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

ANNUAL REPORT 2011

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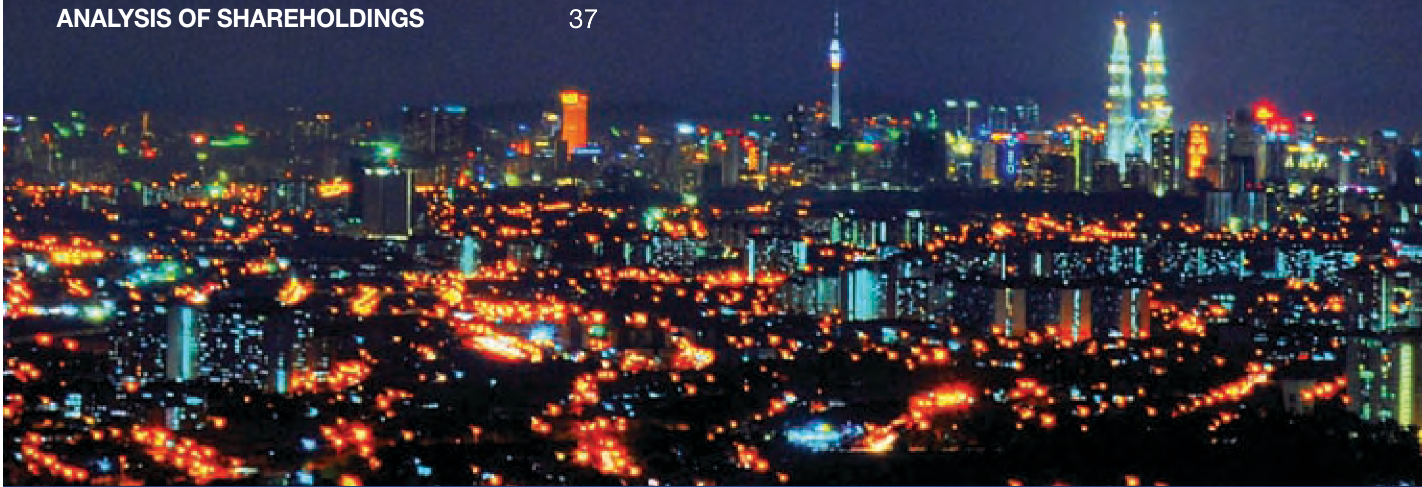



Property
Development
678 2988
RM192,500
Bata
Property
Management

CORPORATE PROFILE

NAIM INDAH CORPORATION BERHAD (NICORP) is predominantly engaged in the business of investment holding, the provision of management and administrative services to its subsidiaries. It is listed on the Main Market of Bursa Malaysia Securities Berhad.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2011 Annual Report together with the Audited Financial Statements for the financial year ended 31 December 2011.

Financial Review

For the financial year ended 31 December 2011, we have achieved a turnover of RM14.88 million as compared to RM12.52 million in year 2010. This increment of turnover was mainly contributed by our focused efforts in the timber production segment, as well as, a marginal increment from our property investment segment. Therefore, we are pleased to report a higher Gross Profit of RM4.76 million as compared to RM682 thousand in the preceding year. However, due to higher administrative costs, we reported an unfavourable marginal loss of RM730 thousand. Nevertheless, in comparison to the preceding financial year ended 2010 which had recorded a loss of RM18.36 million, this was a significant improvement.

Significant Events and Prospects

As described in our financial review above, we experienced a challenging year, but managed to keep losses to a minimum, and are actively pursuing alternative options to better secure the current state of the business. In 2011, we saw increases in revenue from certain segments of the business and will continue to ensure that our resources are best applied. Datuk Raymond Chan Boon Siew bought shares on the open market early this year, and the Board of Directors appointed Datuk Raymond Chan Boon Siew as the Chief Executive Officer and Mr. Tan Tiang Lai as the Executive Director on 29 February 2012. Also, Encik. Md. Noor Bin Abd. Rahim was appointed as an Independent, Non-Executive Director of the Board as well as a Member of the Audit Committee on 8 March 2012. We believe that their extensive experience and their proven track records of successful ventures have made their addition to our team instrumental in fulfilling our goal for positive growth.

Focused on a more collaborative effort this year, Sagajuta (Sabah) Sdn. Bhd.; a privately owned company by our newly appointed Chief Executive Officer, Datuk Raymond Chan Boon Siew proposed an investment opportunity that will better the Company's overall position. The "Heads of Agreement" (HOA) was signed on 9 February 2012, and we will keep all stakeholders updated on the progress.

Besides the newer ventures, we anticipate that the property development and investment holding segments will realistically be able to maintain its performance from last year and continue to make viable contributions to the Group. We expect to see a positive increase in contributions from our timber extraction segment and will continue to focus on this area of the business.

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 2011.

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 Company's performance in 2011. I welcome our new members of the team and I look forward to a progressive year ahead.

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
Date: 1 June 2012

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I am excited and honored to be appointed as the Chief Executive Officer (CEO) of the Company. Although, last year was a challenging year, I believe that we have many opportunities to explore.

With the collaborative efforts from Sagajuta (Sabah) Sdn. Bhd. and the new ventures that we are embarking on, I hope to ensure the continual progression of the Company.

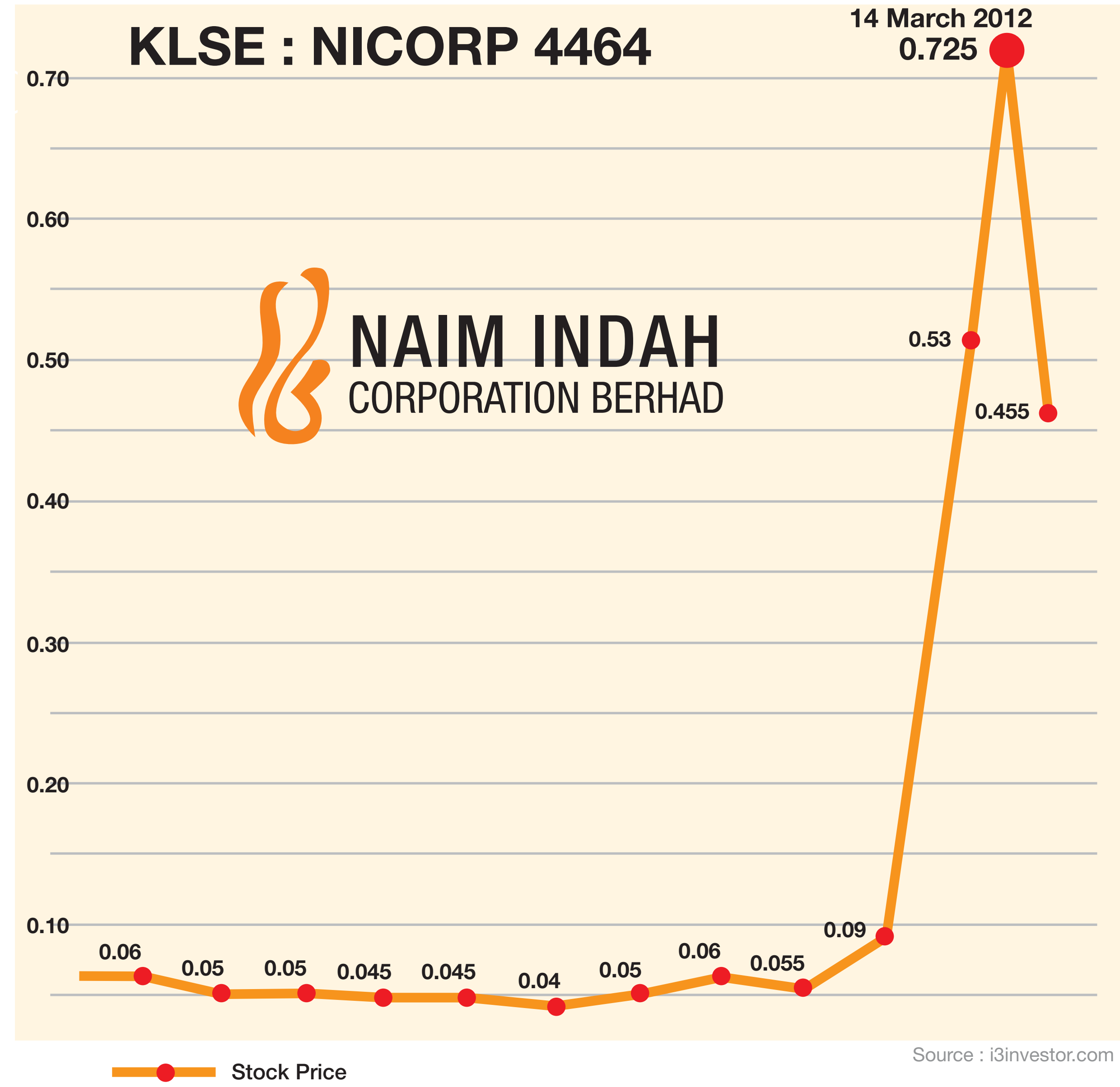
In parallel, we are also focusing to ensure that the proposed acquisition exercise of Sagajuta progresses as smoothly as possible based on the Heads of Agreement (HOA) that was signed on 9 February, 2012.

