Naim Indah
Corporation Berhad
(19727-P)



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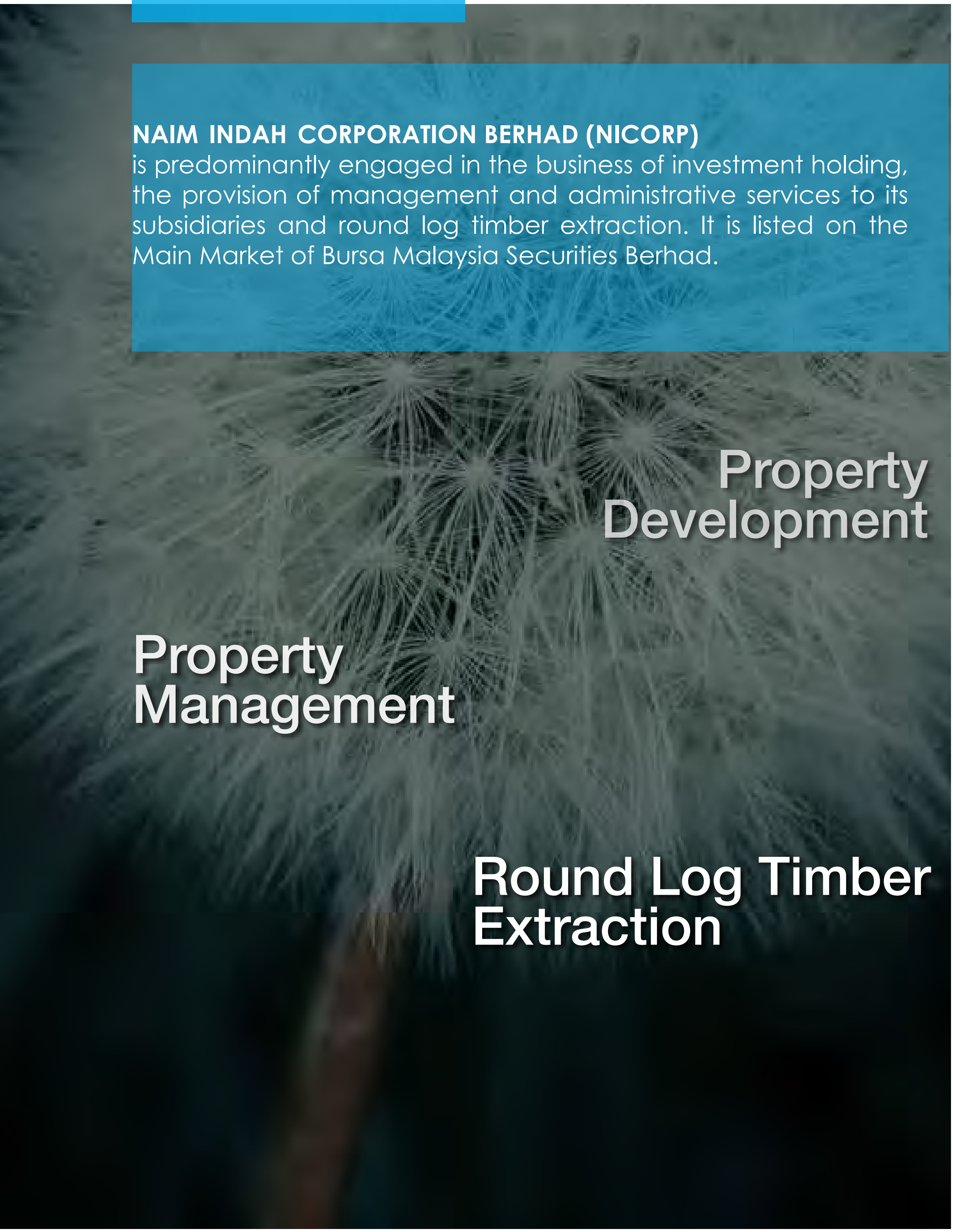
CORPORATE PROFILE



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

Property Development

Property Management

Round Log Timber Extraction

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

First of all, I would like to pay my tributes to Dato' Shamsir Bin Omar, who had passed away on 7 May 2013, for his contribution towards the Group. We have loss a great leader. His hard work and contribution will always be remembered.

