NAIM INDAH CORPORATION BERHAD
(19727-P)

Annual Report

2010

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY SIXTH 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, 27 June 2011 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 2010 together with the Reports of the Directors and Auditors thereon. [Resolution 1]

2. To re-elect Encik Ramli Bin Harun 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 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 resolution with or without modifications:

5. **<u>Ordinary Resolution</u>**

   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]

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 2011

NOTICE OF ANNUAL GENERAL MEETING

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 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.

4. For the purpose of determining a member who shall be entitled to attend the 36th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 June 2011. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

Explanatory Note on Special Business:-

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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No Director was appointed after the last Annual General Meeting held on 28 June 2010.

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)
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

Naim Indah Corporation Berhad
Investment Holding

- 100% — Angkasa Lampiran Sdn Bhd
  Property development
- 100% — Bitarex Sdn Bhd
  Property development
- 100% — Consistent Harvest Sdn Bhd
  Property management
- 100% — Jernih Makmur Sdn Bhd
  Logging and selling round end timber logs
- 100% — Ni-Corp Oil & Gas Technologies Sdn Bhd
  Trading of building materials
- 100% — NAIMKBB Berhad
  Dormant

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2010 together with the Audited Financial Statements for the financial year ended 31 December 2010.

Financial Review

Whilst the worst of the global financial crisis ended towards the end of financial year 2009, 2010 was a year of consolidation for us. Our property development sector registered a growth of over 30% in terms of revenue (an increase from RM6.32 million to RM8.26million), whilst our property investment sector maintained its revenue stream compared to the previous year. We have had a challenging year with respect to our timber extraction sector as a result of reduced yields from the compartment logged in 2010.

We reported a gross profit of RM0.6 million in the financial year 2010 but a net loss after taxation of RM18.4 million. The losses incurred were mainly due to the Fair Value Accounting adjustments made to comply with the Financial Reporting Standards whereby we recognised impairment losses of RM8.0 million in the property investment sector and RM2.5 million from the timber extraction sector.

Significant Events and Prospects

The economic outlook for Malaysia remains promising and consumer sentiments are strong, even though downside risks exist in the form of inflationary pressures which could lead to rising interest rates, and the ongoing global economic uncertainties. We are optimistic that all segments of our business will continue to grow.

The fundamentals of our business remain sound, as demonstrated by the strong performance of our property development sector which produced a 30% growth in revenue. We are confident that our property development sector will continue with its strong growth, in particular our Bandar Baru Tunjung Kota Bharu where the demand for Phase 1 was very encouraging. We believe that Phase 2 of the project will further strengthen our presence in the property development market in Kota Bharu.

We anticipate that 2011 will be a better year for our timber extraction sector especially in relation to the yields for the timber logged as well as improvement in the timber prices. We believe that this sector will contribute significantly to the Group in the coming year.

The property investment sector remains our most challenging sector with the glut in available retail spaces for rental in Seremban. We continue to look for opportunities to improve the rental yield for our property investment.

Dividend

In view of our current situation, the Board of Directors has taken the decision not to recommend the payment of dividends for the financial year 2010.

Appreciation

In closing, let me record my thanks to my fellow Directors for their wise counsel, guidance and unstinting support during the year. I also would like to acknowledge and commend our management and staff for their dedication, hard work and personal sacrifice in delivering the Group's performance in 2010. I am confident that their zeal and enthusiasm will bring the company to greater heights in the coming years.

My deepest gratitude goes to our business partners for their ongoing support, and to our customers for their loyalty, trust and confidence in us. In return, we remain fully committed to creating superior long-term value for all our shareholders.

Y. Bhg. Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director
3 June 2011

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PROFILE OF THE BOARD OF DIRECTORS

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

A Malaysian aged 76, 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 2010.

Khoo Lay Wah
Executive Director
Non-Independent Director

A Malaysian aged 51, 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 2010.

Chan Kwai Weng
Non-Executive Director
Independent Director

A Malaysian aged 58, 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.

Chan Kwai Weng (CONT'D)
Non-Executive Director
Independent Director

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.

Mr. Chan attended three (3) Board meetings of the Company held during the financial year ended 31 December 2010.

Ramli Bin Harun
Non-Executive Director
Independent Director

A Malaysian aged 52, 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 2010.

Zailan Bin Othman
Non-Executive Director
Independent Director

A Malaysian aged 49, 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 2010.

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 (Revised 2007) ("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 2010, all of the directors except for Encik Zailan Bin Othman, the Independent Non-Executive Director attended “Key Amendments to Listing Requirements for Main Market” and “Corporate Governance Guide 2009”. Encik Zailan had thereafter attended an in house seminar organised by our finance department titled “Principal of Accounts”.

BOARD MEETINGS

During the financial year ended 31 December 2010, 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	Executive Director Non – Independent Director	3 of 4	75.0
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	3 of 4	75.0

THE NOMINATION AND REMUNERATION COMMITTEE

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

a. identify, nominate and orientate new Directors or Board Committees for the Company and the Group;
b. 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 the 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 2010, 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.

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 accessed 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 2010 are as follows:

	RM
Executive Directors	
Salaries and other emoluments	201,000
Non – Executive Directors	
Allowance	-
Total	201,000

Number of directors whose remuneration falls into the following bands:

	Number of Directors
Executive Directors	
RM50,001 to RM100,000	1
RM100,001 to RM200,000	1
	2

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

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS (CONT'D)

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.

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 Sixth Annual General Meeting.

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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 (Revised 2007)("the 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.

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 2010 was outsourced and the cost incurred was RM36,000.00.

OTHER INFORMATION

Share Buyback

There was no share buyback in the financial year ended 31 December 2010.

Option or Convertible Securities

The Company did not issue any options or convertible securities in respect of the financial year ended 31 December 2010.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2010.

Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2010.

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 2010 or which was entered into since the end of the previous financial year other than those if any, disclosed in the Audited Financial Statements.

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 2010.

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 2010 was RM9,000.00.

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.

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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" or "LR") and Malaysian Code on Corporate Governance (Revised 2007)("the Code").

COMPOSITION AND SIZE

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

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

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

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

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

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

COMPOSITION AND SIZE (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

CHAIRMAN

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

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

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

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

MEETINGS

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

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

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

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

MEETINGS (CONT'D)

The Finance Director, the Internal Auditors and External Auditors should normally attend the Meetings. Other Board Members and employees may attend any particular meeting only at the Committee's invitation.

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

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

The Minutes of each Meeting shall be made available to all members of the Board upon request.

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

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

During the financial year ended 31 December 2010, 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	3/4	75.0

SECRETARY

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

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RIGHTS

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

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

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

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

The Committee must be able to convene Meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary.

FUNCTIONS

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

The AC is responsible for:

- assessing the risks and control environment;
- overseeing financial reporting;
- evaluating the internal and external audit process;
- reviewing conflict of interest situations and related party transactions that may arise within the Company or the Group including any transactions, procedures or course of conduct that raises questions or management integrity;
- reviewing the quarterly results and year end financial statements, before submission to the Board of Directors for approval, focusing particularly on:
    - changes in or implementation of major accounting policies and practices;
    - major risk areas;
    - significant and unusual events;
    - significant adjustments resulting from the audit; and
    - compliance with accounting standards, LR and other legal requirements.

The AC is responsible for: (Cont'd)

- reviewing the following with the External Auditors and report the same to the Board of Directors:
  - the audit plan;
  - the audit report;
  - evaluation of the system of internal controls;
  - Letter to Management and the Management's response;
  - the assistance given by the employees to the External Auditors; and
  - any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response.
- reviewing the following with the Internal Auditors and report the same to the Board of Directors:
  - the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- undertaking such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC.
- establishing procedures for receipt, retention and treatment of complaints received by the Company and the Group regarding inter alia, criminal offences involving the Company and the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company and the Group.
- monitoring, reviewing and assessing the utilisation of proceeds are consistent with the intention presented to investors for any fund raising exercise.
- considering and recommending the appointment or re-appointment of the Internal and External Auditors and matters relating to the resignation or dismissal of the auditors.
- reviewing any resignation letter from the External Auditors.
- undertaking such other functions and duties as may be required by statute or the LR, or by such amendments as may be made thereto from time to time.

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

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;
- Review of joint venture agreement with Noble Residence Sdn Bhd;
- Review the status of NAIMKBB Berhad;
- 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 and Nomination and Remuneration 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

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ANALYSIS OF SHAREHOLDINGS – AS AT 5 MAY 2011

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	No. of Shareholders	Percentage (%) of Total	No. of Shares Held	Percentage (%) of Total
1 to 99	327	2.39	15,214	Negligible
100 to 1,000	2,151	15.75	1,871,601	0.27
1,001 to 10,000	6,627	48.53	33,685,891	4.80
10,001 to 100,000	3,782	27.69	147,712,545	21.04
100,001 to less than 5% of issued shares	768	5.63	300,836,993	42.85
5% and above of issued shares	2	0.01	217,911,720	31.04
Total	13,657	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	-	-
3.	Dato' Tan Ah Chak *[1]	-	-	160,063,744	22.80
4.	Lee Keck Keong *[2]	-	-	160,063,744	22.80
5.	Wong Kui Yeong *[3]	-	-	57,847,976	8.24
6.	Tan Wei Loon *[4]	-	-	57,847,976	8.24
7.	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.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholder	Number of Shres Held	Percentage of Capital Issued
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.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	3,839,000	0.55%
5.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chee Sing	3,661,200	0.52%
6.	Hong Yoke Loong	3,500,000	0.50%
7.	Yeoh Kean Hua	3,330,000	0.47%
8.	Lee Huang Yu-Mei	3,300,000	0.47%
9.	Lim Boon Seng	3,300,000	0.47%
10.	Lim Chee Sing	3,039,900	0.43%
11.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	2,950,000	0.42%
12.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kek Lian Lye	2,500,000	0.36%
13.	Fun Yoon Fah	2,411,000	0.34%
14.	BHLB Trustee Berhad PCM for Mike Ho Kong Pang	2,366,000	0.34%
15.	Oh Teik Huat	2,300,000	0.33%
16.	Lim Seng Tee	2,214,000	0.32%
17.	Yee Seng Keng	2,050,000	0.29%
18.	Lee Chin Peng	2,048,000	0.29%
19.	Teoh Cheoh Thin @ Chung Soo Chern	2,006,800	0.29%
20.	Shaukat Ali Bin Mahmud	2,001,100	0.29%
21.	Teoh Hunt Thuim	2,000,341	0.28%
22.	Chong Tong Siew	2,000,000	0.28%
23.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Teng Chai	2,000,000	0.28%

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names of Shareholder	Number of Shres Held	Percentage of Capital Issued
24.	Muhammad Asrar Bin Zulkifli	2,000,000	0.28%
25.	Shoptra Jaya (M) Sdn Bhd	2,000,000	0.28%
26.	Tan Chin Yee Grace	1,960,000	0.27%
27.	MKW Jaya Sdn Bhd	1,850,000	0.26%
28.	RHB Captial Nominees (Tempatan) Sdn Bhd Hoy Egg Sun	1,789,300	0.25%
29.	Lai Weng Seng	1,700,000	0.24%
30.	Lim Seng Qwee	1,700,000	0.24%
	Total	**293,728,363**	**41.80%**

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LIST OF PROPERTIES

Location	Description / Exiting 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 83 years)	15 years	20.12.2010	25.8.2003	70,000

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DIRECTORS' REPORT

The Directors of Naim Indah Corporation Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

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 8 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	(18,361)	(42,127)
Attributable to:-		
Owners of the Company	(18,361)	(42,127)

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; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 34 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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 1.1.2010	Bought	Sold	At 31.12.2010
THE COMPANY				
Indirect Interest				
Khoo Lay Wah	57,847,976	-	-	57,847,976

The other directors holding office at the end of the financial year did not have 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 receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Group or the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25 APRIL 2011

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 35 to 109 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 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25 APRIL 2011

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 35 to 109 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 27 April 2011

Dato' Shamsir Bin Omar

Before me

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 109.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2010 and of their financial performance and cash flows for the financial year then ended.