We will remain on the lookout for new viable businesses that will generate consistent streams of income. As with all business entities that set to grow, we are systematically better positioning the Company internally and externally. At this juncture, we are on full exploration mode and we will keep all stakeholders informed of our initiatives.

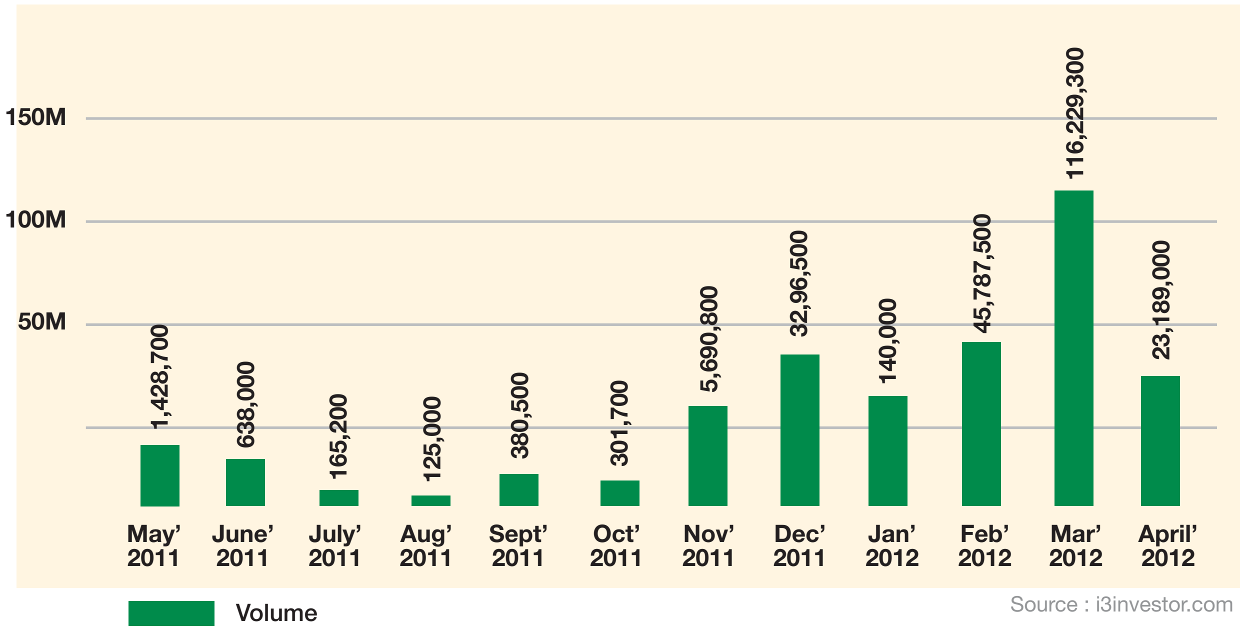
In closing, I'd like to thank you for your continual support and I would like to welcome the new members of our team; Mr. Tan Tiang Lai on the Board of Directors and Mr. Md. Noor Bin Abd. Rahim on the Board of Directors and the Audit Committee. I look forward to fostering strong relationships with our team members and working towards ensuring that the Company sees many more years of successful business.

Datuk Raymond Chan Boon Siew
Chief Executive Officer
Non-Independent Director
Date: 1 June 2012

SHARE PERFORMANCE



Source : i3investor.com



Source : i3investor.com

CORPORATE STRUCTURE

BOARD OF DIRECTORS

Dato' Shamsir Bin Omar
Executive Chairman
Non-Independent Director

Datuk Raymond Chan Boon Siew
Chief Executive Officer
Non-Independent Director

Tan Tiang Lai
Executive Director
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

Md. Noor Bin Abd. Rahim
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)

AUDIT COMMITTEE

Ramli Bin Harun
Chairman
Non-Executive Director
Independent Director

Md. Noor Bin Abd. Rahim
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 SOLICITOR

Azman, Davidson & Co.

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

PRINCIPAL BANKERS

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

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

BOARD OF DIRECTORS

Seated (From Left):

Khoo Lay Wah

Dato' Shamsir Bin Omar

Standing (From Left):

Zailan Bin Othman

Chan Kwai Weng

Datuk Raymond Chan Boon Siew

Ramli Bin Harun

Tan Tiang Lai

Md. Noor Bin Abd. Rahim

DATO' SHAMSIR BIN OMAR

Executive Chairman, Non-Independent Director

A Malaysian aged 77, 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 Golden Land 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 2011.

BOARD OF DIRECTORS (continued)

A Malaysian aged 39, was appointed as Chief Executive Officer (CEO) of the Company on 29 February 2012. Datuk Raymond Chan Boon Siew has been awarded the "Outstanding Young Person of 2007" by the Junior Chamber International of Kota Kinabalu. He subsequently won "The Outstanding Young Malaysian Award, 2008" in the same category of Business, Economic and Entrepreneurial accomplishment. He holds a Bachelor of Business Administration (Honours) Degree from the Western Michigan University, United States of America and is the Managing Director and CEO of the Sagajuta Group of Companies and the Managing Director of 1Green Enviro Sdn. Bhd. He is also an Executive Director of Harvest Court Industries Berhad.

DATUK RAYMOND CHAN BOON SIEW

Chief Executive Officer,
Non- Independent Director

Datuk Raymond Chan Boon Siew has more than one and a half decade of extensive property development experience and a track record of successful developments such as the award winning 1Borneo in Kota Kinabalu, Sabah, Mutiara Idaman, Mutiara Heights, Desa Acacia and Ujana Kingfisher Park in Penang and, Warisan Square in both Kota Kinabalu and Penang as well as upcoming developments such as 1Sulaman in Kota Kinabalu, currently at its second phase of development, 1Likas in Kota Kinabalu and, 1 Gateway in Klang.

Datuk Raymond Chan Boon Siew is a major shareholder in the Company and does not have any family relationship with any other Director and/ or major shareholder of the Company and has no conflict of interest with the Company except for the Proposed Acquisition of Sagajuta (Sabah) Sdn. Bhd. as mentioned in Note 5 of Page 84. He has had no convictions for offences within the past ten years other than traffic offences.

Datuk Raymond Chan Boon Siew did not attend any Board meetings of the Company held during the financial year ended 31 December 2011 as he was appointed to the Board after 31 December 2011.

A Malaysian aged 48, was appointed as the Executive Director of the Company on 29 February 2012. He has extensive experience in the field of real estate development as well as in asset and retail management. In 2011, he was awarded the "Excellence in Achievement of World Chinese Youth Entrepreneur Award", organized by the Yazhou Zhoukan formerly known as Asiaweek & World Federation of Chinese Entrepreneurs Organization.

TAN TIANG LAI

Executive Director,
Non-Independent Director

Mr. Tan Tiang Lai is a member of Malaysia Financial Council and an Executive Director of Sagajuta Group of Companies. He is the Vice President of Malaysia-China Chamber of Commerce (Sabah), and the Honorary Advisor of The Association of Sabah National Type Chinese School Management Committees, Sabah Art & Photography Society, The Federation of Chinese Associations (Sabah), The Federation of Hokkien Associations (Sabah), The Federation of Clan Chen (Ying Chun, Sabah) and, The Hokkien Organization (Sabah).

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

Mr. Tan Tiang Lai did not attend any Board meetings of the Company held during the financial year ended 31 December 2011 as he was appointed to the Board of Directors after 31 December 2011.

BOARD OF DIRECTORS (continued)

A Malaysian aged 52, 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.

KHOO LAY WAH

Executive Director,
Non-Independent Director

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 four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

ZAILAN BIN OTHMAN

Non-Executive Director,
Independent Director

A Malaysian aged 50, 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 the “Rasah Kemayan” project from 1995 to 1998. His role then was predominantly in business development. In 1999, he ventured into trading and the distribution of branded sports goods where he was the Director 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 2011.

BOARD OF DIRECTORS (continued)

A Malaysian aged 53, 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 good working knowledge of the property management and property development sectors.

RAMLI BIN HARUN

Non-Executive Director,
Independent Director

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 2011.

A Malaysian aged 59, 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

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 four (4) Board meetings of the Company held during the financial year ended 31 December 2011.

BOARD OF DIRECTORS (continued)

A Malaysian aged 56, was appointed on the Board of Directors and as a member of the Audit Committee on 8 March 2012. He has a Bachelor in Economics and Accounting from University Malaya, a Diploma in Public Administration from INTAN and a Masters of Administration from Monash University in Australia. He has held significant positions in UMBC Bhd. and the Ministry of Finance.

MD. NOOR BIN ABD. RAHIM

Non-Executive Director,
Independent Director

Encik Md. Noor was also a member of the Technical Committee for Tax Incentive for Foreign Assets Acquisition chaired by the Malaysian Investment Development Authority. Further to this, he was also the Deputy General Manager and Head of Takeover and Mergers Department of the Securities Commission of Malaysia.

Encik Md. Noor does not hold any shares in the Company or its subsidiaries and does not have any family relationship with any other Director and/or major shareholder of the Company 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 Md. Noor did not attend any Board meetings of the Company held during the financial year ended 31 December 2011 as he was appointed to the Board after 31 December 2011.

