the Board of Directors, namely:

- (a) has authority to investigate any matter within its terms of reference;
- (b) has the resources which are required to perform its duties;
- (c) has full and unrestricted access to any information pertaining to the Company;
- (d) has direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of the other directors and employees, whenever deemed necessary.

FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

To review:

- (a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) the going concern assumption;
 - (ii) changes in or implementation of major accounting policy changes;
 - (iii) significant and unusual events; and
 - (iv) compliance with accounting standards and other legal requirements.
- (b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity.
- (c) with the external auditor:
 - (i) the audit plan;
 - (ii) his evaluation of the system of internal controls;
 - (iii) his audit report;
 - (iv) his management letter and management's response; and
 - (v) the assistance given by the Company's employees to the external auditor.

AUDIT COMMITTEE REPORT (CONT'D)

To monitor the management's risk management practices and procedures.

In respect of the appointment of external auditors:

- (a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
- (b) to consider the nomination of a person or persons as external auditors and the audit fee; and
- (c) to consider any questions of resignation or dismissal of external auditors.

In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) to review 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;
- (c) to review any appraisal or assessment of the performance of members of the internal audit function;
- (d) to approve any appointment or termination of senior staff members of the internal audit function; and
- (e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

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

To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

SUMMARY OF ACTIVITIES

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

- ❑ the financial impact subsequent to the adoption of the new financial reporting standards;
- ❑ Review of compliance of amended Listing Requirements of Bursa Securities;
- ❑ Review of joint venture agreement with Noble Residence Sdn Bhd;
- ❑ Review the status of NAIMKBB Sdn Bhd;
- ❑ Review the Code;
- ❑ Review the tax systems including assessment, payment, over/under provision of the Group and joint venture companies; and
- ❑ Perform a review and make necessary revision to the terms of reference of the Audit Committee.

ACTIVITIES OF INTERNAL AUDIT FUNCTION

The activities of the Internal Audit functions are outlined in the Statement of Internal Control in the Annual Report.

ANALYSIS OF SHAREHOLDINGS – AS AT 7 MAY 2010

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1 to 99	315	2.22	14,614	Negligible
100 to 1,000	2,162	15.26	1,894,961	0.27
1,001 to 10,000	6,977	49.26	35,810,306	5.10
10,001 to 100,000	3,922	27.69	148,081,720	21.09
100,001 to less than 5% of issued shares	787	5.56	298,320,643	42.49
5% and above of issued shares	2	0.01	217,911,720	31.05
Total	14,165	100.00	702,033,964	100.00

DIRECTOR'S SHAREHOLDING

Name of Director	No. of shares held		Percentage (%)		Total	
	Direct	Indirect	Direct	Indirect	No of shares	Percentage
Khoo Lay Wah	-	*57,847,976	-	*8.24	*57,847,976	*8.24

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

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

No.	Names of Substantial Shareholder	Direct interest		Indirect interest	
		Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. for Crest Energy Sdn. Bhd	160,063,744	22.80	-	-
2.	HDM Nominees (Tempatan) Sdn. Bhd. Quantum Discovery Sdn. Bhd.	57,847,976	8.24	-	-
4.	Dato' Tan Ah Chak * ¹	-	-	160,063,744	22.80
5.	Lee Keck Keong * ²	-	-	160,063,744	22.80
6.	Wong Kui Yeong * ³	-	-	57,847,976	8.24
7.	Tan Wei Loon * ⁴	-	-	57,847,976	8.24
8.	Khoo Lay Wah* ⁵	-	-	57,847,976	8.24

Notes:

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

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

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

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

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

ANALYSIS OF SHAREHOLDINGS (CONT'D) – AS AT 7 MAY 2010

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholders	Number of Shares Held	Percentage (%) of Issued Capital
1.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Crest Energy Sdn Bhd	160,063,744	22.80%
2.	HDM Nominees (Tempatan) Sdn Bhd Quantum Discovery Sdn Bhd	57,847,976	8.24%
3.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Wong Foot Kheong	10,000,002	1.42%
4.	Lee Huang Yu-Mei	3,700,000	0.53%
5.	Hong Yoke Loong	3,500,000	0.50%
6.	Tan Cheng Im	3,500,000	0.50%
7.	Yeoh Kean Hua	3,330,000	0.47%
8.	Lim Chee Sing	3,039,900	0.43%
9.	M & A Securities Sdn Bhd	3,025,300	0.43%
10.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Batu Bara Resources Corporation S /B	2,950,000	0.42%
11.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rusdi Bin Yaacob	2,881,000	0.41%
12.	Khor Wooi Chen	2,700,000	0.38%
13.	Fun Yoon Fah	2,511,000	0.36%
14.	Abdul Aziz Bin Abdul Kadir	2,266,500	0.32%
15.	Lim Seng Tee	2,214,000	0.32%
16.	HLG Nominee (Tempatan Sdn Bhd) Pledged Securities Account For Thong Chai Hong	2,184,600	0.31%
17.	Teoh Cheoh Thin @ Chung Soo Chern	2,006,800	0.29%

ANALYSIS OF SHAREHOLDINGS (CONT'D) – AS AT 7 MAY 2010

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names of Shareholders	Number of Shares Held	Percentage (%) of Issued Capital
18.	Tee Kang Suee	2,002,000	0.29%
19.	Shaukat Ali Bin Mahmud	2,001,100	0.29%
20.	Teoh Hunt Thuim	2,000,341	0.28%
21.	Chong Tong Siew	2,000,000	0.28%
22.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Teng Chai	2,000,000	0.28%
23.	Muhammad Asrar Bin Zulkifli	2,000,000	0.28%
25.	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Law Ka Hieng	2,000,000	0.28%
25.	Shoptra Jaya (M) Sdn Bhd	2,000,000	0.28%
26.	Tan Chin Yee, Grace	1,960,000	0.28%
27.	Lim Seng Qwee	1,800,000	0.26%
28.	Lee Chin Peng	1,798,000	0.26%
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hoy Egg Sun	1,789,300	0.25%
30.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Fee Chong	1,598,000	0.23%
Total		292,669,563	41.67%

LIST OF PROPERTIES

Location	Description/ Existing Use	Area	Tenure	Approximate age of property	Date of revaluation	Date of acquisition	Net book value RM'000
Lot No. 20890 and 20891 in the Municipality and District of Seremban Darul Khusus	3 ½ Storey shopping complex for rental and open air car park	Complex net lettable area of 217,096 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 84 years)	14 years	18.11.2009	25.8.2003	78,000

[The remainder of this page is intentionally left blank]

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 2009.

PRINCIPAL ACTIVITIES

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

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation for the financial year	(28,541)	(10,577)
Attributable to: Equity holders of the Company	(28,541)	(10,577)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts 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.