On behalf of the Board of Directors, I am pleased to present to you the 2012 Annual Report together with the Audited Financial Statements for the financial year ended 31 December 2012.

Financial Review

For the financial year ended 31 December 2012, we have achieved a turnover of RM50.44 million as compared to RM14.88 million in year 2011. The increment of turnover was mainly contributed by our focused efforts in the timber production segment. In that, we are pleased to report a higher Gross Profit of RM11.15 million as compared to RM2.23 million in the preceding year. However, due to the impairment of RM9.65 million on the investment of the Company and the amortization of the timber extraction right of RM10.73 million during the financial year, we reported a loss of RM16.39 million as compared to RM0.73 million in the preceding year.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Significant Events and Prospects

Year 2012 was a testing year for the Group. The acquisition of Sagajuta (Sabah) Sdn Bhd ("Sagajuta") is not completed due to the audit of the restructured 6 subsidiaries and 1 associate of Sagajuta is not finalized, of which it is set out in Note 5(a) to the Audited Financial Statements. In 2012, we have proposed the private placement of up to 70,203,000 new ordinary shares of RM0.20 each in the Company and the unincorporated Joint Venture between the Company and Keloil Sdn. Bhd., of which both proposals are set out in Note 5(b) and (c) respectively to the Audited Financial Statements. In addition, we had focused efforts in the timber segment and will continue ensure that our resources are best applied.

During the financial year, Datuk Tan Choon Hwa, JP, JMK and Mr. Siaw Swee Hin were appointed to the Board of Directors. 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.

In 2013, we, through our subsidiary, will be developing a mixed development project at Seremban on our existing land, comprising of 15 shoplots and 755 units of condominium. The submissions to the relevant authorities have been done and approved, pending the issuance of the development order. We anticipate the property development segment to have a greater contribution to the Group going forward.

With the Malaysian's economy expected to be growing steadily, we would take this opportunity to ensure the continual progression of the Group progressively.

Dividend

In view of our situation, the Board of Directors has taken the decision not to recommend the payment of dividends for the financial year 2012.

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.

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.

Datuk Raymond Chan Boon Siew
Chief Executive Officer
Non-Independent Director
Date: 05 June 2013

CORPORATE STRUCTURE

BOARD OF DIRECTORS

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

Dato' Dr. Tan Tiang Lai
Executive Director
Non-Independent Director

Khoo Lay Wah
Executive Director
Non-Independent Director

Datuk Tan Choon Hwa, JP, JMK
Executive Director
Non-Independent Director

Siaw Swee Hin
Executive Director
Non-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
59200 Kuala Lumpur
Mid Valley City, Lingkaran Syed Putra
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

Chan Kwai Weng
Chairman
Non-Executive Director
Independent Director

Zailan Bin Othman
Non-Executive Director
Independent Director

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

NOMINATION COMMITTEE

Zailan Bin Othman
Chairman
Non-Executive Director
Independent Director

Chan Kwai Weng
Non-Executive Director
Independent Director

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

REMUNERATION COMMITTEE

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

Zailan Bin Othman
Non-Executive Director
Independent Director

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

REGISTRAR

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

PRINCIPAL SOLICITORS

Azman, Davidson & Co.