AUDIT COMMITTEE

Audit Committee (From Left) :

Chan Kwai Weng

Zailan Bin Othman

Md. Noor Bin Abd. Rahim

Ramli Bin Harun

NOMINATION AND REMUNERATION COMMITTEE

Nomination And Remuneration Committee (From Left) :

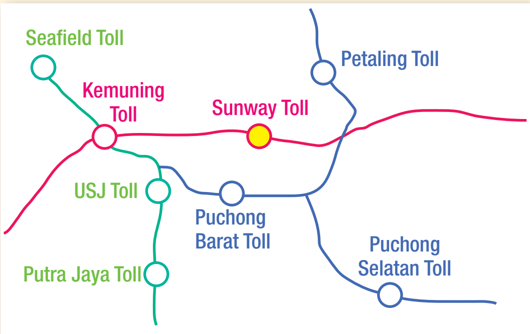
Zailan Bin Othman

Ramli Bin Harun

BUILDING THE NICORP BRAND

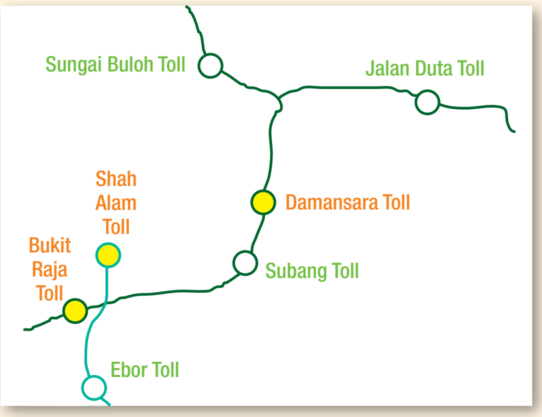
LIGHT BOX

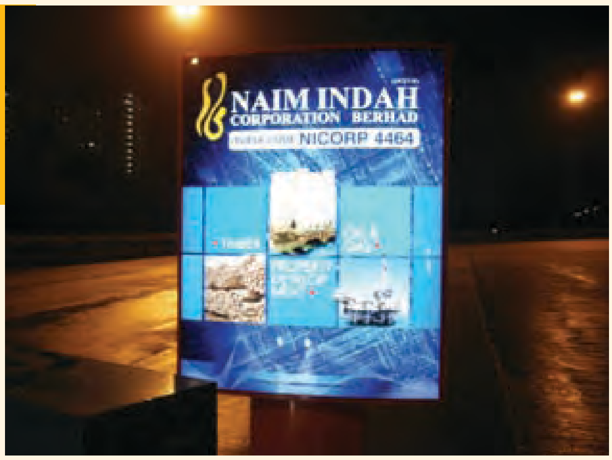
Size	4 ft x 5 ft
Duration	3 months from 2 Mar 2012 onwards
Location	Toll Plaza Sunway (KESAS)
Lane	Lane 4 (Cash Lane) Lane 7 (Cash Lane) Lane 9 (Cash Lane) Lane 12 (Smart Tag Lane)



BOOMGATE

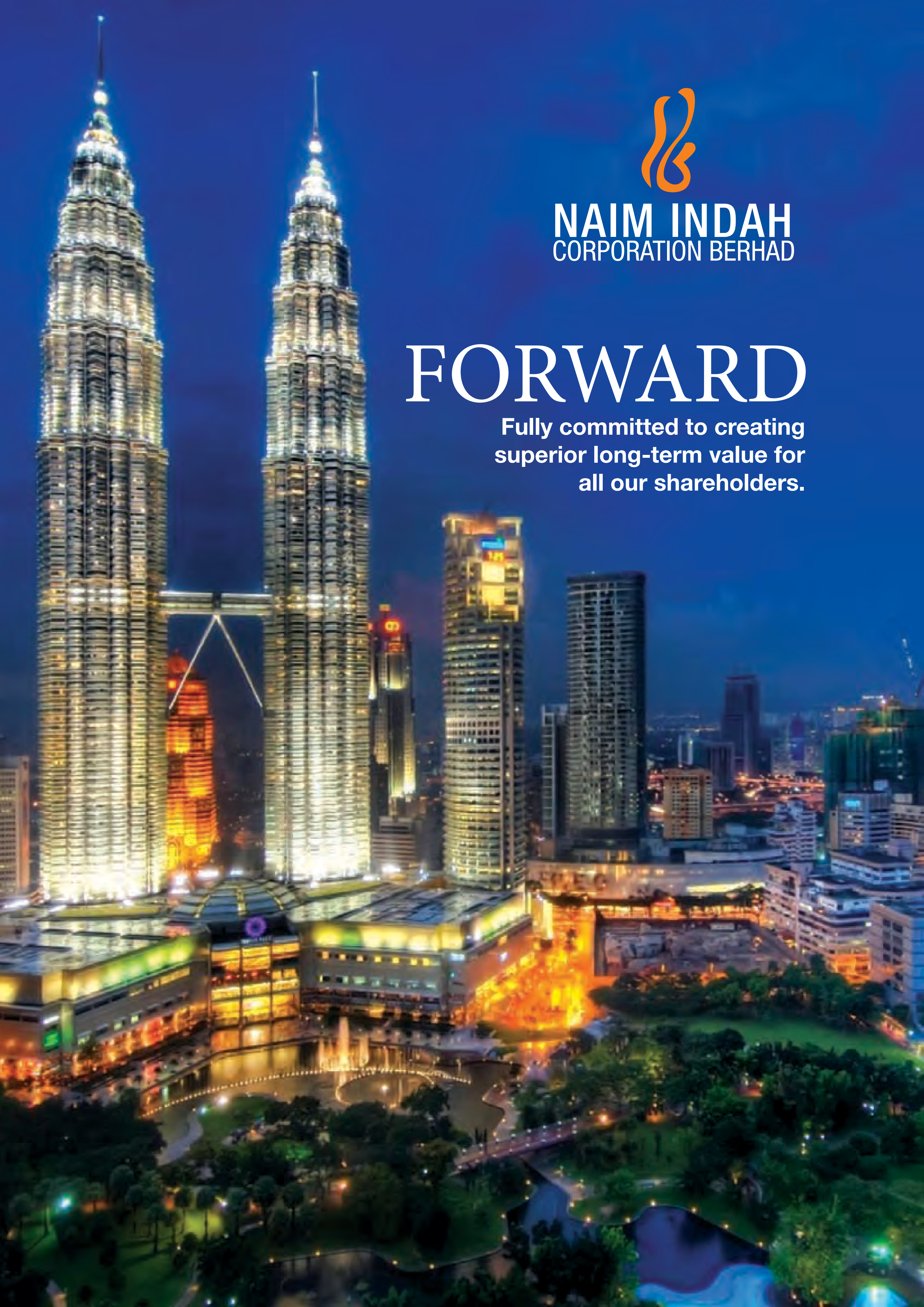
Size	3 ft x 0.5 ft
Duration	3 months from 14 February 2012 onwards
Location	Toll Plaza Damansara (PLUS)
Units	2 Units
Location	Toll Plaza Shah Alam (ELITE)
Units	4 Units
Location	Toll Plaza Bukit Raja (PLUS)
Units	4 Units





Combining strategic location, bright lighting and eye catching design, Naim Indah is advertising through Light Boxes positioned at the Sunway Plaza Toll along the Lebuh Raya Shah Alam (KESAS HIGHWAY). It is an effective way of advertising with impact. This is because everyday tens of thousands commuters travel along the KESAS Highway that serves as a major interurban expressway connecting the major industrial and residential areas within the Klang Valley namely, Petaling Jaya, Subang Jaya, Shah Alam and Klang. These light boxes are vertically displayed in 4 different lanes at the Sunway Toll Plaza. The attention-catching features of the advertisement itself provide perfect brand recognition among drivers and anyone whose attentions have been grabbed by the advertisement when passing the toll.

On average, drivers spend 8.5 seconds positioning their car next to the toll booth to collect or to pay for a ticket at the toll plaza, and 3.5 seconds to wait for the boom gate to rise. Placing advertisements on the boom gates has also enabled the Naim Indah brand to be recognised by thousands of road users daily without competition at the chosen toll locations.



NAIM INDAH
CORPORATION BERHAD

FORWARD

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Naim Indah Corporation Berhad 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 Company wide Strategic Charter as well as to put in place adequate "check and balances" procedures to ensure that each segment of the business is properly managed.

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

The Board currently consists of eight (8) Directors, four (4) 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 except for Datuk Raymond Chan Boon Siew, Mr. Tan Tiang Lai and Encik Md. Noor Abd. Rahim as they were newly appointed in the year 2012. Datuk Raymond Chan Boon Siew, Mr. Tan Tiang Lai and Encik Md. Noor Abd. Rahim will attend the Mandatory Accreditation Programme (MAP) in year 2012. During the financial year ended 31 December 2011, all of the other remaining directors attended the "Key Amendments to Listing Requirements for Main Market" and "Corporate Governance Guide 2010".