CONTINGENT AND OTHER LIABILITIES

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

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

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

DIRECTORS' REPORT (CONT'D)

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

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

DATO' SHAMSIR BIN OMAR
RAMLI BIN HARUN
ZAILAN BIN OTHMAN
CHAN KWAI WENG
KHOO LAY WAH (APPOINTED 24.4.2009)
TAN LAM HIM (RESIGNED 24.4.2009)

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 RM0.20 EACH			
	AT 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
THE COMPANY				
<i>INDIRECT INTEREST</i>				
KHOO LAY WAH	57,847,976	-	-	57,847,976

None of the other directors holding office at the end of the financial year had any interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and

DIRECTORS' REPORT (CONT'D)

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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company or 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.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
Dated 20 April 2010

Dato' Shamsir Bin Omar

Khoo Lay Wah

STATEMENT BY DIRECTORS

We, Dato' Shamsir Bin Omar and Khoo Lay Wah, 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 32 to 85 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

Signed In Accordance With A Resolution Of The Directors

DATED 20 APRIL 2010

DATO' SHAMSIR BIN OMAR

KHOO LAY WAH

STATUTORY DECLARATION

I, Dato' Shamsir Bin Omar, I/C No. 340707-10-5481 being the director primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 85 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
Dato' Shamsir Bin Omar, I/C No. 340707-10-5481
at Kuala Lumpur in the Federal Territory
on this 20 April 2010

Dato' Shamsir Bin Omar

Before me

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAIM INDAH CORPORATION BERHAD (INCORPORATED IN MALAYSIA) COMPANY No : 19727 - P

Report on the Financial Statements

We have audited the financial statements of Naim Indah Corporation Berhad, which comprise the balance sheets as at 31 December 2009 and the income statements, statements of changes of equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 85.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2009 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Independent Auditors' Report To The Members Of NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 19727 - P

Report on Other Legal and Regulatory Requirements

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

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

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: 1772/11/10 (J/PH)
Chartered Accountant

Kuala Lumpur
20 April 2010

BALANCE SHEETS AT 31 DECEMBER 2009

		THE GROUP		THE COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
NON-CURRENT ASSETS					
Equipment	6	921	1,123	451	569
Investment property	7	78,000	82,000	-	-
Intangible assets	8	17,000	36,303	-	-
Investments in subsidiaries	9	-	-	68,441	73,500
		95,921	119,426	68,892	74,069
CURRENT ASSETS					
Property development costs	10	2,290	2,290	-	-
Trade receivables	11	6,049	4,729	-	-
Other receivables, deposits and prepayments	12	20,694	22,437	53,429	57,206
Fixed deposits with licensed financial institutions	13	280	1,856	-	1,578
Cash and bank balances	14	273	176	47	127
		29,586	31,488	53,476	58,911
TOTAL ASSETS					
		125,507	150,914	122,368	132,980

The annexed notes form an integral part of these financial statements

BALANCE SHEETS AT 31 DECEMBER 2009 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	140,407	140,407	140,407	140,407
Accumulated losses		(44,408)	(15,867)	(18,579)	(8,002)
TOTAL EQUITY		95,999	124,540	121,828	132,405
NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	2,699	4,309	-	-
Long-term borrowings	18	16,043	12,246	230	319
		18,742	16,555	230	319
CURRENT LIABILITIES					
Trade payables	21	3,481	3,084	-	-
Other payables and accruals		1,962	1,367	221	166
Provision for taxation		485	197	-	-
Short-term borrowings	22	2,640	2,483	89	90
Bank overdrafts	23	2,198	2,688	-	-
		10,766	9,819	310	256
TOTAL LIABILITIES		29,508	26,374	540	575
TOTAL EQUITY AND LIABILITIES		125,507	150,914	122,368	132,980
NET ASSETS PER ORDINARY SHARE (RM)					
	24	0.14	0.18		

The annexed notes form an integral part of these financial statements

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
REVENUE	25	15,296	8,740	8,753	1,541
COST OF SALES	26	(14,204)	(5,850)	(8,035)	(384)
GROSS PROFIT		1,092	2,890	718	1,157
OTHER INCOME	27	186	567	181	437
		1,278	3,457	899	1,594
ADMINISTRATIVE EXPENSES		(6,218)	(4,561)	(2,664)	(3,067)
OTHER EXPENSES		(23,915)	(4,169)	(8,790)	(108)
(LOSS)/PROFIT FROM OPERATIONS		(28,855)	(5,273)	(10,555)	(1,581)
FINANCE COSTS		(1,222)	(4,118)	(22)	(28)
LOSS BEFORE TAXATION	28	(30,077)	(9,391)	(10,577)	(1,609)
INCOME TAX BENEFIT / (EXPENSE)	29	1,536	(257)	-	-
(LOSS)/PROFIT AFTER TAXATION		(28,541)	(9,648)	(10,577)	(1,609)
ATTRIBUTABLE TO:- Equity holders of the Company		(28,541)	(9,648)	(10,577)	(1,609)
LOSS PER SHARE (SEN) - BASIC	30	(4.07)	(1.37)		

The annexed notes form an integral part of these financial statements

**STATEMENTS OF CHANGES OF EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE GROUP			
Balance at 1 January 2008	140,407	(6,219)	134,188
Loss after taxation for the financial year	-	(9,648)	(9,648)
Balance at 31 December 2008/1 January 2009	140,407	(15,867)	124,540
Loss after taxation for the financial year	-	(28,541)	(28,541)
Balance at 31 December 2009	140,407	(44,408)	95,999
THE COMPANY			
Balance at 1 January 2008	140,407	(6,393)	134,014
Loss for the financial year	-	(1,609)	(1,609)
Balance at 31 December 2008/1 January 2009	140,407	(8,002)	132,405
Loss for the financial year	-	(10,577)	(10,577)
Balance at 31 December 2009	140,407	(18,579)	121,828

The annexed notes form an integral part of these financial statements

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(30,077)	(9,391)	(10,577)	(1,609)
Adjustments for:-				
Allowance for doubtful debts	3,387	204	3,613	-
Amortisation of timber extraction rights	1,870	1,184	-	-
Depreciation of equipment	207	208	118	108
Impairment loss on investments in subsidiaries	-	-	5,059	-
Gross settlement charge on restructured loan	-	3,168	-	-
Impairment loss on goodwill	4,654	417	-	-
Impairment loss on property	-	3,710	-	-
Fair value adjustment of investment property	4,000	-	-	-
Impairment loss of timber extraction rights	12,779	-	-	-
Interest income	(186)	(347)	(181)	(338)
Interest expense	1,222	950	22	28
Operating (loss)/profit before working capital changes	(2,144)	103	(1,946)	(1,811)
(Increase)/Decrease in trade and other receivables	(2,619)	(3,756)	509	3,046
Increase/(Decrease) in trade and other payables	992	2,584	55	16
CASH (FOR)/FROM OPERATIONS	(3,771)	(1,069)	(1,382)	1,251
Interest paid	(1,222)	(950)	(22)	(28)
Tax refunded/(paid)	214	(249)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(4,779)	(2,268)	(1,404)	1,223

The annexed notes form an integral part of these financial statements

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(4,779)	(2,268)	(1,404)	1,223
CASH FLOWS FOR INVESTING ACTIVITIES					
Net advances to joint venture projects		(345)	(1,607)	(345)	(1,607)
Purchase of equipment		(5)	(17)	-	(16)
Interest received		186	347	181	338
NET CASH FOR INVESTING ACTIVITIES		(164)	(1,277)	(164)	(1,285)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans		5,767	5,000	-	-
Repayment of term loans		(1,723)	(1,787)		
Repayment of hire purchase payables		(90)	(83)	(90)	(83)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		3,954	3,130	(90)	(83)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(989)	(415)	(1,658)	(145)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(656)	(241)	1,705	1,850
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	31	(1,645)	(656)	47	1,705

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

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

Registered office : Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Principal place of business : Level 12A-03-05, 12th Floor,
Plaza Permata, Jalan Kampar,
Off Jalan Tun Razak,
50400 Kuala Lumpur,
Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 April 2010.

2. PRINCIPAL ACTIVITIES

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

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activities are as follows:-

(a) Market Risk

(i) *Foreign Currency Risk*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) *Interest Rate Risk*

The Group obtains financing through interest-bearing borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) *Price Risk*

The Group does not have any quoted investments and hence is not exposed to market risks.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's major concentration of credit risk relates to the amounts owing by a single customer, a venturer and a stakeholder which constituted 92% of its total trade receivables.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company 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 ("FRS") and the Companies Act 1965 in Malaysia.

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

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations	Effective date
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010 / 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations	Effective date
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given under the standards.