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 8 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.

The supplementary information set out in Note 37 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath	**Ooi Song Wan**
Firm No: AF 1018	Approval No: 2901/10/12 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur
27 April 2011

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010

	Note	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Equipment	5	700	921	319	451
Investment property	6	70,000	78,000	-	-
Intangible assets	7	14,367	17,000	-	-
Investments in subsidiaries	8	-	-	48,930	68,441
Other receivables	11	5,459	-	6,324	-
		90,526	95,921	55,573	68,892
CURRENT ASSETS					
Property development costs	9	2,534	2,290	-	-
Trade receivables	10	4,921	6,049	-	-
Other receivables, deposits and prepayments	11	7,544	20,694	25,528	53,429
Tax recoverable		27	-	-	-
Fixed deposits with licensed financial institutions	12	282	280	-	-
Cash and bank balances	13	110	273	58	47
		15,418	29,586	25,586	53,476
TOTAL ASSETS		105,944	125,507	81,159	122,368

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	140,407	140,407	140,407	140,407
Accumulated losses		(62,769)	(44,408)	(60,706)	(18,579)
TOTAL EQUITY		77,638	95,999	79,701	121,828
NON-CURRENT LIABILITIES					
Deferred tax liabilities	15	-	2,699	-	-
Long-term borrowings	16	11,781	16,043	123	230
		11,781	18,742	123	230
CURRENT LIABILITIES					
Trade payables	19	4,376	3,481	-	-
Other payables and accruals		2,840	1,962	1,235	221
Amount owing to contract customers		878	-	-	-
Provision for taxation		319	485	-	-
Short-term borrowings	20	5,251	2,640	100	89
Bank overdrafts	21	2,861	2,198	-	-
		16,525	10,766	1,335	310
TOTAL LIABILITIES		28,306	29,508	1,458	540
TOTAL EQUITY AND LIABILITIES		105,944	125,507	81,159	122,368
NET ASSETS PER ORDINARY SHARE (RM)	22	0.11	0.14		

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
REVENUE	23	12,521	15,296	9,935	8,753
COST OF SALES	24	(11,949)	(14,204)	(9,271)	(8,035)
GROSS PROFIT		572	1,092	664	718
OTHER INCOME	25	110	186	101	181
		682	1,278	765	899
ADMINISTRATIVE EXPENSES		(2,835)	(6,218)	(2,455)	(2,664)
OTHER EXPENSES		(14,469)	(23,915)	(36,623)	(8,790)
LOSS FROM OPERATIONS		(16,622)	(28,855)	(38,313)	(10,555)
FINANCE COSTS		(4,464)	(1,222)	(3,814)	(22)
LOSS BEFORE TAXATION	26	(21,086)	(30,077)	(42,127)	(10,577)
INCOME TAX BENEFIT	27	2,725	1,536	-	-
LOSS AFTER TAXATION/ TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(18,361)	(28,541)	(42,127)	(10,577)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company		(18,361)	(28,541)	(42,127)	(10,577)
LOSS PER SHARE (SEN) - Basic	28	(2.62)	(4.07)		

The annexed notes form an integral part of these financial statements.

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE GROUP			
Balance at 1 January 2009	140,407	(15,867)	124,540
Total comprehensive expenses for the financial year	-	(28,541)	(28,541)
Balance at 31 December 2009/1 January 2010	140,407	(44,408)	95,999
Total comprehensive expenses for the financial year	-	(18,361)	(18,361)
Balance at 31 December 2010	140,407	(62,769)	77,638
THE COMPANY			
Balance at 1 January 2009	140,407	(8,002)	132,405
Total comprehensive expenses for the financial year	-	(10,577)	(10,577)
Balance at 31 December 2009/1 January 2010	140,407	(18,579)	121,828
Total comprehensive expenses for the financial year	-	(42,127)	(42,127)
Balance at 31 December 2010	140,407	(60,706)	79,701

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(21,086)	(30,077)	(42,127)	(10,577)
Adjustments for:-				
Impairment loss on receivables	3,403	3,387	2,976	3,613
Amortisation of timber extraction rights	103	1,870	-	-
Depreciation of equipment	227	207	136	118
Impairment loss on investments in subsidiaries	-	-	33,511	5,059
Impairment loss on goodwill	-	4,654	-	-
Fair value adjustment on investment property	8,000	4,000	-	-
Impairment loss on timber extraction rights	2,530	12,779	-	-
Interest income	(105)	(185)	(101)	(181)
Interest expense	4,464	1,222	3,814	22
Operating loss before working capital changes	(2,464)	(2,143)	(1,791)	(1,946)
Decrease/(Increase) in trade and other receivables	3,125	(722)	1,840	2,406
Increase in property development costs	(244)	-	-	-
Increase in amount owing to contract customers	878	-	-	-
Increase in trade and other payables	1,773	992	1,014	55
CASH FROM/(FOR) OPERATIONS	3,068	(1,873)	1,063	515
Interest paid	(1,136)	(1,222)	(16)	(22)
Tax (paid)/refunded	(167)	214	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	1,765	(2,881)	1,047	493