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CORPORATE GOVERNANCE STATEMENT (continued)

Board Meetings

During the financial year ended 31 December 2011, 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
Datuk Raymond Chan Boon Siew (appointed on 29 February 2012)	Chief Executive Officer Non-Independent Director	N/A	N/A
Tan Tiang Lai (appointed on 29 February 2012)	Executive Director Non-Independent Director	N/A	N/A
Khoo Lay Wah	Executive Director Non-Independent Director	4 of 4	100.0
Ramli Bin Harun	Independent Non-Executive Independent Director	4 of 4	100.0
Zailan Bin Othman	Independent Non-Executive Independent Director	4 of 4	100.0
Chan Kwai Weng	Independent Non-Executive Independent Director	4 of 4	100.0
Md. Noor Abd. Rahim (appointed on 8 March 2012)	Non-Executive Director Independent Director	N/A	N/A

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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 2011, 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 performances 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 Article 86 of the Company's Articles of Association (AA), 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 Article 79 of the AA 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration of Directors

Details of the remuneration of each director who served during the financial year ended 31 December 2011 are as follows:

Executive Directors		**RM**
Salaries		144,000
Car Benefits		9,000
	Total	153,000
Non – Executive Directors		
Allowance		-
	Total	153,000

Number of directors whose remuneration falls into the following bands:

Executive Directors	**Number of Directors**
RM50,001 to RM100,000	2
RM100,001 to RM200,000	-
	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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

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.

Share Issuance Scheme (SIS)

On 19 April 2007, the Board had proposed the establishment of a SIS. 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 Seventh Annual General Meeting.

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.

STATEMENT OF INTERNAL CONTROL (continued)

Control and Monitoring Process (continued)

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 2011 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 2011.

Option or Convertible Securities

The Company did not issue any options or convertible securities in respect of the financial year ended 31 December 2011.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2011.

Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2011.

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 2011 or which was entered into since the end of the previous financial year other than those if any, disclosed in the Audited Financial Statements.

STATEMENT OF INTERNAL CONTROL (continued)

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 2011.

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 2011 was RM3,000.00.

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.

Recurrent Related Party Transaction (RRPT)

The Company did not enter into any RRPT during the financial year ended 31 December 2011.

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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 fulfils the following requirements:

- The AC must be composed of no fewer than 3 members;
- All Committee Members must be Non-Executive Directors, with a majority of them being Independent Directors;
- All Committee Members should be financially literate; and
- At least one member of the AC must fulfil the financial expertise requisite of the Bursa Securities Listing Requirements as follows:
    - he must be a member of the Malaysian Institute of Accountants (MIA); or
    - if he is not a member of the MIA, he must have at least 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
    - fulfils 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.

AUDIT COMMITTEE REPORT (continued)

Composition And Size (continued)

The existing Audit Committee comprises four (4) 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
Md. Noor Abd. Rahim	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.

The Finance Head, 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.

Meetings (continued)

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 2011, the audit committee met four (4) times. All Directors attended the meetings except for Mr. Md. Noor Abd. Rahim who was only appointed to the committee after 31 December 2011. Details of attendance are as follows:-

Name	Attendance	%
Ramli Bin Harun	4/4	100.0
Zailan Bin Othman	4/4	100.0
Chan Kwai Weng	4/4	100.0
Md. Noor Bin Abd. Rahim (appointed on 8 March 2012)	N/A	N/A

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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AUDIT COMMITTEE REPORT (continued)

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.

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AUDIT COMMITTEE REPORT (continued)

The AC is responsible for: **(continued)**

- 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.

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AUDIT COMMITTEE REPORT (continued)

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 30 APRIL 2012

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	348	2.46	15,978	Negligible
100 to 1,000	2,004	14.16	1,725,890	0.24
1,001 to 10,000	6,681	47.22	36,401,206	5.18
10,001 to 100,000	4,335	30.64	160,271,877	22.83
100,001 to less than 5% of issued shares	779	5.51	408,016,837	58.12
5% and above of issued shares	2	0.01	95,602,176	13.62
Total	14,149	100.00	702,033,964	100.00

DIRECTOR'S SHAREHOLDING

	No. of shares held		Percentage (%)		Total	
Name of Director	Direct	Indirect	Direct	Indirect	No of Shares	Percentage
1. Raymond Chan Boon Siew	96,754,200	-	13.78	-	-	-
2. Khoo Lay Wah	-	*57,847,976	-	*8.24	57,847,976	8.24

Notes:

* Deemed interest by virtue of her shareholding in QUANTUM DISCOVERY SDN BHD pursuant to Section 6A of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

		Direct interest		Indirect interest	
No.	Names of Substantial Shareholder	Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	RAYMOND CHAN BOON SIEW	96,754,200	13.78	-	-
2.	QUANTUM DISCOVERY SDN. BHD.	57,847,976	8.24	-	-
3.	WONG KUI YEONG*1	-	-	57,847,976	8.24
4.	TAN WEI LOON*2	-	-	57,847,976	8.24
5.	KHOO LAY WAH*3	-	-	57,847,976	8.24

Notes:

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

*2 Deemed interest by virtue of his shareholding in QUANTUM DISCOVERY 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.

ANALYSIS OF SHAREHOLDINGS – AS AT 30 APRIL 2012 (continued)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names of Shareholder	Number of Shares Held	Percentage of Capital Issued
1	QUANTUM DISCOVERY SDN BHD	57,847,976	8.24%
2	RAYMOND CHAN BOON SIEW	37,754,200	5.38%
3	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	24,000,000	3.42%
4	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	21,500,000	3.06%
5	TASEC NOMINEES (TEMPATAN) SDN BHD EQUITIES FIRST HOLDINGS LLC PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	20,000,000	2.85%
6	KRISHNA BHATT @ ACHONG	16,863,746	2.40%
7	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	13,500,000	1.92%
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	11,205,000	1.60%
9	ZAINAL ARIFFIN BIN OSMAN	9,627,500	1.37%
10	LEE SHIRLEY	3,950,000	0.56%
11	PAIK KIM @ KOAY PAIK KIM	3,845,300	0.55%
12	LUM KUAN YING	3,250,000	0.46%
13	YEOH KEAN HUA	3,170,000	0.45%
14	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,950,000	0.42%
15	LEONG LEE CHING	2,900,000	0.41%
16	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM CHWEE POH	2,900,000	0.41%
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN KING CHIAN @ RICHARD	2,800,000	0.40%
18	WONG WAI KUAN	2,776,141	0.40%
19	CHOON NEE SIEW	2,300,000	0.33%
20	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUAK JUAN CHEE	2,200,000	0.31%

ANALYSIS OF SHAREHOLDINGS – AS AT 30 APRIL 2012 (continued)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names of Shareholder	Number of Shares Held	Percentage of Capital Issued
21	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD	2,113,500	0.30%
22	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR YEOW KWE LAI	2,000,000	0.28%
23	KHWAN SAU KIN	1,961,000	0.28%
24	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR LOW TECK BENG	1,800,000	0.26%
25	LIM THIAM HUAT	1,800,000	0.26%
26	S INDRA DEVI A/P S SUBRAMANIAM	1,800,000	0.26%
27	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD HOY EGG SUN	1,789,300	0.25%
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG	1,700,000	0.24%
29	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KOK KING	1,540,000	0.22%
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE DAR WOEI	1,525,000	0.22%
	TOTAL	**263,368,663**	**37.51%**

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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 82 years)	16 years	23.12.2011	25.8.2003	70,000

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DIRECTORS' REPORT

The Directors of Naim Indah Corporation Berhad hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

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

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation for the financial year	(730)	(1,347)
Attributable to:-		
Owners of the Company	(730)	(1,347)

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 36 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

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
DATUK RAYMOND CHAN BOON SIEW (APPOINTED ON 29.2.2012)
TAN TIANG LAI (APPOINTED ON 29.2.2012)
MD NOOR BIN ABD RAHIM (APPOINTED ON 8.3.2012)

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 1.1.2011	BOUGHT	SOLD	AT 31.12.2011
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 26 MARCH 2012

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 50 to 126 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 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, 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 26 MARCH 2012

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 50 to 126 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 26 March 2012

Dato' Shamsir Bin Omar

Before me

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 2011 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 50 to 126.

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 2011 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 9 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification and did not include any comment required to be made under Section 174(3) of the Act.

The supplementary information set out in Note 39 on page 126 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
26 March 2012

Kuala Lumpur

Ooi Song Wan
Approval No: 2901/10/12 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	6	1,912	700	1,622	319
Investment property	7	70,000	70,000	-	-
Intangible asset	8	13,108	14,367	-	-
Investments in subsidiaries	9	-	-	64,570	48,930
Other receivables	13	8,068	5,459	10,151	6,324
		93,088	90,526	76,343	55,573
CURRENT ASSETS					
Property development costs	10	-	2,534	-	-
Accrued billings	11	1,080	-	-	-
Trade receivables	12	9,145	4,921	-	-
Other receivables, deposits and prepayments	13	1,519	7,544	2,410	25,528
Tax recoverable		27	27	-	-
Fixed deposits with licensed financial institutions	15	285	282	-	-
Cash and bank balances	16	1,314	110	135	58
		13,370	15,418	2,545	25,586
Asset held for sale	14	828	-	-	-
		14,198	15,418	2,545	25,586
TOTAL ASSETS		107,286	105,944	78,888	81,159

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 (CONT'D)

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	140,407	140,407	140,407	140,407
Accumulated losses		(63,499)	(62,769)	(62,053)	(60,706)
TOTAL EQUITY		76,908	77,638	78,354	79,701
NON-CURRENT LIABILITIES					
Deferred tax liability	18	-	-	-	-
Long-term borrowings	19	11,025	11,781	18	123
		11,025	11,781	18	123
CURRENT LIABILITIES					
Trade payables	22	10,914	4,376	-	-
Other payables and accruals		2,393	2,840	412	1,235
Progress billings	11	-	878	-	-
Provision for taxation		514	319	-	-
Short-term borrowings	23	2,566	5,251	104	100
Bank overdraft	24	2,966	2,861	-	-
		19,353	16,525	516	1,335
TOTAL LIABILITIES		30,378	28,306	534	1,458
TOTAL EQUITY AND LIABILITIES		107,286	105,944	78,888	81,159
NET ASSETS PER ORDINARY SHARE (RM)	25	0.11	0.11		