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of “cost method” currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

IC Interpretation 15 supersedes FRS 201²⁰⁰⁴ Property Development Activities and addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue and when revenue from the construction of real estate should be recognised. Currently, the Group recognises revenue on property development activities using the percentage of completion method (see note 5(y)(ii)). Upon adoption of this Interpretation, the Group will be required to assess whether the sale and purchase agreements entered are construction service contracts or sale of goods and whether the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to the customers. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, the directors will be considering the extent to which information is available for retrospective application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 effect 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:-

(i) *Depreciation of Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the 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.

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.

(ii) *Income Taxes*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iii) *Impairment of 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.

(iv) *Property Development*

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

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

(v) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) *Classification between Investment Properties and Owner-Occupied Properties*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vi) *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 is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company accounts 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.

(b) Financial Instruments

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

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

Financial instruments are offset when the Company 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The functional currency of the Group and each of the Group's entity is the currency of the primary economic environment in which the Group or that entity operates.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) FUNCTIONAL AND FOREIGN CURRENCIES

(ii) *Transactions and Balances*

Transactions in foreign currencies are converted into RM at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date 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 taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. 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.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(D) BASIS OF CONSOLIDATION (CONT'D)

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net proceeds and the Group's share of its net assets.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 immediately in the consolidated income statement.

(f) Timber Extraction Rights

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

Following initial recognition, timber extraction rights are stated at revalued amount which is the fair value at the date of the revaluation less accumulated amortisation and any accumulated impairment losses. Fair value is determined by reference to the market valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and the category of the properties being valued. Any revaluation surplus is credited to the revaluation reserve included within equity. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Timber Extraction Rights (Cont'd)

Timber extraction rights are assessed to have finite useful lives and are amortised in proportion to timber resources in the timber extraction area based on the amount of tonnes logged every year. The total timber resources derived are based on estimates provided by professional foresters at the point of acquisition. The timber extraction rights are also assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at least at each balance sheet date.

(g) Investments in Subsidiaries and Joint Ventures

The investments in subsidiaries and joint ventures are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and joint ventures, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(h) Jointly Controlled Operations

A joint venture represents a business arrangement formed under a contract with a third party to undertake specific projects.

Joint controlled operations are operations which involve the use of the assets and other resources of the venturers.

The Group recognised its interest in joint controlled operations based on the terms set out in the joint venture agreements, which include:-

- i) the assets that it controls and the liabilities that it incurs; and
- ii) the expenses that it incurs and its share of the income that it earns from the sale of goods or render of services to the joint venture.

The assets, liabilities, income and expenses of the jointly controlled operations were not separately presented because they are all recognised in the financial statements of the Group and of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Equipment

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

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(j) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets (Cont'd)

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 the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(k) Assets under Hire Purchase or Finance Lease

Equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(i) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

(l) Operating Leases – The Group as Lessor

Assets leased out under operating leases are presented on the balance sheet 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 5(y)(iii)

(m) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially Investment properties 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 included in the income statement in the year in which they arise.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Investment Properties (Cont'D)

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement; any amount in the revaluation reserve relating to that investment property is transferred to retained profits.

(n) Non-Current Assets Held For Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies.

Thereafter generally the assets or disposal group are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in income statement. Gains are not recognised in excess of any cumulative impairment loss.

(o) 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 income statement are determined by reference to the stage of completion of development activity at the balance sheet date.

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 income statement immediately, including costs to be incurred over the defects liability period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(q) Payables

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

(r) Provisions

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

(s) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

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

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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income Taxes (Cont'd)

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 balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or 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. The carrying amounts of deferred tax assets are reviewed at each balance sheet date 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.

(t) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

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

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(u) Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(w) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement 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.

(x) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Revenue Recognition

(i) Sale of Timber

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) 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.

(iii) Rental Income

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

(iv) Interest Income

Interest income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POILICIES (CONT'D)

(z) Contingent Liabilities and Contingent Assets

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 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.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(aa) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of equipment (net of accumulated depreciation, where applicable), investment property, property development costs, intangible assets, receivables, fixed deposits with licensed financial institutions and cash and cash balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively. Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. EQUIPMENT

	AT 1.1.2009 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 RM'000
THE GROUP				
2009				
NET BOOK VALUE				
Computer and office equipment	21	-	(10)	11
Electrical fittings	7	-	(1)	6
Furniture and fittings	301	-	(50)	251
Motor vehicles	369	-	(77)	292
Office equipment	311	5	(52)	264
Renovation	114	-	(17)	97
	1,123	5	(207)	921

	At 1.1.2008 RM'000	ADDITIONS RM'000	RECLASSIFICATIONS RM'000	DEPRECIATION CHARGE RM'000	At 31.12.2008 RM'000
THE GROUP					
2008					
NET BOOK VALUE					
Computer and office equipment	34	12	-	(25)	21
Electrical fittings	34	-	(26)	(1)	7
Furniture and fittings	335	3	13	(50)	301
Motor vehicles	432	-	-	(63)	369
Office equipment	348	2	13	(52)	311
Renovation	131	-	-	(17)	114
	1,314	17	-	(208)	1,123

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. EQUIPMENT (CONT'D)

	AT COST	ACCUMULATED	NET BOOK
	RM'000	DEPRECIATION	VALUE
At 31.12.2009		RM'000	RM'000
Computer and office equipment	129	(118)	11
Electrical fittings	13	(7)	6
Furniture and fittings	502	(251)	251
Motor vehicles	860	(568)	292
Office equipment	527	(263)	264
Renovation	171	(74)	97
	2,202	(1,281)	921

At 31.12.2008

Computer and office equipment	129	(108)	21
Electrical fittings	13	(6)	7
Furniture and fittings	502	(201)	301
Motor vehicles	860	(491)	369
Office equipment	522	(211)	311
Renovation	171	(57)	114
	2,197	(1,074)	1,123

	AT	DEPRECIATION	AT
	1.1.2009	CHARGE	31.12.2009
	RM'000	RM'000	RM'000

THE COMPANY

2009

NET BOOK VALUE

Computer and office equipment	21	(10)	11
Electrical fittings	7	(1)	6
Furniture and fittings	110	(19)	91
Motor vehicles	370	(77)	293
Office equipment	19	(4)	15
Renovation	42	(7)	35
	569	(118)	451

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. EQUIPMENT (CONT'D)

	AT 1.1.2008	ADDITIONS	DEPRECIATION CHARGE	AT 31.12.2008
	RM'000	RM'000	RM'000	RM'000
THE COMPANY				
2008				
NET BOOK VALUE				
Computer and office equipment	22	13	(14)	21
Electrical fittings	7	-	-	7
Furniture and fittings	130	-	(20)	110
Motor vehicles	433	-	(63)	370
Office equipment	19	3	(3)	19
Renovation	50	-	(8)	42
	661	16	(108)	569

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
At 31.12.2009			
Computer and office equipment	83	(72)	11
Electrical fittings	12	(6)	6
Furniture and fittings	189	(98)	91
Motor vehicles	860	(567)	293
Office equipment	36	(21)	15
Renovation	75	(40)	35
	1,255	(804)	451

At 31.12.2008			
Computer and office equipment	83	(62)	21
Electrical fittings	12	(5)	7
Furniture and fittings	189	(79)	110
Motor vehicles	860	(490)	370
Office equipment	36	(17)	19
Renovation	75	(33)	42
	1,255	(686)	569

Certain motor vehicles of the Group and of the Company with a total net book value of approximately RM290,000 (2008 - RM369,000) were acquired under hire purchase terms.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

7. INVESTMENT PROPERTY

	THE GROUP	
	2009	2008
	RM'000	RM'000
At fair value		
At 1 January	82,000	82,000
Fair value adjustment for the financial year	(4,000)	-
	<hr/>	<hr/>
At 31 December	78,000	82,000
	<hr/>	<hr/>

The investment property has been pledged as security to financial institutions for banking facilities granted to a subsidiary.