The annexed notes form an integral part of these financial statements

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		1,765	(2,881)	1,047	493
CASH FLOWS FOR INVESTING ACTIVITIES					
Net advances to joint venture projects		(1,037)	(2,242)	(1,037)	(2,242)
Purchase of equipment		(6)	(5)	(4)	-
Interest received		105	185	101	181
NET CASH FOR INVESTING ACTIVITIES		(938)	(2,062)	(940)	(2,061)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of term loans		-	5,767	-	-
Repayment of term loans		(1,555)	(1,723)	-	-
Repayment of hire purchase payables		(96)	(90)	(96)	(90)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,651)	3,954	(96)	(90)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(824)	(989)	11	(1,658)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(1,645)	(656)	47	1,705
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	29	(2,469)	(1,645)	58	47

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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 25 April 2011.

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 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

3. BASIS OF PREPARATION (CONT'D)

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

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 36(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

3. BASIS OF PREPARATION (CONT'D)

(a) (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

(aa) Prior to 1 January 2010, inter-company loans or advances were recorded at cost. With the adoption of FRS 139, inter-company loans and advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary in the Company's financial statements. Subsequent to initial recognition, the loans and advances are measured at amortised cost.

Besides, certain loans or advances of which the settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Company's net investment in the subsidiaries. These loans and advances are stated at cost less accumulated impairment losses, if any, in the financial statements of the Company.

(bb) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 34 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the MASB but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosure	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010

3. BASIS OF PREPARATION (CONT'D)

(b) **FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)**

	Effective date
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
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
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvement to FRSs (2010)	1 January 2011

3. BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) 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.

(ii) FRS 127 (Revised) 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 FRS 127 (Revised) 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 its future transactions or arrangements.

(iii) IC Interpretation 15 supersedes FRS 201_{2004} 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 4(v)(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.

4. 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.

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

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

(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.

(iii) Impairment of Non-financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) Property Development

The Group recognises property development revenue and expenses in the profit or loss 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) Impairment of Trade and Other Receivables

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vi) Classification between Investment Properties and Owner-Occupied Properties (Cont'd)

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.

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Minority interests in the consolidated statement of financial position 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.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(c) Goodwill

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

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 profit or loss. 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 as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (Cont'd)

(ii) Transactions and Balances

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

(e) Financial Instruments

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

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

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets

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

- *Financial Assets at Fair Value Through Profit or Loss*

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

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

- *Held-to-maturity Investments*

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 concession areas granted under the timber concession 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.

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

(g) Investments in Subsidiaries

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Jointly Controlled Operations

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

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

The Group recognised its interest in jointly 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Equipment (Cont'd)

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 end of the reporting period 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.

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

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

(j) Impairment

(i) Impairment of Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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

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

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

(ii) Impairment of Non-Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

(k) Assets under Hire Purchase

Equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(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 recognised in profit or loss 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 statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as set out in Note 4(v)(iii).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Investment Properties

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

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

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

(n) Property Development Costs

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions

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

(p) Income Taxes

Income tax for the year comprises current and deferred tax.

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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 end of the reporting period.

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

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

(q) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of 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 recognised in profit or loss as expenses in the period in which they incurred.

(r) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Contingent Liabilities

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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;
(iii) the party is a member of the key management personnel of the entity or its parent;
(iv) the party is a close member of the family of any individual referred to in (i) or (iv);
(v) 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
(vi) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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 lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Services

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

(v) Interest Income

Interest income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POILICIES (CONT'D)

(w) Operating Segments

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

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

(i) Property development segment – involved in the constructing and developing residential and commercial properties.

(ii) Timber extraction segment – involved in the logging and selling round end timber logs.

(iii) Investment property holding segment – involved in the leasing out commercial properties.

(iv) Investment holdings and others segment – mainly involved in the Group-level corporate services.

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

5. EQUIPMENT

THE GROUP	AT 1.1.2010 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
2010				
NET BOOK VALUE				
Computer equipment	11	3	(7)	7
Electrical fittings	6	-	(1)	5
Furniture and fittings	251	-	(51)	200
Motor vehicles	292	-	(98)	194
Office equipment	264	3	(53)	214
Renovation	97	-	(17)	80
	921	6	(227)	700

	AT 1.1.2009 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 RM'000
2009				
NET BOOK VALUE				
Computer 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

5. EQUIPMENT (CONT'D)

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2010			
Computer equipment	132	(125)	7
Electrical fittings	13	(8)	5
Furniture and fittings	502	(302)	200
Motor vehicles	860	(666)	194
Office equipment	530	(316)	214
Renovation	171	(91)	80
	2,208	(1,508)	700
AT 31.12.2009			
Computer 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

THE COMPANY	AT 1.1.2010 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
2010				
NET BOOK VALUE				
Computer equipment	11	3	(7)	7
Electrical fittings	6	-	(1)	5
Furniture and fittings	91	-	(19)	72
Motor vehicles	293	-	(98)	195
Office equipment	15	1	(4)	12
Renovation	35	-	(7)	28
	451	4	(136)	319

5. EQUIPMENT (CONT'D)

	AT 1.1.2009	DEPRECIATION CHARGE	AT 31.12.2009

	RM'000	RM'000	RM'000
THE COMPANY			
2009			
NET BOOK VALUE			
Computer 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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2010			
Computer equipment	86	(79)	7
Electrical fittings	12	(7)	5
Furniture and fittings	189	(117)	72
Motor vehicles	860	(665)	195
Office equipment	37	(25)	12
Renovation	75	(47)	28
	1,259	(940)	319
AT 31.12.2009			
Computer 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

5. EQUIPMENT (CONT'D)

Certain motor vehicles of the Group and of the Company with a total net book value of approximately RM192,000 (2009 - RM290,000) were acquired under hire purchase terms.