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

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		THE GROUP		THE COMPANY	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
REVENUE	26	14,877	12,521	2,710	9,935
COST OF SALES	27	(12,650)	(11,949)	(702)	(9,271)
GROSS PROFIT		2,227	572	2,008	664
OTHER INCOME	28	2,537	110	4,113	101
		4,764	682	6,121	765
ADMINISTRATIVE EXPENSES		(3,763)	(2,835)	(2,231)	(2,455)
OTHER EXPENSES		(370)	(14,469)	(5,227)	(36,623)
PROFIT/(LOSS) FROM OPERATIONS		631	(16,622)	(1,337)	(38,313)
FINANCE COSTS		(1,153)	(4,464)	(10)	(3,814)
LOSS BEFORE TAXATION	29	(522)	(21,086)	(1,347)	(42,127)
INCOME TAX (EXPENSE)/ BENEFIT	30	(208)	2,725	-	-
LOSS AFTER TAXATION		(730)	(18,361)	(1,347)	(42,127)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(730)	(18,361)	(1,347)	(42,127)
LOSS AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		(730)	(18,361)	(1,347)	(42,127)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company		(730)	(18,361)	(1,347)	(42,127)
LOSS PER SHARE (SEN) - Basic	31	(0.10)	(2.62)		
- Diluted	31	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE GROUP			
Balance at 1 January 2010	140,407	(44,408)	95,999
Loss after taxation/Total comprehensive expenses for the financial year	-	(18,361)	(18,361)
Balance at 31 December 2010/ 1 January 2011	140,407	(62,769)	77,638
Loss after taxation/Total comprehensive expenses for the financial year	-	(730)	(730)
Balance at 31 December 2011	140,407	(63,499)	76,908
THE COMPANY			
Balance at 1 January 2010	140,407	(18,579)	121,828
Loss after taxation/Total comprehensive expenses for the financial year	-	(42,127)	(42,127)
Balance at 31 December 2010/ 1 January 2011	140,407	(60,706)	79,701
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,347)	(1,347)
Balance at 31 December 2011	140,407	(62,053)	78,354

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(522)	(21,086)	(1,347)	(42,127)
Adjustments for:-				
Impairment loss on receivables	82	3,403	-	2,976
Amortisation of timber extraction rights	1,259	103	-	-
Depreciation of property and equipment	288	227	197	136
Impairment loss on investments in subsidiaries	-	-	5,030	33,511
Fair value adjustment on investment property	-	8,000	-	-
Impairment loss on timber extraction rights	-	2,530	-	-
Writeback of impairment loss on investments in subsidiaries	-	-	(1,640)	-
Writeback of impairment loss on receivables	(517)	-	(286)	-
Interest income	(2,020)	(105)	(2,187)	(101)
Interest expense	1,153	4,464	10	3,814
Operating loss before working capital changes	(277)	(2,464)	(223)	(1,791)
Decrease in trade and other receivables	3,103	3,125	4,201	1,840
(Decrease)/Increase in property development costs	1,706	(244)	-	-
(Increase)/Decrease in accrued billings	(1,080)	878	-	-
Decrease in progress billings	(878)	-	-	-
Increase/(Decrease) in trade and other payables	6,091	1,773	(823)	1,014
CASH FROM OPERATIONS	8,665	3,068	3,155	1,063
Interest paid	(1,153)	(1,136)	(10)	(16)
Tax paid	(13)	(167)	-	-
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD	7,499	1,765	3,145	1,047

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		7,499	1,765	3,145	1,047
CASH FLOWS FOR INVESTING ACTIVITIES					
Net advances to joint venture projects		(1,475)	(1,037)	(1,475)	(1,037)
Purchase of property and equipment		(1,500)	(6)	(1,500)	(4)
Interest received		19	105	8	101
NET CASH FOR INVESTING ACTIVITIES		(2,956)	(938)	(2,967)	(940)
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of term loans		(3,340)	(1,555)	-	-
Repayment of hire purchase payables		(101)	(96)	(101)	(96)
NET CASH FOR FINANCING ACTIVITIES		(3,441)	(1,651)	(101)	(96)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,102	(824)	77	11
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(2,469)	(1,645)	58	47
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	32	(1,367)	(2,469)	135	58

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 26 March 2012.

2. PRINCIPAL ACTIVITIES

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

3. 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 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

3. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements,other than the following:-

(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 has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst 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 non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

3. BASIS OF PREPARATION (CONT'D)

(a) (iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, if necessary. Comparatives are not presented by virtue of the exemption given in the amendments.

(iv) IC Interpretation 4 aims to provide guidance for determining whether certain arrangements are, or contain, leases that should be accounted for in accordance with FRS 117; it does not provide guidance whether such a lease should be classified as a finance lease or an operating lease. It clarifies that an arrangement, although does not take the legal form of a lease, is a lease when the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Accordingly, there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(v) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013

3. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	Effective Date
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 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 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. Accordingly, there will be no material financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(ii) FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 121. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. Accordingly, there will be no material financial impact on the financial statements of the Group upon its initial application.

(iii) FRS 11 replaces FRS 131 and introduces new accounting requirements for joint arrangements. FRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application.

(iv) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

3. BASIS OF PREPARATION (CONT'D)

(b) (v) FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(vi) The amendments to FRS 7 intend to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(vii) The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(viii) The amendments to FRS 112 replace IC Interpretation 121 and provide an exception to the general principles in FRS 112 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with FRS 140 are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application.

3. BASIS OF PREPARATION (CONT'D)

(c) On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parents, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. Accordingly, the statements of financial position and the statements of comprehensive income as disclosed in these financial statements for the financial year ended 31 December 2011 could be different if prepared under MFRSs.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2013.

(d) Going concern

At the end of the reporting period, the Group had the following:-

(i) net current liabilities of approximately RM5.2 million; and
(ii) loss attributable to owners of the Company of approximately RM0.7 million.

The directors have taken into consideration the restructuring of the term loan detailed in Note 5(a) to the financial statements in assessing the appropriateness of using the going concern basis in preparing the financial statements of the Group and of the Company. The directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate.

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 Property and Equipment

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

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

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

(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 a 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) 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 the end of the reporting period.

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.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Business combinations from 1 January 2011 onwards

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

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

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

Business combinations before 1 January 2011

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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.

(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.

(d) 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)

(d) 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, held-to-maturity investments, loans and receivables financial assets, 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 tradingor 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)

(d) 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)

(d) 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)

(e) 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 cost less accumulated amortisation and any accumulated impairment losses.

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.

(f) 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)

(g) 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.

(h) Property and Equipment

Property and 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)

(h) Property and 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%
Freehold building	2%

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

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

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

(i) 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)

(i) 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 inprofit 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 thestatements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) 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(h) 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.

(k) 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(w)(iii).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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 isrecognised in profit or loss.

(m) 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)

(n) Progress Billings/Accrued Billings

In respect of progress billings, where revenue recognised in the statement of comprehensive income exceeds the billings to purchasers, the balance is shown as accrued billings under current assets, and where billings to purchasers exceed the revenue recognised to the profit or loss, the balance is shown as progress billings under current liabilities.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income Taxes (Cont'd)

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

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

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 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.

(u) Assets Held For Sale

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) 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 POLICIES (CONT'D)

(x) 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 holding and other segments – 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. CORPORATE PROPOSALS

(a) Restructuring of term loan

The directors of the Company had, subsequent to the end of the reporting period, accepted the letter of offer dated 30 January 2012 by its lender pertaining to the restructuring of certain existing term loans into 12-year term loans commencing 31 March 2012 to 31 March 2024. The total amount restructured was RM15million ("Restructuring").

The Restructuring was completed on 6 February 2012.

(b) Proposed acquisition of Sagajuta (Sabah) Sdn. Bhd. ("Sagajuta")

On 9 February 2012, the Company had entered into a Heads of Agreement ("HOA") with Generasi Cipta Sdn. Bhd. ("GENCIP") for the proposed acquisition of a 60% equity interest in Sagajuta for an indicative price of RM240,000,000 ("Purchase Price") ("Proposed Acquisition").

5. CORPORATE PROPOSALS (CONT'D)

(b) Proposed acquisition of Sagajuta (Sabah) Sdn. Bhd. ("Sagajuta") (Cont'd)

The conclusion to this Proposed Acquisition is subject to the following salient conditions precedent:

(i) a proposed reduction in par value from RM0.20 per ordinary share to RM0.10 per ordinary share in which the credit of RM70.2 million arising from the reduction of the par value shall be set-off against the accumulated losses of the Group of RM63.5 million as at 31 December 2011 ("Proposed Par Value Reduction");

(ii) a proposed renounceable irredeemable convertible loan stocks ("ICULS") on the basis of one ICULS of RM0.10 per share for every one existing share of RM0.10 each together with two free warrants ("Proposed ICULS") after the Proposed Par Value Reduction; and

(iii) a proposed private placement of 300 million new ordinary shares of the Company of RM0.10 each to investors to be identified ("Placement Shares") on the basis that each Placement Shares will also be attached with two free warrants ("Proposed Private Placement") after the Proposed Par Value Reduction.