During the financial year, the investment property was valued using the open market value basis based on the residual and comparison method carried out by an independent professional valuer, Nagalingam T., B Sc. In Estate Management, a registered valuer at Azmi & Co. (Shah Alam) Sdn. Bhd., an independent firm of valuers.

8. INTANGIBLE ASSETS

	THE GROUP	
	2009	2008
	RM'000	RM'000
Timber extraction rights	17,000	31,649
Goodwill on consolidation	-	4,654
	<hr/>	<hr/>
	17,000	36,303
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

8. INTANGIBLE ASSETS (CONT'D)

Details of the movement of the intangible assets are as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
<i>Timber Extraction Rights</i>		
Cost		
At 1 January	38,745	38,745
Impairment loss of timber extraction rights	(12,779)	-
At 31 December	25,966	38,745
Accumulated amortisation:		
At 1 January	7,096	5,912
Amortisation for the financial year	1,870	1,184
At 31 December	8,966	7,096
Net carrying amount	17,000	31,649
<i>Goodwill on Consolidation</i>		
Cost		
At 1 January/31 December	5,071	5,071
Accumulated impairment loss:		
At 1 January	417	-
Impairment loss for the financial year	4,654	417
At 31 December	5,071	417
Net carrying amount	-	4,654

The goodwill was allocated to the timber extraction cash-generating unit ("CGU").

The recoverable amount of the timber extraction rights is determined based on value-in-use approach, and this is derived from the present value of the future cash flows from this segment computed based on the projections of financial budgets approved by management covering a period of eight years. The key assumptions used in the determination of the recoverable amount are as follows:-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

8. INTANGIBLE ASSETS (CONT'D)

Item	Assumption used	Basis of assumption
(a) Budgeted gross margin	27% of revenue	The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted periods and expectations of market developments over the periods under review.
(b) Annual growth rate of revenue	16%, compounded annually	The growth rates used are based on the expected extraction yields of the identified compartments over the periods under review.
(c) Discount rate of cash flows	12%	The discount rate used is the pre-tax and it reflects specific risks relating to the timber extraction segment.

9. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares at cost	78,570	78,570
Impairment losses:		
- At 1 January	(5,070)	(5,070)
- Addition during the financial year	(5,059)	-
- At 31 December	(10,129)	(5,070)
	68,441	73,500

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

Name Of Company	Effective Equity Interest		Principal Activity
	2009	2008	
Angkasa Lampiran Sdn. Bhd.	100%	100%	Property development.
Bitarex Sdn. Bhd.	100%	100%	Property development.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name Of Company	Effective Equity Interest		Principal Activity
	2009	2008	
Consistent Harvest Sdn. Bhd.	100%	100%	Property management.
Jernih Makmur Sdn. Bhd.	100%	100%	Logging and selling round end timber logs.
NAIMKBB Berhad (formerly known as Kewangan Bersatu Berhad) *	100%	100%	Dormant.
Ni-Corp Oil & Gas Technologies Sdn. Bhd. *	100%	100%	Trading of building materials.

* - Not audited by Messrs. Crowe Horwath.

As disclosed in Note 5(d) 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 were 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 the previous financial years as the directors were of the opinion that the Company had lost effective control in the 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:

- (a) 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;

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) 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:
- i. 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
 - ii. Revocation of the licence granted to KBB pursuant to Section 10(4) of BAFIA whereby KBB shall no longer be a licensed financial institution under BAFIA.

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

- (c) 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 “shelf” company.

During the financial year, MBB had informed the Company, vide its letter dated 15 January 2009, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

10. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2009 RM'000	2008 RM'000
At cost		
At 1 January		
- freehold land	2,209	-
- development costs	81	-
	2,290	-
Transferred from non-current assets held for sale		
(Note 15)		
- freehold land	-	2,209
- development costs	-	81
	-	2,290
At 31 December		
- freehold land	2,209	2,209
- development costs	81	81
	2,290	2,290

The freehold land has been pledged as security to financial institutions for banking facilities granted to a subsidiary.

11. TRADE RECEIVABLES

	THE GROUP	
	2009 RM'000	2008 RM'000
Trade receivables	7,817	5,006
Less: Allowance for doubtful debts	(1,768)	(277)
	6,049	4,729
Allowance for doubtful debts		
At 1 January	(277)	(73)
Addition for the financial year	(1,491)	(204)
At 31 December	(1,768)	(277)

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Sundry receivables				
Investment and advances to joint venture projects	14,179	13,892	14,179	13,892
Payment for purchase of properties	7,630	7,665	1,500	1,500
Others	-	235	-	-
	<u>21,809</u>	<u>21,792</u>	<u>15,679</u>	<u>15,392</u>
 Allowance for doubtful debts				
- 1 January	-	-	-	-
- Addition during the financial year	(1,896)	-	(1,896)	-
	<u>(1,896)</u>	<u>-</u>	<u>(1,896)</u>	<u>-</u>
- 31 December	<u>(1,896)</u>	<u>-</u>	<u>(1,896)</u>	<u>-</u>
	<u>19,913</u>	<u>21,792</u>	<u>13,783</u>	<u>15,392</u>
 Deposits	682	601	20	20
 Other receivables				
Amount owing by subsidiaries	-	-	42,913	43,367
Allowance for doubtful debts				
- 1 January	-	-	(1,587)	(1,587)
- Addition during the financial year	-	-	(1,717)	-
	<u>-</u>	<u>-</u>	<u>(3,304)</u>	<u>(1,587)</u>
- 31 December	<u>-</u>	<u>-</u>	<u>(3,304)</u>	<u>(1,587)</u>
	<u>-</u>	<u>-</u>	<u>39,609</u>	<u>41,780</u>
 Prepayments	99	44	17	14
	<u>20,694</u>	<u>22,437</u>	<u>53,429</u>	<u>57,206</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) Investment and advances to joint venture projects

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

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

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

The Group and Company's share of the revenue, income and expenses from NICORP-CREATIVE JV, which have been included in the consolidated results of the Group, are as follows:

	THE GROUP/THE COMPANY	
	2009	2008
	RM'000	RM'000
Share of revenue	6,320	636
Share of property development costs	(8,035)	(384)
Share of other income	-	117
Share of administrative and other expenses	(240)	(276)
Share of (loss)/profit	<u>(1,955)</u>	<u>93</u>

The investment and advances to NICORP-CREATIVE JV amounting to RM7.1 million (2008 - RM8.3 million) are interest-free, unsecured and repayable on demand. The investment and advances are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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

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

The Company had 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 period of 3 years 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.

The advances to NICORP-NOBLE JV, including interest income earned, amounting to RM6.7 million (2008 - RM6.5 million) are placed with a stakeholder bearing interest at the rate of 2.50% (2008 - 2.50%) per annum at the balance sheet date. Pursuant to the joint venture agreement, the Company has the right to dispose of the land held by NRSB in the event of failure by NRSB to obtain the necessary approvals within the conditional period.

(b) Amount owing by subsidiaries

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

13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The fixed deposits with licensed financial institutions of the Group and of the Company are pledged as security for utility deposits of the investment property owned by the Group.

The fixed deposits bore an effective interest rate of 2.0% to 2.5% (2008 - 3.10%) per annum at the balance sheet date. The fixed deposits have maturity periods of 30 to 365 days (2008 - 30 days).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

14. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM6,962 (2008 - RM6,941) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which cannot be used for other operations.