PRINCIPAL PLACE OF BUSINESS

Level 7, Lot 7.02 (East Wing)
7th Floor, Menara BRDB, 285, Jalan Maarof
Bukit Bandaraya, 59000 Kuala Lumpur
Tel: (603) 2288 1778
Fax: (603) 2284 0388

PRINCIPAL BANKERS

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

CORPORATE STRUCTURE

NAIM INDAH
CORPORATION BERHAD

INVESTMENT HOLDING

100% **ANGKASA LAMPIRAN SDN BHD**
Property Development

100% **BITAREX SDN BHD**
Property Development

100% **CONSISTENT HARVEST SDN BHD**
Property Management

100% **JERNIH MAKMUR SDN BHD**
Logging And Selling Round End Timber Logs

100% **NI-CORP OIL & GAS TECHNOLOGIES SDN BHD**
Trading Of Building Materials

100% **NAIMKBB BERHAD**
Dormant

BOARD OF DIRECTORS

Seated (From Left):

Khoo Lay Wah

Datuk Raymond Chan Boon Siew

Standing (From Left):

Zailan Bin Othman

Datuk Tan Choon Hwa, JP, JMK

Chan Kwai Weng

Siaw Swee Hin

Md. Noor Bin Abd. Rahim

Dato' Dr. Tan Tiang Lai

BOARD OF DIRECTORS

A Malaysian aged 40, was appointed as Chief Executive Officer (CEO) of the Company on 29 February 2012 and he is a member of the Remuneration Committee. 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 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, 1Likas in Kota Kinabalu and 1Gateway 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 83. He has had no convictions for offences within the past ten years other than traffic offences.

Datuk Raymond Chan Boon Siew attended all Board meetings of the Company held from the date of his appointment to the Board during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 49, 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", organised by the Yazhou Zhoukan formerly known as Asiaweek & World Federation of Chinese Entrepreneurs Organisation.

DATO' DR. TAN TIANG LAI

Executive Director,
Non-Independent Director

Dato' Dr. 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 Organisation (Sabah).

Dato' Dr. 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.

Dato' Dr. Tan Tiang Lai attended all Board meetings of the Company from the date of his appointment to the Board held during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 53, 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 all Board meetings of the Company held during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

ZAILAN BIN OTHMAN

Non-Executive Director,
Independent Director

A Malaysian aged 51, was appointed as an Independent Non-Executive Director on 7 August 2002. He is the Chairman of the Nomination Committee and the members of Audit Committee and Remuneration 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 and 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 with the past ten years other than traffic offences.

Encik Zailan attended all Board meetings of the Company held during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 55, was appointed as the Executive Director of the Company on 13 August 2012. Mr. Tan graduated from High School. He was awarded Pingat Bakti (P.B) in year 1992 and subsequently Justice of Peace (JP) in year 1994 and JMK in year 2010.

He is a businessman with twenty (20) years of experiences in various industries such as timber, mining, international trading and, housing and land development.

DATUK TAN CHOON HWA, JP, JMK

Executive Director,
Non-Independent Director

He is the Executive Chairman of TCH International Resources Group Sdn Bhd and TCH Vision Trading Corporation Sdn Bhd, director of China Stationery Limited, Harvest Court Industries Berhad, VTI Vintage Berhad and Aturmaju Resources Berhad. He also holds directorships in Fonpoint Foncare Enterprise Sdn Bhd, Pasaraya Besar Bilal Sdn Bhd, Intergold Entity (M) Sdn Bhd, Intergold Nexus (M) Sdn Bhd, Linapro Sdn Bhd, Tok Aman Bali Beach Resort Sdn Bhd, Corak Anggerik Sdn Bhd, Bakat Mentari Sdn Bhd and Sri Uda Sdn Bhd. He holds other chairmanship in several associations, e.g. Persatuan Teo Chew Association.

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

Datuk Tan attended two (2) out of three (3) Board meetings of the Company from the date of his appointment to the Board held during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 60, was appointed as an Independent Non-Executive Director on 16 January 2009. He is the Chairman of the Audit Committee and a member of the Nomination Committee. 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 all Board meetings of the Company held during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 57, was appointed on the Board of Directors on 8 March 2012. He is the Chairman of the Remuneration Committee and the members of the Audit Committee and Nomination Committee. 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 had held significant positions in UMBC Bhd and the Ministry of Finance.