Pursuant to the HOA, the Company and GENCIP have agreed that the issue price for the consideration shares in relation to the Proposed Acquisition, Proposed ICULS and Proposed Private Placement and the conversion price and/or the exercise price of the Proposed ICULS and warrants are fixed at the new par value of RM0.10.

The Proposed Acquisition, Proposed Par Value Reduction, Proposed ICULS and Proposed Private Placement is collectively referred to as the Proposals and are inter-conditional.

The Proposals shall be subjected to all the approvals from shareholders of the Company and relevant authorities.

The directors of the Company are confident that the aforesaid agreement will be successfully concluded.

6. PROPERTY AND EQUIPMENT

THE GROUP	AT 1.1.2011 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2011 RM'000
2011				
NET BOOK VALUE				
Computer equipment	7	-	(5)	2
Electrical fittings	5	-	(2)	3
Furniture and fittings	200	-	(50)	150
Motor vehicles	194	-	(132)	62
Office equipment	214	-	(52)	162
Renovation	80	-	(17)	63
Freehold building	-	1,500	(30)	1,470
	700	1,500	(288)	1,912

	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

6. PROPERTY AND EQUIPMENT (CONT'D)

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2011			
Computer equipment	132	(130)	2
Electrical fittings	13	(10)	3
Furniture and fittings	502	(352)	150
Motor vehicles	860	(798)	62
Office equipment	530	(368)	162
Renovation	171	(108)	63
Freehold building	1,500	(30)	1,470
	3,708	(1,796)	1,912
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

THE COMPANY	AT 1.1.2011 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2011 RM'000
2011				
NET BOOK VALUE				
Computer equipment	7	-	(5)	2
Electrical fittings	5	-	(2)	3
Furniture and fittings	72	-	(18)	54
Motor vehicles	195	-	(132)	63
Office equipment	12	-	(2)	10
Renovation	28	-	(8)	20
Freehold building	-	1,500	(30)	1,470
	319	1,500	(197)	1,622

6. PROPERTY AND EQUIPMENT (CONT'D)

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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2011			
Computer equipment	86	(84)	2
Electrical fittings	12	(9)	3
Furniture and fittings	189	(135)	54
Motor vehicles	860	(797)	63
Office equipment	37	(27)	10
Renovation	75	(55)	20
Freehold building	1,500	(30)	1,470
	2,759	(1,137)	1,622
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

6. PROPERTY AND EQUIPMENT (CONT'D)

Certain motor vehicles of the Group and of the Company with a total net book value of approximately RM61,000 (2010 - RM192,000) were acquired under hire purchase terms.

7. INVESTMENT PROPERTY

	THE GROUP	
	2011 RM'000	2010 RM'000
At fair value		
At 1 January	70,000	78,000
Fair value adjustment for the financial year	-	(8,000)
At 31 December	70,000	70,000

During the financial year, the investment property was valued on the open market value basis using the comparison method based on a 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.

8. INTANGIBLE ASSET

	THE GROUP	
	2011 RM'000	2010 RM'000
Timber extraction rights	13,108	14,367

8. INTANGIBLE ASSET (CONT'D)

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

	THE GROUP	
	2011 RM'000	2010 RM'000
Cost:		
At 1 January/31 December	38,745	38,745
Accumulated impairment losses:		
At 1 January	15,309	12,779
Impairment during the financial year	-	2,530
At 31 December	15,309	15,309
Accumulated amortisation:		
At 1 January	9,069	8,966
Amortisation for the financial year	1,259	103
At 31 December	10,328	9,069
Net carrying amount	13,108	14,367

8. INTANGIBLE ASSET (CONT'D)

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 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 rate and it reflects specific risks relating to the timber extraction segment.

9. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2011 RM'000	2010 RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	36,800	17,770
	115,370	96,340
Accumulated impairment losses	(50,800)	(47,410)
	64,570	48,930
Accumulated impairment losses:-		
At 1 January	(47,410)	(10,129)
Addition during the financial year	(5,030)	(33,511)
Writeback during the financial year	1,640	-
Reclassified from amount owing by subsidiaries	-	(3,770)
At 31 December	(50,800)	(47,410)
At carrying amount		
Unquoted shares	31,540	34,930
Quasi loan	33,030	14,000
	64,570	48,930

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

Name Of Company	Effective Equity Interest 2011	2010	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.
Jernih Makmur Sdn. Bhd.	100%	100%	Logging and selling round end timber logs.
NAIMKBB Berhad *	100%	100%	Dormant.

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name Of Company	Effective Equity Interest		Principal Activities
	2011	2010	
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;

(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

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) (ii) (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 became effective on 8 April 2008. Consequently, KBB is no longer allowed to use the word "kewangan" as part of its name. BNM granted KBB the extension of time to June 2009 to delete the word "Kewangan" from part of its name.

(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 2010, Kewangan Bersatu Bhd changed its name to NAIMKBB Berhad.

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

There was no further development since the previous financial year.

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

(c) The Company has assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount.

10. PROPERTY DEVELOPMENT COSTS

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
At cost		
At 1 January		
- freehold land	2,209	2,209
- development costs	925	81
	3,134	2,290
Costs incurred during the financial year:		
- current financial year	4,370	844
- transfer to asset held for sale (Note 14)	(828)	-
	3,542	844
Completed during the financial year	(6,676)	-
	-	3,134
Comprising:		
- freehold land	-	2,209
- development costs	-	925
	-	3,134
Cost recognised as an expense in profit or loss:		
- brought forward	(600)	-
- current financial year	(6,076)	(600)
	(6,676)	(600)
Completed during the financial year	6,676	-
At 31 December	-	2,534

Included in property development costs of the Group was interest capitalised during the financial year amounting to RM192,000 (2010 – RM192,000).

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

11. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	THE GROUP	
	2011 RM'000	2010 RM'000
Cumulative:-		
Revenue recognised in statement of comprehensive income	3,747	547
Billings to purchasers	(2,667)	(1,425)
Accrued billings/(Progress billings)	1,080	(878)

12. TRADE RECEIVABLES

	THE GROUP	
	2011 RM'000	2010 RM'000
Trade receivables	11,579	7,504
Less: Allowance for impairment losses	(2,434)	(2,583)
	9,145	4,921
Allowance for impairment losses:-		
At 1 January	(2,583)	(1,768)
Addition for the financial year	(82)	(1,030)
Written off during the financial year	231	215
At 31 December	(2,434)	(2,583)

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.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sundry receivables				
- Investment and advances to joint venture projects	1,957	5,781	1,957	5,781
- Payment for purchase of properties	10,720	10,484	10,720	10,484
- Others	5	5	-	-
	12,682	16,270	12,677	16,265
Allowance for impairment losses				
-1 January	(4,269)	(1,896)	(4,269)	(1,896)
- Addition during the financial year	-	(2,373)	-	(2,373)
- Reversal during the financial year	286	-	286	-
-31 December	(3,983)	(4,269)	(3,983)	(4,269)
	8,699	12,001	8,694	11,996
Deposits	90	254	9	21
Other receivables				
Amount owing by subsidiaries, at gross	-	-	3,981	19,958
Allowance for impairment losses				
-1 January	-	-	(137)	(3,304)
- Addition during the financial year	-	-	-	(603)
- Reclassified to investment in subsidiaries	-	-	-	3,770
-31 December	-	-	(137)	(137)
	-	-	3,844	19,821
Prepayments	798	748	14	14
	9,587	13,003	12,561	31,852

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

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Represented by:-				
Non-Current	8,068	5,459	10,151	6,324
Current	1,519	7,544	2,410	25,528
	9,587	13,003	12,561	31,852

(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.

13. 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 as follows:

	THE GROUP/THE COMPANY	
	2011 RM'000	2010 RM'000
Share of revenue	40	4,055
Share of property development costs	(296)	(5,683)
Share of administrative and other expenses	(187)	(254)
Share of loss	(443)	(1,882)

The investment and advances to NICORP-CREATIVE JV amounting to RM7.5million (2010 - RM6.6million) are unsecured and repayable on demand. It bears an interest rate of 4.51% (2010 – 16.35%) per annum.

(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 RM1.2 million (2010 - RM5.4 million) are unsecured and repayable on demand. The advances bear interest at rates ranging from 1.0% to 4.51% (2010 – 2.0% to 16.35%) per annum. Included in the advances to NICORP-NOBLE JV is an amount of approximately RM0.6 million (2010 - RM5.0 million) which is placed with a stakeholder at the end of the reporting period. 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.

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

(b) Amount owing by subsidiaries

The amount owing by subsidiaries is non-trade in nature, unsecured and repayable on demand. The amount owing is interest-free except for an amount owing to a subsidiary of approximately RM3,039,000 (2010 – RM1,870,000) which bears an interest rate of 4.51% (2010 – 16.35%) per annum.

14. ASSET HELD FOR SALE

	THE GROUP	
	2011 RM'000	2010 RM'000
At 1 January	-	-
Transfer from property development costs (Note 10)	828	-
At 31 December	828	-

On 22 December 2011, a subsidiary was authorised to dispose of certain freehold land measuring 0.063 acres for a total cash consideration of RM1,450,000. The subsidiary had, on 18 January 2012, entered into a Sale and Purchase Agreement with a third party for the disposal of the said property.