15. NON-CURRENT ASSETS HELD FOR SALE

	THE GROUP	
	2009	2008
	RM'000	RM'000
At 1 January	-	6,000
Impairment loss	-	(3,710)
	-	2,290
Transferred to property development costs (Note 10)	-	(2,290)
At 31 December	-	-

On 19 December 2007, the Group entered into a Sale and Purchase Agreement (SPA) with a third party for the disposal of a piece of freehold land described as HS(D) 102570 P.T. No. 19434 of Mukim Ampangan, District Seremban of Negeri Sembilan measuring approximately 6.4 acres, together with an approved development plan and layout plan for 35 units of double storey terrace houses and 21 units of terrace shop houses, for a total cash consideration of RM6,000,000 of which an amount of RM120,000 had been received upon the execution of the SPA and the remaining cash consideration of RM5,880,000 to be paid within 6 months commencing 1 January 2008.

The transaction was revoked in the previous financial year with the issuance of a Deed of Revocation as the third party failed to pay the balance of the purchase consideration in accordance with the terms and conditions of the SPA. Consequently, the assets have been written down to their recoverable amounts and reclassified to property development costs (Note 10), as the Group intends to develop the property.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

16. SHARE CAPITAL

	THE COMPANY			
	2009 NUMBER OF SHARES ('000)	2008	2009 RM'000	2008 RM'000
ORDINARY SHARES OF RM0.20 EACH:				
Authorised	2,500,000	2,500,000	500,000	500,000
Issued and fully paid	702,034	702,034	140,407	140,407

17. DEFERRED TAX LIABILITIES

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1 January	4,309	4,309
Recognised in the income statement (Note 29)	(1,610)	-
At 31 December	2,699	4,309

The deferred tax consists of the tax effects of the following items:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances	-	86
Timber extraction rights	2,699	4,309
	2,699	4,395
Deferred tax asset:-		
Unabsorbed capital allowances	-	(86)
	2,699	4,309

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

17. DEFERRED TAX (CONT'D)

No deferred tax assets are recognised on the following items at the balance sheet date:-

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	187	200	115	197
Unutilised tax losses	64,889	62,564	58,268	56,683
	<u>65,076</u>	<u>62,764</u>	<u>58,383</u>	<u>56,880</u>

18. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
SECURED:				
Hire purchase payables (Note 19)	230	319	230	319
Term loans (Note 20)	15,813	11,927	-	-
	<u>16,043</u>	<u>12,246</u>	<u>230</u>	<u>319</u>

19. HIRE PURCHASE PAYABLES

	THE GROUP / THE COMPANY	
	2009	2008
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one year	112	112
- later than one year and not later than five years	238	350
	<u>350</u>	<u>462</u>
Future finance charges	(31)	(53)
	<u>319</u>	<u>409</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

19. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP/THE COMPANY	
	2009	2008
	RM'000	RM'000
Current:		
- not later than one year (Note 22)	89	90
Non-current:		
- later than one year and not later than five years (Note 18)	230	319
	<u>319</u>	<u>409</u>

The hire purchase payables of the Group and of the Company bore an effective interest rate of 3.64% (2008 - 3.64%) per annum at the balance sheet date.

20. TERM LOANS

	THE GROUP	
	2009	2008
	RM'000	RM'000
SECURED:		
Not later than one year (Note 22)	2,551	2,393
Later than one year and not later than five years	14,562	11,927
Later than five years	1,251	-
	<u>15,813</u>	<u>11,927</u>
Total non-current portion (Note 18)	<u>18,364</u>	<u>14,320</u>

(a) The term loans of the Group bore an effective interest rate of 6.91% (2008 - 7.67%) per annum at the balance sheet date and are secured by:

- (i) a first and third party legal charges created on the land owned by a subsidiary, Bitarex Sdn. Bhd.;
- (ii) a debenture incorporating a fixed and floating charge over all present and future assets of a subsidiary, Angkasa Lampiran Sdn. Bhd ("ALSB");
- (iii) a first and third party legal charges created on the investment property owned by a subsidiary, Consistent Harvest Sdn. Bhd. ("CHSB");

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

20. TERM LOANS (CONT'D)

- (iv) an equitable assignment of all present and future monthly rental proceeds derived from the investment property owned by CHSB;
 - (v) a joint and several guarantee of all the directors of ALSB; and
 - (vi) a corporate guarantee of the Company.
- (b) During the previous financial year, the Group had negotiated and restructured one of its term loan facilities. The salient terms of the restructured loan, as set out in the letter from the financial institution dated 8 September 2008, are as follows:-
- (i) the bank has revised the settlement sum to RM5.084 million, and this resulted in an additional settlement charge of RM3.168 million being recognised in the income statement for the restructured loan;
 - (ii) the new repayment terms are as follows:-
 - a. payment of RM2,156,000 by the redemption of 46 units of property within 2 years from the date of acceptance of the revised letter of offer; and
 - b. a lump sum settlement of RM344,336.
 - (iii) if the Group adheres to the repayment terms as set out in (ii) above, the Group would be entitled to a waiver amounting to approximately RM2.6 million at the end of the tenure of the restructured loan.

The waiver under (b)(iii) above is a contingent asset of the Group, and this would be recognised on a receipt basis when the Group fulfills its obligations pursuant to the restructured loan at the end of the tenure of the restructured loan.

As at the balance sheet date, the restructured loan has not been fully settled.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2008 - 30 to 60 days).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

22. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
SECURED:				
Hire purchase payables (Note 19)	89	90	89	90
Term loans (Note 20)	2,551	2,393	-	-
	<u>2,640</u>	<u>2,483</u>	<u>89</u>	<u>90</u>

23. BANK OVERDRAFTS

The bank overdrafts of the Group bore an effective interest rate of 6.55% (2008 - 7.50%) per annum at the balance sheet date and are secured in the same manner as the term loans disclosed in Note 20 (a)(iii), (iv) and (vi) to the financial statements.

24. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date.

	THE GROUP	
	2009	2008
Net assets (RM'000)	95,999	124,540
Number of ordinary shares in issue ('000)	702,034	702,034
Net assets per share (RM)	<u>0.14</u>	<u>0.18</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

25. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Share of revenue from a joint venture project (Note 12(a)(i))	6,320	636	6,320	636
Sale of goods	5,193	4,331	-	-
Rental income from investment property	3,783	3,773	-	-
Management fees from subsidiaries	-	-	2,433	905
	<u>15,296</u>	<u>8,740</u>	<u>8,753</u>	<u>1,541</u>

26 COST OF SALES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Share of property development costs from a joint venture project (Note 12(a)(i))	8,035	384	8,035	384
Cost of goods sold	4,421	3,114	-	-
Maintenance cost of investment property	1,748	2,352	-	-
	<u>14,204</u>	<u>5,850</u>	<u>8,035</u>	<u>384</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

27. OTHER INCOME

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- fixed deposits with licensed financial institutions	21	230	17	221
- late payment from purchasers	-	117	-	117
Others	165	220	164	99
	<u>186</u>	<u>567</u>	<u>181</u>	<u>437</u>

Included in other income of the Group and of the Company in the previous financial year was an amount of RM117,037 being the share of income from a joint venture project as disclosed in Note 12(a)(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

28. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/ (crediting) the following:-				
Allowance for doubtful debts	3,387	204	3,613	-
Amortisation of timber extraction rights	1,870	1,184	-	-
Audit fee:				
- statutory audit	78	77	45	45
- other non-statutory services	-	6	-	6
Depreciation of equipment	207	208	118	108
Directors' remuneration (Note 32)	262	323	262	323
Gross settlement charge on restructured loan (Note 20)	-	3,168	-	-
Impairment loss:				
- investment in subsidiaries (Note 9)	-	-	5,059	-
- goodwill (Note 8)	4,654	417	-	-
- property (Note 15)	-	3,710	-	-
- timber extraction rights (Note 8)	12,779	-	-	-
Fair value adjustment of investment property (Note 7)	4,000	-	-	-
Interest expense:				
- bank overdrafts	158	144	-	-
- term loans	1,042	778	-	-
- hire purchase	22	28	22	28
Rental of equipment	149	163	149	163
Rental of premises	6	6	6	6
Share of administrative expenses from a joint venture project	240	276	240	276
Staff costs	1,441	1,687	1,441	1,687
Interest income	(186)	(347)	(181)	(338)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

29. INCOME TAX (BENEFIT) / EXPENSE

	THE GROUP	
	2009 RM'000	2008 RM'000
Current tax:		
- for the financial year	25	257
- underprovision in the previous financial year	49	-
	<u>74</u>	<u>257</u>
Deferred tax:		
- relating to originating and reversal of temporary differences	(1,610)	-
	<u>(1,536)</u>	<u>257</u>

During the current financial year, the statutory tax rate was reduced from 26% to 25%.