6. INVESTMENT PROPERTY

	THE GROUP	
	2010 RM'000	2009 RM'000
At fair value		
At 1 January	78,000	82,000
Fair value adjustment for the financial year	(8,000)	(4,000)
At 31 December	70,000	78,000

During the financial year, the investment property was valued using the open market value basis using the comparison method based on valuation carried out by an independent firm of professional valuers.

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

7. INTANGIBLE ASSETS

	THE GROUP	
	2010 RM'000	2009 RM'000
Timber extraction rights	14,367	17,000

7. INTANGIBLE ASSETS (CONT'D)

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

	THE GROUP	
	2010 RM'000	2009 RM'000
Timber extraction rights		
Cost		
At 1 January/31 December	38,745	38,745
Impairment loss		
At 1 January	12,779	-
Impairment during the financial year	2,530	12,779
At 31 December	15,309	12,779
Accumulated amortisation:		
At 1 January	8,966	7,096
Amortisation for the financial year	103	1,870
At 31 December	9,069	8,966
Net carrying amount	14,367	17,000
Goodwill		
Cost		
At 1 January/31 December	5,071	5,071
Impairment loss		
At 1 January	5,071	417
Impairment during the financial year	-	4,654
At 31 December	5,071	5,071
	-	-
Total	14,367	17,000

7. INTANGIBLE ASSETS (CONT'D)

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 ten years. The key assumptions used in the determination of the recoverable amount are as follows:-

	Assumption used	Basis of assumption
(a) Budgeted gross margin	36% of revenue	The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in 10 years immediately before the budgeted periods and expectations of market developments over the periods under review.
(b) Average annual declining growth rate of revenue	4%	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	13.94%	The discount rate used is the pre-tax and it reflects specific risks relating to the timber extraction segment.

8. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	17,770	-
	96,340	78,570
Accumulated impairment losses	(47,410)	(10,129)
	48,930	68,441
Accumulated impairment losses:-		
At 1 January	(10,129)	(5,070)
Addition during the financial year	(33,511)	(5,059)
Reclassified from amount owing by subsidiaries	(3,770)	-
At 31 December	(47,410)	(10,129)
At carrying amount		
Unquoted shares	34,930	68,441
Quasi loan	14,000	-
	48,930	68,441

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

Name Of Company	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Angkasa Lampiran Sdn. Bhd.	100%	100%	Property development.
Bitarex Sdn. Bhd.	100%	100%	Property development.
Consistent Harvest Sdn. Bhd.	100%	100%	Property management.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name Of Company	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Jernih Makmur Sdn. Bhd.	100%	100%	Logging and selling round end timber logs.
NAIMKBB Berhad *	100%	100%	Dormant.
Ni-Corp Oil & Gas Technologies Sdn. Bhd. *	100%	100%	Trading of building materials.

* - Not audited by Messrs. Crowe Horwath

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

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

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

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

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

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

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

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

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

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

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

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

During the financial year ended 31 December 2009, MBB had informed the Company, vide its letter dated 15 January 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.

There was no further development during the financial year.

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

9. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2010	2009
	RM'000	RM'000
At cost		
At 1 January		
- freehold land	2,209	2,209
- development costs	81	81
	2,290	2,290
Costs incurred during the financial year	844	-
	3,134	2,290
Comprising:		
- freehold land	2,209	2,209
- development costs	925	81
	3,134	2,290
Cost recognised as an expense during the financial year	(600)	-
At 31 December	2,534	2,290

Included in property development costs of the Group was interest capitalised during the financial year amounting to RM192,000 (2009 – RM Nil).

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

10. TRADE RECEIVABLES

	THE GROUP	
	2010	2009
	RM'000	RM'000
Trade receivables	7,504	7,817
Less: Allowance for impairment losses	(2,583)	(1,768)
	4,921	6,049
Allowance for impairment losses		
At 1 January	(1,768)	(277)
Addition for the financial year	(1,030)	(1,491)
Written off during the financial year	215	-
At 31 December	(2,583)	(1,768)

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.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sundry receivables				
- Investment and advances to joint venture projects	5,781	14,179	5,781	14,179
- Payment for purchase of properties	10,484	7,630	10,484	1,500
- Others	5	-	-	-
	16,270	21,809	16,265	15,679
Allowance for impairment losses				
-1 January	(1,896)	-	(1,896)	-
- Addition during the financial year	(2,373)	(1,896)	(2,373)	(1,896)
-31 December	(4,269)	(1,896)	(4,269)	(1,896)
	12,001	19,913	11,996	13,783
Deposits	254	682	21	20
Other receivables				
Amount owing by subsidiaries, at gross	-	-	19,958	42,913
Allowance for impairment losses				
-1 January	-	-	(3,304)	(1,587)
- Addition during the financial year	-	-	(603)	(1,717)
- Reclassified to investment in subsidiaries	-	-	3,770	-
-31 December	-	-	(137)	(3,304)
	-	-	19,821	39,609
Prepayments	748	99	14	17
	13,003	20,694	31,852	53,429

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Represented by:-				
Non-Current	5,459	-	6,324	-
Current	7,544	20,694	25,528	53,429
	13,003	20,694	31,852	53,429

(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.

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

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

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

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

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

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

The Group and Company's share of the revenue, income and expenses from NICORP-CREATIVE JV are follows:

	THE GROUP/THE COMPANY	
	2010 RM'000	2009 RM'000
Share of revenue	4,055	6,320
Share of property development costs	(5,683)	(8,035)
Share of administrative and other expenses	(254)	(240)
Share of loss	(1,882)	(1,955)

The investment and advances to NICORP-CREATIVE JV amounting to RM6.6 million (2009 - RM7.1 million) are interest-free, unsecured and repayable on demand.