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

15. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The fixed deposits with licensed financial institutions of the Group are pledged as security for banking facilities granted to a subsidiary.

The fixed deposits bore effective interest rates ranging from 2.85% to 3.15% (2010 - 2.6% to 2.85%) per annum at the end of the reporting period. The fixed deposits have average maturity periods ranging from 30 to 365 days (2010 - 30 to 365 days).

16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM20,902 (2010 - RM460) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which cannot be used for other operations.

17. SHARE CAPITAL

	THE COMPANY			
	2011	2010	2011	2010
	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

18. DEFERRED TAX LIABILITY

	THE GROUP	
	2011	2010
	RM'000	RM'000
At 1 January	-	2,699
Recognised in profit or loss (Note 30)	-	(2,699)
At 31 December	-	-

In the previous financial year, the deferred tax represented 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	3	272	-	248
Unutilised tax losses	65,809	65,644	56,110	58,320
Impairment loss on receivables	2,164	2,394	-	-
Other temporary differences	271	189	-	-
	68,247	68,499	56,110	58,568

19. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
SECURED:				
Hire purchase payables (Note 20)	18	123	18	123
Term loans (Note 21)	11,007	11,658	-	-
	11,025	11,781	18	123

20. HIRE PURCHASE PAYABLES

	THE GROUP / THE COMPANY	
	2011 RM'000	2010 RM'000
Minimum hire purchase payments:		
- not later than one year	108	112
- later than one year and not later than five years	19	126
	127	238
Future finance charges	(5)	(15)
Present value of hire purchase payables	122	223

20. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP / THE COMPANY 2011 RM'000	2010 RM'000
Current:		
- not later than one year (Note 23)	104	100
Non-current:		
- later than one year and not later than five years (Note 19)	18	123
	122	223

The effective interest rates of the hire purchase payables range from 6.34% to 6.76% (2010 - 6.34% to 6.76%) per annum at the end of the reporting period.

21. TERM LOANS

	THE GROUP 2011 RM'000	2010 RM'000
SECURED:		
Not later than one year (Note 23)	2,462	5,151
Later than one year and not later than five years	1,309	5,543
Later than five years	9,698	6,115
Total non-current portion (Note 19)	11,007	11,658
	13,469	16,809

(a) The term loans of the Group bore effective interest rates ranging from 7.60% to 8.10% (2010 - 7.30% to 7.80%) per annum at the end of the reporting period and are secured by:

(i) a first and third party legal charges created on the freehold land as disclosed in Note 10 and Note 14 to the financial statements;

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

21. TERM LOANS (CONT'D)

(a) (iii) a first and third party legal charges 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 repayment terms of the restructured loan, are as follows:-

(i) a payment of approximately RM1,223,000 by way of redemption of properties within one year from 31 December 2011;

(ii) a lump sum settlement of RM80,000; and

(iii) a monthly payment of RM10,000 for servicing of interest accrued from 1 February 2012 on the settlement sum until full settlement of the settlement sum and interest thereon.

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2010 - 30 to 60 days).

23. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
SECURED:				
Hire purchase payables (Note 20)	104	100	104	100
Term loans (Note 21)	2,462	5,151	-	-
	2,566	5,251	104	100

24. BANK OVERDRAFT

The bank overdraft of the Group bore an effective interest rate of 7.60% (2010 - 7.30%) per annum at the end of the reporting period and is secured by:

(i) a first and third party legal charges 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.

25. 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	
	2011	2010
Net assets (RM'000)	76,908	77,638
Number of ordinary shares in issue ('000)	702,034	702,034
Net assets per share (RM)	0.11	0.11

26. REVENUE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share of revenue from a joint venture project (Note 13(a)(i))	40	4,055	40	4,055
Property development revenue	4,161	4,209	414	3,662
Sale of goods	6,873	517	-	-
Rental income from investment property	3,803	3,740	-	-
Management fees from subsidiaries	-	-	2,256	2,218
	14,877	12,521	2,710	9,935

27. COST OF SALES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share of property development costs from a joint venture project (Note 13(a)(i))	296	5,683	296	5,683
Property development cost	6,482	4,107	406	3,588
Cost of goods sold	4,338	446	-	-
Maintenance cost of investment property	1,534	1,713	-	-
	12,650	11,949	702	9,271

28. OTHER INCOME

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income:				
- fixed deposits	12	6	2	2
- others	2,008	99	2,185	99
Writeback of impairment loss on investment in subsidiaries	-	-	1,640	-
Writeback of impairment loss on receivables	517	-	286	-
Sundry income	-	5	-	-
	2,537	110	4,113	101

29. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
In addition to those disclosed in Note 26, Note 27 and Note 28, loss before taxation is arrived at after charging the following:-				
Impairment loss on receivables	82	3,403	-	2,976
Amortisation of timber extraction rights	1,259	103	-	-
Audit fee:				
- statutory audit	94	83	70	51
- other non-statutory services	3	3	3	3
Depreciation of property and equipment	288	227	197	136
Directors' remuneration (Note 33)	153	201	153	201
Impairment loss:				
- investments in subsidiaries (Note 9)	-	-	5,030	33,511
- timber extraction rights (Note 8)	-	2,530	-	-
Fair value adjustment on investment property (Note 7)	-	8,000	-	-
Interest expense:				
- bank overdrafts	206	181	-	-
- term loans	937	939	-	-
- hire purchase	10	16	10	16
- others	-	3,328	-	3,798
Rental of equipment	6	6	6	6
Rental of premises	141	164	141	164
Employee benefits expense:				
- salaries, wages, bonus and allowances	921	1,164	921	1,164
- defined contribution plans	80	91	80	91
- other benefit	35	29	35	29

30. INCOME TAX EXPENSE/(BENEFIT)

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Current tax expense:		
- for the financial year	208	-
- overprovision in previous financial years	-	(26)
		(26)
Deferred tax expense/(income) (Note 18):		
- relating to originating and reversal of temporary differences	-	8
- overprovision in the previous financial year	-	(2,707)
	-	(2,699)
	208	(2,725)

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

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
Loss before taxation	(522)	(21,086)	(1,347)	(42,127)
Tax at the statutory tax rate of 25%	(130)	(5,271)	(337)	(10,532)
Tax effects of:				
Non-deductible expenses	495	4,255	1,383	10,133
Non-taxable income	(116)	-	(454)	-
Utilisation of deferred tax assets not recognised previously	(797)	-	(592)	-
Deferred tax assets not recognised during the financial year	756	1,024	-	399
Overprovision in previous financial years:				
- current taxation	-	(26)	-	-
- deferred taxation	-	(2,707)	-	-
Income tax expense/(benefit) for the financial year	208	(2,725)	-	-

31. 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.

	THE GROUP	
	2011	2010
Net loss attributable to owners of the Company (RM'000)	(730)	(18,361)
Number of ordinary shares in issue ('000)	702,034	702,034
Loss per share (Sen)	(0.10)	(2.62)

The diluted earnings per share was not presented as there were no dilutive potential ordinary shares during the financial year.

32. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed deposits with licensed financial institutions (Note 15)	285	282	-	-
Cash and bank balances (Note 16)	1,314	110	135	58
Bank overdraft	(2,966)	(2,861)	-	-
	(1,367)	(2,469)	135	58

33. DIRECTORS' REMUNERATION

	THE GROUP / THE COMPANY	
	2011 RM'000	2010 RM'000
Executive directors:		
- non-fee emoluments	153	201

33. 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	
	2011	2010
Executive directors:		
RM50,001 - RM100,000	2	1
RM100,001 - RM200,000	-	1
	2	2

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties:

The Group has related party relationships with:

(i) its subsidiaries as disclosed in Note 9 to the financial statements;

(ii) the directors who are the key management personnel; and

(iii) the joint venture in which the Company is the venturer.

34. 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Subsidiaries				
- management fee	-	-	2,256	2,218
(ii) Key management personnel (including directors):				
- short-term employee benefits	153	201	153	201
(iii) Joint venture project, NICORP-CREATIVE JV				
- share of loss	(443)	(1,882)	(443)	(1,882)
- net advances to	756	318	756	318
(iv) Joint venture project, NICORP-NOBLE JV				
- net advances to	-	719	-	719

35. 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 receivable are as follows:

	THE GROUP	
	2011 RM'000	2010 RM'000
Not later than 1 year	1,591	1,924
Later than 1 year but not later than 3 years	4,465	102
	6,056	2,026

36. CONTINGENT LIABILITY

	THE COMPANY	
	2011 RM'000	2010 RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	12,246	12,807

37. OPERATING SEGMENTS

2011	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	4,201	6,873	3,803	-	-	14,877
Inter-segment sales	-	-	-	2,256	(2,256)	-
	4,201	6,873	3,803	2,256	(2,256)	14,877
RESULTS						
Segment results	(3,484)	1,607	1,564	(907)	1,851	631
Finance costs	-	(178)	(1,143)	(10)	178	(1,153)
Loss before taxation						(522)
Income tax expense						(208)
Loss after taxation						(730)
ASSETS						
Segment assets	2,522	23,453	71,005	78,888	(68,609)	107,259
Unallocated asset						27
						107,286
LIABILITIES						
Segment liabilities	3,814	11,420	17,981	826	(4,177)	29,864
Unallocated liability						514
						30,378
Impairment loss on receivables	-	-	82	-	-	82
Amortisation of timber extraction rights	-	1,259	-	-	-	1,259
Depreciation	-	10	80	198	-	288
Writeback of impairment loss on receivables	-	(1,178)	(414)	(286)	1,361	(517)

37. OPERATING SEGMENTS (CONT'D)

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

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

37. OPERATING SEGMENTS (CONT'D)

Revenue from one major customer, with revenue more than 10% of the Group revenue, amounting to RM6,873,000 (2010 – RM517,000) arose from sales of the timber extraction segment.