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loss before taxation	<u>(30,077)</u>	<u>(9,391)</u>	<u>(10,577)</u>	<u>(1,609)</u>
Tax at the statutory tax rate of 25% (2008 - 26%)	(7,519)	(2,442)	(2,644)	(418)
Tax effects of:				
Non-taxable income	-	(31)	-	-
Non-deductible expenses	5,356	2,266	2,268	65
Deferred tax assets not recognised during the financial year	578	510	376	353
Utilisation of deferred tax assets not recognised in the previous financial year	-	(13)	-	-
Underprovision in the previous financial year				
- current tax	49	-	-	-
Others	-	(33)	-	-
Income tax (benefit)/expense for the financial year	<u>(1,536)</u>	<u>257</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

30. BASIC LOSS PER ORDINARY SHARE

Basic loss per ordinary share has been calculated based on the Group's net loss attributable to the equity holders of the Company for the financial year divided by the number of ordinary shares in issue at the balance sheet date.

	THE GROUP	
	2009	2008
Net loss attributable to the equity holders of the Company (RM'000)	(28,541)	(9,648)
Number of ordinary shares in issue ('000)	702,034	702,034
Loss per share (Sen)	(4.07)	(1.37)

31. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed financial institutions (Note 13)	280	1,856	-	1,578
Cash and bank balances (Note 14)	273	176	47	127
Bank overdrafts	(2,198)	(2,688)	-	-
	(1,645)	(656)	47	1,705

32. DIRECTORS' REMUNERATION

	THE GROUP / THE COMPANY	
	2009	2008
	RM'000	RM'000
Executive directors:		
- fees	262	288
- other emoluments	-	35
	262	323

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

32. DIRECTORS' REMUNERATION (CONT'D)

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

	THE GROUP / THE COMPANY	
	2009	2008
Executive directors:		
RM50,001 - RM100,000	1	1
RM200,001 - RM250,000	1	1
	<u>2</u>	<u>2</u>

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

- (i) its subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) the directors who are the key management personnel; and
- (iii) the joint venture in which the Company is the venturer.

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

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(i) Subsidiaries				
- management fee	-	-	2,433	905
(ii) Key management personnel (including directors):				
- short-term employee benefits	262	323	262	323
(iii) Joint venture project, NICORP-CREATIVE JV				
- share of net (loss)/profit	(1,955)	93	(1,955)	93
- net advances to	2,172	1,607	2,172	1,607
(iv) Joint venture partner				
- deposits paid for purchase of properties	250	500	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

34. OPERATING LEASES

The Group as a lessor

The Group had entered into a non-cancellable operating lease agreement on its investment property. These leases have remaining non-cancellable lease terms of between one and three years. All leases include a clause to enable the upward revision of the rental charged on an annual basis based on the prevailing market conditions and certain contracts also includes contingent rental arrangements computed based on the sales achieved by the tenants.

The future minimum lease payments receivable under the non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	THE GROUP	
	2009 RM'000	2008 RM'000
Not later than 1 year	245	1,792
Later than 1 year but not later than 3 years	217	27
	<u>461</u>	<u>1,819</u>

35. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property Approved and contracted for	8,780	35	5,550	35
	<u>8,780</u>	<u>35</u>	<u>5,550</u>	<u>35</u>

36. CONTINGENT LIABILITY

	THE COMPANY	
	2009 RM'000	2008 RM'000
Corporate guarantees given to licensed bank for banking facilities granted to a subsidiary	13,847	12,074
	<u>13,847</u>	<u>12,074</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

37. SEGMENTAL REPORTING

2009	PROPERTY DEVELOPMENT RM'000	TIMBER EXTRACTION RM'000	INVESTMENT PROPERTY HOLDING RM'000	INVESTMENT HOLDING AND OTHERS RM'000	ELIMINATION RM'000	GROUP RM'000
REVENUE						
External sales	6,320	5,193	3,783	-	-	15,296
Inter-segment sales	-	-	-	2,433	(2,433)	-
	6,320	5,193	3,783	2,433	(2,433)	15,296
RESULTS						
Segment results	(359)	(5,341)	(3,483)	(10,599)	(9,073)	(28,855)
Finance costs	(192)	-	(1,008)	(22)	-	(1,222)
Loss before taxation						(30,077)
Income tax expense						1,536
Loss after taxation						(28,541)
ASSETS						
Segment assets	11,196	24,801	79,584	122,597	(112,671)	125,507
LIABILITIES						
Segment liabilities	17,766	20,121	36,411	821	(48,795)	26,324
OTHER INFORMATION						
Allowance for doubtful debts	-	1,491	-	1,896	-	3,387
Amortisation of timber extraction rights	-	1,870	-	-	-	1,870
Depreciation	1	11	79	116	-	207
Impairment loss:						
- timber extraction rights	-	12,779	-	-	-	12,779
- goodwill	-	4,654	-	-	-	4,654
Fair value adjustment on investment property	-	-	4,000	-	-	4,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

37. SEGMENTAL REPORTING (CONT'D)

2008	PROPERTY DEVELOPMENT RM'000	TIMBER EXTRACTION RM'000	INVESTMENT PROPERTY HOLDING RM'000	INVESTMENT HOLDING AND OTHERS RM'000	ELIMINATION RM'000	GROUP RM'000
REVENUE						
External sales	636	4,331	3,773	-	-	8,740
Inter-segment sales	-	-	-	905	(905)	-
	636	4,331	3,773	905	(905)	8,740
RESULTS						
Segment results	(4,061)	(595)	441	(1,675)	617	(5,273)
Finance costs	(3,232)	-	(858)	(28)	-	(4,118)
Loss before taxation						(9,391)
Income tax expense						(257)
Loss after taxation						(9,648)
ASSETS						
Segment assets	11,055	43,660	83,267	132,980	(120,048)	150,914
LIABILITIES						
Segment liabilities	17,074	17,420	35,542	584	(48,752)	21,868
OTHER INFORMATION						
Allowance for doubtful debts	-	-	204	-	-	204
Amortisation of timber extraction rights	-	1,184	-	-	-	1,184
Depreciation	2	11	87	108	-	208
Impairment loss:						
- property	3,710	-	-	-	-	3,710
- goodwill	-	-	417	-	-	417
Gross settlement charge	3,168	-	-	-	-	3,168

The revenue of the Group is derived mainly from customers located in Malaysia. The Group's assets are wholly located in Malaysia and the cost to acquire equipment arose in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Cash and Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

(b) Long-Term Borrowings

The carrying amounts approximated the fair values of these instruments. The fair values of the long-term borrowings are determined by discounting the relevant cash flows using the current interest rates for similar instruments at the balance sheet date.

(c) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Company are as follows:

	NOTE	Amount RM'000	Net Fair Value RM'000
THE COMPANY			
In respect of corporate guarantees given to licensed banks for banking facilities granted to a subsidiary			
- At 31 December 2009	36	13,847	*
- At 31 December 2008	36	12,074	*

* - The net fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfil their obligations to repay their borrowings.

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

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

This is the Appendix I referred to in item 6 of the Agenda as contained in the Notice of Annual General Meeting dated 3 June 2010 signed by me for the purpose of identification.