(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 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.

At the end of the reporting period, the advances to NICORP-NOBLE JV amounting to RM5.4 million (2009 - RM6.7 million) are interest-free, unsecured and repayable on demand except for advances amounting to RM5.0 million (2009 - RM6.7 million) which are placed with a stakeholder bearing an interest rate of 2.0% (2009 - 2.5%) per annum. 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.

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

(b) Amount owing by subsidiaries

The amount owing by subsidiaries represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand.

12. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

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

The fixed deposits bore effective interest rates ranging from 2.6% to 2.85% (2009 - 2.0% to 2.5%) per annum at the end of the reporting period. The fixed deposits have an average maturity period ranging from 30 to 365 days (2009 - 30 to 365 days).

13. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM460 (2009 - RM6,962) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which cannot be used for other operations.

14. SHARE CAPITAL

	THE COMPANY			
	2010	2009	2010	2009
	NUMBER OF SHARES ('000)		RM'000	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

15. DEFERRED TAX LIABILITIES

	THE GROUP	
	2010 RM'000	2009 RM'000
At 1 January	2,699	4,309
Recognised in profit or loss (Note 27)	(2,699)	(1,610)
At 31 December	-	2,699

The deferred tax consists of the fair value adjustment on timber extraction rights.

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unabsorbed capital allowances	205	101	202	98
Unutilised tax losses	68,140	65,178	59,881	58,389
Impairment loss on receivables	2,583	1,553	-	-
	70,928	66,832	60,083	58,487

16. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
SECURED:				
Hire purchase payables (Note 17)	123	230	123	230
Term loans (Note 18)	11,658	15,813	-	-
	11,781	16,043	123	230

17. HIRE PURCHASE PAYABLES

	THE GROUP / THE COMPANY	
	2010 RM'000	2009 RM'000
Minimum hire purchase payments:		
- not later than one year	112	112
- later than one year and not later than five years	126	238
	238	350
Future finance charges	(15)	(31)
Present value of hire purchase payables	223	319

17. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP / THE COMPANY	
	2010	2009
	RM'000	RM'000
Current:		
- not later than one year (Note 20)	100	89
Non-current:		
- later than one year and not later than five years (Note 16)	123	230
	223	319

The effective interest rates of the hire purchase payables range from 6.36% to 6.76% (2009 - 6.36% to 6.76%) per annum at the end of the reporting period.

18. TERM LOANS

	THE GROUP	
	2010	2009
	RM'000	RM'000
SECURED:		
Not later than one year (Note 20)	5,151	2,551
Later than one year and not later than five years	5,543	14,562
Later than five years	6,115	1,251
Total non-current portion (Note 16)	11,658	15,813
	16,809	18,364

(a) The term loans of the Group bore effective interest rates ranging from 7.30% to 7.80% (2009 - 6.55% to 7.05%) per annum at the end of the reporting period and are secured by:

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

(ii) a debenture incorporating a fixed and floating charge over all present and future assets of a subsidiary;

18. TERM LOANS (CONT'D)

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

(iv) an equitable assignment of all present and future monthly rental proceeds derived from the investment property owned by a subsidiary;

(v) a joint and several guarantee of certain directors of the Group; and

(vi) a corporate guarantee of the Company.

(b) During the financial year, the Group had negotiated and restructured one of its term loan facilities. The salient terms of the restructured loan, as per the letter from the financial institution dated 6 August 2010, are as follows:-

(i) the bank has revised the settlement sum to RM2.035 million;

(ii) the new repayment terms are as follows:-

a. a payment of approximately RM2.071 million by way of redemption of property within 1 year extended period from 30 September 2010;

b. a lump sum settlement of RM141,166; and

c. a monthly payment of RM16,000 for servicing of interest accrued from 1 September 2008 on the settlement sum until full settlement of the settlement sum and interest thereon.

(iii) if the Group adheres to the repayment terms as set out in (b)(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 as income when the Group fulfills its obligations pursuant to the restructured loan at the end of the tenure of the restructured loan.

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2009 - 30 to 60 days).

20. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
SECURED:				
Hire purchase payables (Note 17)	100	89	100	89
Term loans (Note 18)	5,151	2,551	-	-
	5,251	2,640	100	89

21. BANK OVERDRAFTS

The bank overdrafts of the Group bore an effective interest rate of 7.30% (2009 - 6.55%) per annum at the end of the reporting period and are secured by:

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

(ii) an equitable assignment of all the present and future monthly rental proceeds derived from the investment property owned by a subsidiary; and

(iii) a corporate guarantee of the Company.

22. NET ASSETS PER SHARE

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

	THE GROUP	
	2010	2009
Net assets (RM'000)	77,638	95,999
Number of ordinary shares in issue ('000)	702,034	702,034
Net assets per share (RM)	0.11	0.14

23. REVENUE

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share of revenue from a joint venture project (Note 11(a)(i))	4,055	6,320	4,055	6,320
Property development revenue	4,209	-	3,662	-
Sale of goods	517	5,193	-	-
Rental income from investment property	3,740	3,783	-	-
Management fees from subsidiaries	-	-	2,218	2,433
	12,521	15,296	9,935	8,753

24. COST OF SALES

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share of property development costs from a joint venture project (Note 11(a)(i))	5,683	8,035	5,683	8,035
Property development cost	4,107	-	3,588	-
Cost of goods sold	446	4,421	-	-
Maintenance cost of investment property	1,713	1,748	-	-
	11,949	14,204	9,271	8,035

25. OTHER INCOME

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income:				
- fixed deposits	6	21	2	17
- other	99	164	99	164
Sundry income	5	1	-	-
	110	186	101	181

26. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loss before taxation is arrived at after charging/ (crediting) the following:-				
Impairment loss on receivables	3,403	3,387	2,976	3,613
Amortisation of timber extraction rights	103	1,870	-	-
Audit fee:				
- statutory audit	83	81	51	49
- other non-statutory services	3	3	3	3
Depreciation of equipment	227	207	136	118
Directors' remuneration (Note 30)	201	262	201	262
Impairment loss:				
- investments in subsidiaries (Note 8)	-	-	33,511	5,059
- goodwill (Note 7)	-	4,654	-	-
- timber extraction rights (Note 7)	2,530	12,779	-	-
Fair value adjustment on investment property (Note 6)	8,000	4,000	-	-
Interest expense:				
- bank overdrafts	181	158	-	-
- term loans	939	1,042	-	-
- hire purchase	16	22	16	22
- others	3,328	-	3,798	-
Rental of equipment	6	6	6	6
Rental of premises	164	149	164	149
Share of administrative expenses from a joint venture project (Note 11(a)(i))	254	240	254	240
Employee benefits expense:				
- salaries, wages, bonus and allowances	1,164	1,302	1,164	1,302
- defined contribution plans	91	109	91	109
- other benefit	29	30	29	30
Interest income:				
- fixed deposits	(6)	(21)	(2)	(17)
- other	(99)	(164)	(99)	(164)

27. INCOME TAX BENEFIT

	THE GROUP	
	2010 RM'000	2009 RM'000
Current tax:		
- for the financial year	-	25
- (over)/underprovision in previous financial years	(26)	49
	(26)	74
Deferred tax liabilities (Note 15):		
- relating to originating and reversal of temporary differences	8	(1,610)
- overprovision in previous financial year	(2,707)	-
	(2,699)	(1,610)
	(2,725)	(1,536)

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loss before taxation	(21,086)	(30,077)	(42,127)	(10,577)
Tax at the statutory tax rate of 25%	(5,271)	(7,519)	(10,532)	(2,644)
Tax effects of:				
Non-deductible expenses	4,255	5,356	10,133	2,268
Deferred tax assets not recognised during the financial year	1,024	578	399	376
(Over)/Underprovision in previous financial years:				
- current taxation	(26)	49	-	-
- deferred taxation	(2,707)	-	-	-
Income tax benefit for the financial year	(2,725)	(1,536)	-	-

28. BASIC LOSS PER ORDINARY SHARE

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

	THE GROUP 2010	THE GROUP 2009
Net loss attributable to owners of the Company (RM'000)	(18,361)	(28,541)
Number of ordinary shares in issue ('000)	702,034	702,034
Loss per share (Sen)	(2.62)	(4.07)

29. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed financial institutions (Note 12)	282	280	-	-
Cash and bank balances	110	273	58	47
Bank overdrafts	(2,861)	(2,198)	-	-
	(2,469)	(1,645)	58	47

30. DIRECTORS' REMUNERATION

	THE GROUP / THE COMPANY 2010 RM'000	THE GROUP / THE COMPANY 2009 RM'000
Executive directors:		
- non-fee emoluments	201	262

30. 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	
	2010	2009
Executive directors:		
RM50,001 - RM100,000	1	1
RM100,001 - RM200,000	1	-
RM200,001 - RM250,000	-	1
	2	2

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties:

The Group has related party relationships with:

(i) its subsidiaries as disclosed in Note 8 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.

31. RELATED PARTY DISCLOSURE (CONT'D)

(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	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(i)	Subsidiaries				
	- management fee	-	-	2,218	2,433
(ii)	Key management personnel (including directors): - short-term employee benefits	201	262	201	262
(iii)	Joint venture project, NICORP-CREATIVE JV				
	- share of loss	(1,882)	(1,955)	(1,882)	(1,955)
	- net advances to	318	2,242	318	2,242
(iv)	Joint venture project, NICORP-NOBLE JV				
	- net advances to	719	-	719	-
(v)	Joint venture partner				
	- deposits paid for purchase of properties	-	250	-	-

32. 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 ranging from one to 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 include 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 end of the reporting period but not recognised as receivables are as follows:

	THE GROUP	
	2010 RM'000	2009 RM'000
Not later than 1 year	1,924	245
Later than 1 year but not later than 3 years	102	217
	2,026	462

33. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property				
Approved and contracted for	-	8,780	-	5,550

34. CONTINGENT LIABILITY

	THE COMPANY	
	2010 RM'000	2009 RM'000
Unsecured:-		
Corporate guarantees given to licensed bank for banking facilities granted to a subsidiary	12,807	13,847

35. OPERATING SEGMENTS

2010	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	8,264	517	3,740	-	-	12,521
Inter-segment sales	-	-	-	2,218	(2,218)	-
	8,264	517	3,740	2,218	(2,218)	12,521
RESULTS						
Segment results	(2,281)	(3,397)	(7,948)	(36,740)	33,744	(16,622)
Finance costs	(3,328)	-	(1,120)	(486)	470	(4,464)
Loss before taxation						(21,086)
Income tax benefit						2,725
Loss after taxation						(18,361)
ASSETS						
Segment assets	4,251	20,986	71,325	81,160	(71,805)	105,917
Unallocated asset						27
						105,944
LIABILITIES						
Segment liabilities	11,295	19,869	37,223	1,742	(42,142)	27,987
Unallocated liability						319
						28,306
Impairment loss on receivables	-	1,003	127	2,976	(703)	3,403
Amortisation of timber extraction rights	-	103	-	-	-	103
Depreciation	-	11	80	136	-	227
Impairment loss on timber extraction rights	-	2,530	-	-	-	2,530
Fair value adjustment on investment properties	-	-	8,000	-	-	8,000