38. 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.

38. 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 2011 Increase/ (Decrease) RM'000	THE GROUP 2010 Increase/ (Decrease) RM'000
Effects on loss after taxation		
Increase of 100 basis points (bp)	122	159
Decrease of 100 bp	(122)	(159)
Effects on equity		
Increase of 100 bp	(122)	(159)
Decrease of 100 bp	122	159

(iii) Equity Price Risk

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

38. 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 91% of its trade receivables as at the end of the reporting period.

Ageing Analysis

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

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011				
Not past due	1,299	-	-	1,299
Past due:				
- less than 3 months	97	-	-	97
- 3 to 6 months	2,902	-	-	2,902
- over 6 months	7,281	(2,163)	(271)	4,847
	11,579	(2,163)	(271)	9,145

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

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

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 long overdue balances. 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 experience.

Trade receivables that are past due but not impaired

(i) Timber extraction segment

The Group believes that no impairment allowance is necessary as this trade receivable is also the trade payable of the Group.

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

<u>Trade receivables that are past due but not impaired (Cont'd)</u>

(ii) Property development segment

The management is of the opinion that the recoverability of the amount owed by the purchasers is fully recoverable, due to the following reasons:-

(a) the transfer of the property to the purchaser is subject to the full payment of the outstanding amount;

(b) most of the purchasers have end financing arrangements, and payments are slow because of the credit processes of the end financiers; and

(c) in the event the sale is terminated for non-payment, the Group will be able to recover the property.

(iii) Other segments

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.

<u>Trade receivables that are neither past due nor impaired</u>

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.

38. FINANCIAL INSTRUMENTS (CONT'D)

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

(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
2011						
Hire purchase payables	6.58	122	127	108	19	-
Term loans	7.65	13,469	17,539	3,327	8,411	5,801
Trade payables	-	10,914	10,914	10,914	-	-
Other payables and accruals	-	2,393	2,393	2,393	-	-
Bank overdraft	7.60	2,966	2,966	2,966	-	-
		29,864	33,939	19,708	8,430	5,801

38. 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
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 overdraft	7.30	2,861	2,861	2,861	-	-
		27,109	31,620	16,381	8,320	6,919

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
2011					
Hire purchase payables	6.58	122	127	108	19
Other payables and accruals	-	412	412	412	-
		534	539	520	19

38. 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
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

(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.

38. 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 2011 RM'000	THE GROUP 2010 RM'000
Hire purchase payables	122	223
Term loans	13,469	16,809
Trade payables	10,914	4,376
Other payables and accruals	2,393	2,840
Bank overdraft	2,966	2,861
	29,864	27,109
Less: Fixed deposits with licensed financial institutions	(285)	(282)
Less: Cash and bank balances	(1,314)	(110)
Net debt	28,265	26,717
Total equity	76,908	77,638
Debt-to-equity ratio	0.37	0.34

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). The Company has complied with this requirement.

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financial assets				
Loans and receivables financial assets				
Trade receivables	9,145	4,921	-	-
Other receivables and deposits	8,789	12,255	12,547	31,838
Fixed deposits with licensed financial institutions	285	282	-	-
Cash and bank balances	1,314	110	135	58
	19,533	17,568	12,682	31,896
Financial liabilities				
Other financial liabilities				
Trade payables	10,914	4,376	-	-
Other payables and accruals	2,393	2,840	412	1,235
Term loans	13,469	16,809	-	-
Hire purchase payables	122	223	122	223
Bank overdraft	2,966	2,861	-	-
	29,864	27,109	534	1,458

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

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.

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	%	%	%	%
Other receivables	6.16	16.35	6.16	16.35
Hire purchase payables	6.58	6.58	6.58	6.58
Term loans	7.85	7.68	-	-

(e) Fair Value Hierarchy

As at 31 December 2011, there were no financial instruments carried at fair value.

39. 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		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total accumulated losses:				
- realised	(42,166)	(39,407)	(62,053)	(60,706)
- unrealised	-	-	-	-
	(42,166)	(39,407)	(62,053)	(60,706)
Less: Consolidation adjustments	(21,333)	(23,362)	-	-
At 31 December	(63,499)	(62,769)	(62,053)	(60,706)

NAIM INDAH CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)
COMPANY NO : 19727 - P

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY SEVENTH ANNUAL GENERAL MEETING** of **NAIM INDAH CORPORATION BERHAD** will be held at the Topaz Ballroom, Level G, One World Hotel KL, First Avenue Bandar Utama City Centre, 47800 Selangor on Tuesday, 26 June 2012 at 2 p.m. or at any time thereof to transact the following business:

AGENDA

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon.	Please refer to explanatory note below
2.	To approve the payment of Directors' fees totaling RM288,000 for the financial year ending 31 December 2012.	[Resolution 1]
3.	To re-elect the following Directors who retire pursuant to Article 79 of the Company's Articles of Association, and being eligible have offered themselves for re-election:-	
	a) Chan Kwai Weng; and	[Resolution 2]
	b) Khoo Lay Wah.	[Resolution 3]
4.	To elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association, and being eligible have offered themselves for election:-	
	a) Datuk Raymond Chan Boon Siew;	[Resolution 4]
	b) Tan Tiang Lai; and	[Resolution 5]
	c) Md Noor Bin Abd Rahim.	[Resolution 6]
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	[Resolution 7]
6.	To transact any other business for which due notice shall be given.	

AS SPECIAL BUSINESSES

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

7. **Ordinary Resolution**

Re-appointment of Y. Bhg. Dato' Shamsir Bin Omar as a Director pursuant to Section 129(6) of the Companies Act, 1965 [Resolution 8]

"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."

8. **Ordinary Resolution** [Resolution 9]
Authority to issue new ordinary shares pursuant to Section 132D of the Companies Act 1965 ("the Act")

"THAT, pursuant to Section 132D of the Act and the Articles of Association of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

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: 1 June 2012

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company 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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. 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.

5. For the purpose of determining a member who shall be entitled to attend the 37th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2012. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTE ON ITEM 1:-

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward to the shareholders for voting.

EXPLANATORY NOTE ON ORDINARY BUSINESS:

1. Proposed Resolution 2

   Approval for Directors' Fees

   The Directors' fees proposed for the financial year ending 31 December 2012 are calculated based on the number of scheduled Board and Committee meetings for 2012 and assuming that all Non-Executive Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

1. Proposed Resolution 8

   Section 129(6) of the Companies Act, 1965

   The Proposed Resolution 8, 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.

2. Proposed Resolution 9

   Approval for Issuance of New Ordinary Shares Pursuant to Section 132D of the Companies Act 1965

   The Proposed Resolution 8 is for the purpose of granting a general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the nominal value of the issued and paid up Share Capital (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company. The Company did not seek a General Mandate from the shareholders at the Thirty Sixth Annual General Meeting held on 27 June 2011.

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

The General Mandate will provide flexibility to the Company for issuance of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment project(s), working capital, acquisition(s) or such other applications that the Directors may in their absolute discretion deemed fit.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Directors standing for election at the Thirty Seventh Annual General Meeting

The Directors retiring by rotation and standing for election pursuant to Article 86 of the Company's Articles of Association are as follows:

(i) Datuk Raymond Chan Boon Siew;
(ii) Tan Tiang Lai; and
(iii) Md Noor Bin Abd Rahim

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CDS Account No

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

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 37th Annual General Meeting of the Company to be held at the Topaz Ballroom, Level G, One World Hotel KL, First Avenue Bandar Utama City Centre, 47800 Selangor on Tuesday, 26 June 2012 at 2 p.m. or any adjournment thereof, and to vote as indicated below:-

	RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees.	RESOLUTION 1		
2.	To re-elect Chan Kwai Weng as Director of the Company.	RESOLUTION 2		
3.	To re-elect Khoo Lay Wah as Director of the Company.	RESOLUTION 3		
4.	To elect Datuk Raymond Chan Boon Siew as Director of the Company.	RESOLUTION 4		
5.	To elect Tan Tiang Lai as Director of the Company.	RESOLUTION 5		
6.	To elect Md. Noor Bin Abd. Rahim as Director of the Company.	RESOLUTION 6		
7.	To re-appoint Messrs. Crowe Horwath as Auditors.	RESOLUTION 7		
8.	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 8		
9.	Authority to Issue Shares pursuant to Section 132D of the Companies Act 1965.	RESOLUTION 9		

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 , 2012

Signature of Shareholder/Common Seal

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, Malaysia.

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

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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. 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.

5. For the purpose of determining a member who shall be entitled to attend the 37th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 56(a) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2012. 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.

(Company No. 19727-P)
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