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The existing Articles of Association of the Company (“the existing Articles”) are amended by the alterations, modifications, deletion and/or additions, wherever necessary. The affected existing Articles are reproduced here with the Proposed Amendments to the Articles of Association of the Company alongside it:

Article No.	Existing Articles	New / Amended Articles
2.	<p>Deposited Securities</p> <p>A security in the Company standing to the credit of a securities account of the Depositor subject to the provision of the (Central Depositories) Act, 1991 and the Rules.</p>	<p>Deposited Securities</p> <p>A security in the Company standing to the credit of a securities account and includes a security in a securities account that is in suspense.</p>
2.	<p>Member</p> <p>Any person/persons for the time being holding shares in the Company and whose names appear in the Record of Depositors.</p>	<p>Member</p> <p>Includes a depositor who will be treated as if he were a member pursuant to section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee.</p>
2.	<p>Record of Depositors</p> <p>A record provided by the Depository of the Company under Chapter 24.0 of the Rules.</p>	<p>Record of Depositors</p> <p>A record provided by the Depository to the Company under Chapter 24.0 of the Rules.</p>
2.	<p>Market Day</p> <p>Any day on which there is official trading on Kuala Lumpur Stock Exchange.</p>	<p>Market Day</p> <p>A day on which the stock market of the Exchange is open for trading in securities.</p>
2.	<p>Securities</p> <p>Securities refer to debentures, stocks and shares in a public company or corporation, or bonds of any government or of any body, corporate or unincorporated and including any right or option in respect thereof and any interest in unit trust scheme.</p>	<p>Securities</p> <p>Has the meaning given in section 2(1) of the Capital Markets and Services Act 2007.</p>

Article No.	Existing Articles	New / Amended Articles
2.	Listing Requirements The Listing Requirements of the Stock Exchange including any amendments thereto that may be made from time to time.	Listing Requirements or requirements The Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.
6.	(ii) in the case of shares offered to the public for subscription the amount payable on application one each share shall not be less than one hundred per centum (100 %) of the nominal amount of the share.	(ii) in the case of shares offered to the public for subscription or offered pursuant to a prospectus that is registered under the Securities Commission Act 1993 , the amount payable on application one each share shall not be less than five per centum (5 %) of the nominal amount of the share.
6.	(vi) No director shall participate in an issue of shares to employees unless Members in general meeting have specifically approved the allotment to such director. A non-executive director may participate in an issue of shares pursuant to a public issue or public offer.	(vi) No director shall participate in a shares scheme for employees unless Members in general meeting have approved the specific allotment to be made to such director.

[The remainder of this page is intentionally left blank]

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

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
16.	The Company shall have a first paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a member for all money presently payable by him or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable in respect of the share and such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member.	The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a member for all money presently payable by him or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable in respect of the share, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the member or deceased member.
20.	The Directors may from time to time make calls upon the members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen (14) days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.	The Directors may from time to time make calls upon the members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen (14) days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

Article No.	Existing Articles	New / Amended Articles
35.	<p>(a)(2) The Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such Securities.</p> <p>(b) For the avoidance of doubt, no Company which fulfils the requirements of (a)(1) and (2) above, shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.</p>	<p>(a)(2) The Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such Securities,</p> <p>the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.</p> <p>Deleted.</p>
35(a)	The existing Article 35(a) be renumbered as Article 35.	

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
49.	(ii) Subject to paragraph (i) above and notwithstanding the existence of a resolution pursuant to Section 132D of the Companies Act, 1965, the Company must ensure that it shall not issue any shares or convertible Securities if the nominal value of those shares or convertible Securities, when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds 10% of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of precise terms and conditions of the issue.	(ii) Subject to paragraph (i) above and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if the nominal value of those shares or convertible Securities, when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds 10% of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in a general meeting of precise terms and conditions of the issue.
54.	An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the Annual General Meeting shall be called Extraordinary General Meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of an Annual General Meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution.	An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the Annual General Meeting shall be called Extraordinary General Meetings. All general meetings shall be held at such time and place as the Directors shall determine. The Company shall hold all meetings of its members within Malaysia and may hold a meeting of its members within Malaysia at more than one venue using any technology that allows all members a reasonable opportunity to participate. A minute of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
56.	(a) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company, as at the latest date which is reasonably practicable which shall in any event be not less than (3) market days before the general meetings (hereinafter referred to as “the General Meeting Record of Depositors”).	(a) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. The Company shall also request the Depository to issue a Record of Depositors in accordance with the Rules, as at the latest date which is reasonably practicable which shall in any event be not less than (3) market days before the general meetings (hereinafter referred to as “the General Meeting Record of Depositors”).
57.	Subject always to the provisions of Section 151 of the Act no business shall be transacted at an Extraordinary General meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an Annual General Meeting other than business of which notice has been given as aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the Report of the Directors and Auditors, the election of Directors and the appointment and fixing of the remuneration of the Auditors.	All business shall be special that is transacted at an Extraordinary General Meeting, and all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the Reports of the Directors and Auditors, the election of Directors, the fixing of the Directors’ remuneration and the appointment and fixing of the remuneration of the Auditors.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
58.	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
67.	Subject to Article 56(a) and any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney in respect of any share or shares upon which all calls due to the Company have been paid and on a show of hands a holder of ordinary shares or preference shares who is present as a member or representative or proxy of a member or attorney and entitled to vote shall be entitled to one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each share he holds.	Subject to Article 56(a) and any rights or restrictions for the time being attached to any classes of shares, a member of the Company shall be entitled to be present and to vote at any general meetings may vote in person or by proxy or by attorney or by corporate representative in respect of any share or shares upon which all calls due to the Company have been paid. On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present as a member or representative or proxy of a member or attorney and entitled to vote shall be entitled to one vote. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. On a resolution to be decided by poll, every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
72.	(a) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a member of the Company and a member may appoint not more than two proxies to attend the meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.	(a) 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 and a member may appoint not more than two proxies to attend the meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
81.	<p>On the following persons shall be eligible for election to the office of Director at any Annual General Meeting namely:-</p> <p>(i) a Director retiring at the meeting;</p> <p>(ii) a person recommended by the Directors and in respect of whom, not less than nine (9) clear days before the day appointed for the meeting, there shall have been left at the registered office of the company a consent to act as a Director duly signed by such person and notice of each and every candidature for election to the board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place;</p> <p>(iii) a person in respect of whom not less than eleven (11) nor more than twenty-one (21) clear days before the date appointed for the meeting there shall have been left at the registered office of the Company a notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.</p>	<p>No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a member intending to propose him for election has, at least 11 clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the Office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, 9 clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least 7 days before the meeting at which the election is to take place.</p>
88.	<p>(ii) Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.</p>	<p>Deleted.</p>
88.	<p>The existing Article 88(iii) and (iv) be renumbered as Article 88(ii) and (iii) respectively.</p>	

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
88.	-	<p>The following provision be inserted immediately after the renumbered Article 88(iii):</p> <p>Salaries payable to Executive Directors for his services shall be determined by the Directors and may be of any description but such salaries shall not include a commission on or percentage of turnover.</p>
91.	<p>Save that any sale or disposal by the Directors of the Company's main undertaking shall be subject to ratification by Ordinary Resolution of the members in general meeting, the business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with these Articles or the provisions of the Act, as may prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.</p>	<p>Save that any sale or disposal by the Directors of the Company's main undertaking shall be subject to the Act and Listing Requirements, the business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with these Articles or the provisions of the Act, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.</p>
92.	<p>The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.</p>	<p>Except as otherwise prohibited under the law, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.</p>