35. OPERATING SEGMENTS (CONT'D)

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 benefit						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
Unallocated liabilities						3,184
						29,508
OTHER INFORMATION						
Impairment loss on receivables	-	1,491	-	1,896	-	3,387
Amortisation of timber extraction rights	-	1,870	-	-	-	1,870
Depreciation	1	11	79	116	-	207
Impairment loss on						
- timber extraction rights	-	12,779	-	-	-	12,779
- goodwill	-	4,654	-	-	-	4,654
Fair value adjustment on investment properties	-	-	4,000	-	-	4,000

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

36. FINANCIAL INSTRUMENTS

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

(a) 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 businesses whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate sensitivity analysis

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

	THE GROUP 2010 Increase/ (Decrease) RM'000
Effects on loss after taxation	
Increase of 100 basis points (bp)	159
Decrease of 100 bp	(159)
Effects on equity	
Increase of 100 bp	*159*
Decrease of 100 bp	*(159)*

(iii) Equity Price Risk

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one customer which constituted approximately 81% of its trade receivables as at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing Analysis

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

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2010				
Not past due	209	-	-	209
Past due:-				
- less than 3 months	177	-	-	177
- 3 to 6 months	540	-	-	540
- over 6 months	6,578	(2,394)	(189)	3,995
	7,504	(2,394)	(189)	4,921

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

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

Trade receivables that are past due but not impaired

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 150 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

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

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

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2010						
Hire purchase payables	6.58	223	238	112	126	-
Term loans	7.68	16,809	21,305	6,192	8,194	6,919
Trade payables	-	4,376	4,376	4,376	-	-
Other payables and accruals	-	2,840	2,840	2,840	-	-
Bank overdrafts	7.30	2,861	2,861	2,861	-	-
		27,109	31,620	16,381	8,320	6,919

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2009						
Hire purchase payables	6.58	319	350	112	238	-
Term loans	6.93	18,364	21,374	3,312	16,125	1,937
Trade payables	-	3,481	3,481	3,481	-	-
Other payables and accruals	-	1,962	1,962	1,962	-	-
Bank overdrafts	6.55	2,198	2,198	2,198	-	-
		26,324	29,365	11,065	16,363	1,937

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000
2010					
Hire purchase payables	6.58	223	238	112	126
Other payables and accruals	-	1,235	1,235	1,235	-
		1,458	1,473	1,347	126

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000
2009					
Hire purchase payables	6.58	319	350	112	238
Other payables and accruals	-	221	221	221	-
		540	571	333	238

(b) Capital Risk Management

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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

	THE GROUP	
	2010 RM'000	2009 RM'000
Hire purchase payables	223	319
Term loans	16,809	18,364
Trade payables	4,376	3,481
Other payables and accruals	2,840	1,962
Bank overdrafts	2,861	2,198
	27,109	26,324
Less: Fixed deposits with licensed financial institutions	(282)	(280)
Less: Cash and bank balances	(110)	(273)
Net debt	26,717	25,771
Total equity	77,638	95,999
Debt-to-equity ratio	0.34	0.27

Under the requirement of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM35.1 million. The Company has complied with this requirement.

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Financial assets		
Loans and receivables financial assets		
Trade receivables	4,921	-
Other receivables, deposits and prepayments	13,003	31,852
Fixed deposits with licensed financial institutions	282	-
Cash and bank balances	110	58
	18,316	31,910
Financial liabilities		
Other financial liabilities		
Trade payables	4,376	-
Other payables and accruals	2,840	1,235
Term loans	16,809	-
Hire purchase payables	223	223
Bank overdraft	2,861	-
	27,109	1,458

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The nominal amount and net fair value of the financial instruments not recognised in the statements of financial position of the Company are as follows:-

		2010		2009	
	NOTE	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
THE COMPANY					
In respect of corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	34	12,807	*	13,847	*

* The net fair value of the contingent liability is estimated to be minimal as the subsidiary is expected to fulfil its obligations to repay its borrowings.

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The fair values of term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iv) The fair values of long-term receivables are determined by discounting all future cash receipts using the prevailing market rate of interest for a similar instrument with a similar credit rating as at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments (Cont'd)

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	%	%	%	%
Other receivables	16.35	-	16.35	-
Hire purchase payables	6.58	6.58	6.58	6.58
Term loans	7.68	6.93	-	-

37. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Total accumulated losses:		
- realised	(39,407)	(60,706)
- unrealised	-	-
	(39,407)	(60,706)
Less: Consolidation adjustments	(23,362)	-
At 31 December	(62,769)	(60,706)

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

CDS Account No

PROXY FORM

No. of shares held

I/WE TEL:

[FULL NAME IN BLOCK, NRIC NO./COMPANY NO. AND TELEPHONE NUMBER]

OF

BEING A MEMBER/MEMBERS OF **NAIM INDAH CORPORATION BERHAD**, HEREBY APPOINT:-

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

and / or (delete as appropriate)

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

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company to be held at Dynasty Ballroom, Level 5, Dynasty Hotel Kuala Lumpur, 218, Jalan Ipoh, 51200 Kuala Lumpur, on Monday, 27 June 2011 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

	RESOLUTIONS		FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 December 2010.	Resolution 1		
2.	To re-elect Encik Ramli Bin Harun as Director of the Company.	Resolution 2		
3.	To re-appoint Messrs. Crowe Horwath as Auditors.	Resolution 3		
4.	To re-appoint Y. Bhg. Dato' Shamsir Bin Omar as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965	Resolution 4		

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

Signed this day of , 2011

Signature of Shareholder/Common Seal

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 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.

4. For the purpose of determining a member who shall be entitled to attend the 36th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 21 June 2011. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

Please fold here to seal

Affix
Postage
Stamp

TRICOR INVESTOR SERVICES SDN BHD

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

Please fold here to seal