Article No.	Existing Articles	New / Amended Articles
103.	It shall not be necessary to give any Director or alternate Director, who has not got an address in Malaysia or the Republic of Singapore, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time notice of all Directors' meetings shall be given to all Directors and their alternates, who have a registered address in Malaysia or the Republic of Singapore. Except in the case of an emergency, seven (7) days' notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Articles 143 and 144 and the said Articles 143 and 144 shall apply mutatis mutandis to the service of notices of Directors' meetings on Directors as it applies to the service of notices on members of the Company.	It shall not be necessary to give any Director or alternate Director, who has not got an address in Malaysia or the Republic of Singapore, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time notice of all Directors' meetings shall be given to all Directors and their alternates, who have a registered address in Malaysia or the Republic of Singapore. Except in the case of an emergency, seven (7) days' notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Articles 145 and 146 and the said Articles 145 and 146 shall apply mutatis mutandis to the service of notices of Directors' meetings on Directors as it applies to the service of notices on members of the Company.
107.	The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.	The remaining Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles as the necessary quorum of Directors, the remaining Directors or Director may, except in an emergency , act only for the purpose of increasing the number of Directors to that minimum number or of summoning a general meeting of the Company, but for no other purpose.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
112.	Save as hereinbefore provided no Director shall vote in respect of any contract or arrangement in which he is directly or indirectly interested, and if he should do so his vote shall not be counted but this prohibition may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction of the Company in general meeting.	Save as hereinbefore provided no Director shall participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall vote in respect of any contract or arrangement in which he is directly or indirectly interested, and if he should do so his vote shall not be counted.
121.	A resolution in writing signed or approved by letter by all the Directors who may at the time be present in Malaysia or the Republic of Singapore and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors.	A resolution in writing signed or approved by letter by all the Directors who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.

Article No.	Existing Articles	New / Amended Articles
128.	The Directors shall provide for the safe custody of the seal which shall only be used pursuant to a resolution of the Directors, or a committee of the Directors authorised to use the seal. The Directors may from time to time (subject to the provisions of Article 12 in relation to share and debenture stock certificates and debentures make such regulation as they think fit determining the persons and the number of such persons in whose presence the seal shall be affixed and, until otherwise so determined, as to which no person dealing with the Company shall be concerned to see or enquire and subject always to the provisions of Article 12 the seal shall be affixed in the presence of at least one Director and the Secretary, who shall sign every instrument to which the seal is affixed.	The Directors shall provide for the safe custody of the seal which shall only be used pursuant to a resolution of the Directors, or a committee of the Directors authorised to use the seal. The Directors may from time to time (subject to the provisions of Article 14 in relation to share and debenture stock certificates and debentures make such regulation as they think fit determining the persons and the number of such persons in whose presence the seal shall be affixed and, until otherwise so determined, as to which no person dealing with the Company shall be concerned to see or enquire and subject always to the provisions of Article 14 the seal shall be affixed in the presence of at least one Director and the Secretary or a second Director or some other person appointed by the Directors for the purpose, who shall sign every instrument to which the seal is affixed.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
130.	<p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the Directors' and auditors' reports relating to it shall not exceed four (4) months. A copy of each such document shall not less than fourteen days before the date of the meeting (or such shorter period as may be agreed in any year for the receipt of notice of the meeting pursuant to Article 55 of these presents) be sent to every member of, and to every holder of debentures of the Company and to every person who is entitled to receive notices from the Company under the provisions of the Act or of these presents. The requisite number of copies of each such document as may be required by the Stock Exchange from time to time shall at the same time be likewise sent to each Stock Exchange upon which the Company's shares are listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office.</p>	<p>(a) The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the Directors' and auditors' reports relating to it shall not exceed four (4) months. A copy of each such document shall not less than fourteen days before the date of the meeting be sent to every member of, and to every holder of debentures of the Company and to every person who is entitled to receive notices from the Company under the provisions of the Act or of these presents. The requisite number of copies of each such document as may be required by the Stock Exchange from time to time shall at the same time be likewise sent to each Stock Exchange upon which the Company's shares are listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's Office.</p>

Article No.	Existing Articles	New / Amended Articles
130.	-	<p>(b) The Company may issue its Annual Report in CD-ROM to its members. A copy of each such document in printed form or in CD-ROM form or in such other form of electronic media, shall not less than twenty-one (21) days before the date of the meeting be sent to every member of and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange or other stock exchange(s), if any, upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange or other stock exchange(s) provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or outside Malaysia but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company. In the event that the annual report is sent in CD-ROM form or such form of electronic media and a member requires a printed form of such documents, the Company shall send such documents to the member within four (4) market days from the date of receipt of the member's request or such period as may be prescribed by the Exchange.</p>

Article No.	Existing Articles	New / Amended Articles
141.	Any dividend, interest or other money payable in cash in respect of shares may be paid by way of direct transfer by means of the electronic payment systems upon terms and subject to conditions as the directors may stipulate or by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest, or other money payable in cash in respect of shares may be paid by way of direct transfer by means of the electronic payment systems upon terms and subject to conditions as the Directors may stipulate or by cheque or warrant sent through the post directed to the registered address of the holder who is named on the Register of Members or Record of Depositors or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant , it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.

[The remainder of this page is intentionally left blank]

Article No.	Existing Articles	New / Amended Articles
145.	A notice may be given by the Company to any member either personally or by sending it by post to him at his registered address in Malaysia or the Republic of Singapore or (if he has no registered address within Malaysia or the Republic of Singapore) to the address, if any, within Malaysia or the Republic of Singapore supplied by him to the Company for the giving of notices to him.	A notice may be given by the Company to any member either personally or by sending it by post to him at his registered address in Malaysia as appearing in the Record of Depositors or (if he has no registered address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices to him.
146.	Where a notice or other document is served by post, services shall be deemed to be effected at the time when the letter containing the same is posted, and in proving such service it shall be sufficient to provide that such letter was properly addressed, stamped and posted.	Where a notice or other document is served by post, service of such notice shall be deemed to be effected at the time when the letter containing the same is posted, and in proving such service it shall be sufficient to provide that such letter was properly addressed, stamped and posted.
147.	A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, within Malaysia or the Republic of Singapore supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been if the death or bankruptcy had not occurred.	A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, within Malaysia supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been if the death or bankruptcy had not occurred.

149.	(d) At least fourteen days' notice of every general meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily press.	(d) At least fourteen days' notice or twenty-one days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such general meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily press.
154.	Effect of the Listing Requirements (7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.	This article be renumbered as Article 155 (7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad including any amendment to the Listing Requirements that may be made from time to time.

[The remainder of this page is intentionally left blank]

NAIM INDAH CORPORATION BERHAD

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

PROXY FORM

CDS account no. of authorised nominee

I/We _____ (name of shareholder as per NRIC, in capital letters) IC No. / Passport No. / Company No. _____ (new) _____ (old) of _____ (full address) being a member(s) of the abovenamed Company, hereby appoint _____ (name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old) of _____ (full address) or failing him/her _____ (name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old) of _____ (full address) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held at the Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Monday, 28 June 2010 at 10.30 a.m. and at each and every adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS			FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.	Resolution 1		
2.	To re-elect Encik Zailan Bin Othman who retires in accordance with Article 79 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.	Resolution 2		
3.	To re-appoint Messrs. Crowe Horwath (Formerly Known As Messrs. Horwath) as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 3		
4.	To approve the re-appointment of Y. Bhg. Dato' Shamsir Bin Omar as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.	Resolution 4		
5.	To approve the Proposed Amendments to the Articles of Association of the Company.	Resolution 5		

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

Signature/Common Seal

Number of shares held: _____

Date: _____

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

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

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and a member may appoint 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.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Proxy Form duly completed must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd (Formerly Known As Tenaga Koperat Sdn Bhd) of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.*

Please fold here to seal

Affix Postage Stamp

TRICOR INVESTOR SERVICES SDN BHD
(FORMERLY KNOWN AS
TENAGA KOPERAT SDN BHD)

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

Please fold here to seal