MD. NOOR 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 Takeovers 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 attended all Board meetings of the Company held from the date of his appointment during the financial year ended 31 December 2012.

BOARD OF DIRECTORS

A Malaysian aged 40, was appointed as the Executive Director of the Company on 22 October 2012. Mr. Siaw holds a Master Degree Business Management and Master Degree Business Administration in International Business, from University of Hertfordshire, United Kingdom.

SIAW SWEE HIN

Executive Director,
Non-Independent Director

Mr. Siaw started his career as a marketing executive in the industry of solvent & lubricant oil in Singapore in 1997. He went on to form his own company, involved in manufacturing of epoxy thinner, solvent and lubricant oil, in Malaysia in 2001. Currently, he is the managing director of JB Barrels & Drums Industries Sdn. Bhd., JB Oil & Chemicals Industries Sdn. Bhd. and Alltrust International Berhad. He also has directorship in Alltrust Capital Sdn. Bhd.

Mr. Siaw holds 336,000 shares in the Company of which he bought prior to his appointment. He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interests with the Company. He has had no convictions for offences within the past ten years other than traffic offences.

Mr. Siaw attended all Board meetings of the Company from the date of his appointment to the Board held during the financial year ended 31 December 2012.

AUDIT COMMITTEE

Audit Committee (From Left) :

Chan Kwai Weng

Zailan Bin Othman

Md. Noor Bin Abd. Rahim

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

The Board is pleased to disclose below how the Group has applied the principles set out in the Malaysian Code of Corporate Governance 2012 (the "Code") and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 December 2012.

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

Principle 1: Establish Clear Roles and Responsibilities

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 Company is governed by the Board which comprises of eight (8) Directors, three (3) of whom are Independent Non-Executive Directors. The Board has complied with the Listing Requirements of Bursa Securities that at least two (2) or one-third (1/3) of the Board should consist of independent directors. The independent directors provide assurance that Board's decisions are deliberated objectively in the interest of all stakeholders of the Company.

The Company implements the following corporate strategies to promote sustainability:-

- We are committed to developing a winning portfolio of sustainable business;
- We subscribe to good corporate governance and high ethical values;
- We continuously strive to deliver superior financial returns through operational excellence and high performance standards; and
- We provide an environment for our people to realise their full potential.

The key roles of the Board are to:

- guide the corporate strategies and directions of the Company;
- ensure that management discharges business leadership and the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Group's business and ensure its compliance.

The Board is in the midst of formalizing the Board Charter and Code of Ethics regarding the acceptable business practice, conflict of interest, and expected standards of ethical and moral behavior. Continuous effort will be taken to ensure compliance of the Code of Ethics by frequently and clearly communicates the importance of integrity and ethical behavior within the Company.

The Board Charter is expected to include the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board and will be reviewed by the Board from time to time when necessary. The Board Charter will be posted to the Company's website after obtaining the Board's approval.

All the members of the Board have attended the Mandatory Accreditation Programme (MAP) as per the Listing Requirements of Bursa Securities for all directors of public listed companies. During the financial year ended 31 December 2012, all of the other remaining directors attended the "Key Amendments to Listing Requirements for Main Market" and "Corporate Governance Guide 2012".

CORPORATE GOVERNANCE STATEMENT (continued)

Board Meetings

During the financial year ended 31 December 2012, seven (7) Board meetings were held. Details of Directors' attendances were as follows: -

Name	Designation	Attendance
Dato' Shamsir Bin Omar (Demised on 7 May 2013)	Executive Chairman Non-Independent Director	6/7
Datuk Raymond Chan Boon Siew	Chief Executive Officer Non-Independent Director	5/5
Dato' Dr. Tan Tiang Lai	Executive Director Non-Independent Director	5/5
Khoo Lay Wah	Executive Director Non-Independent Director	7/7
Siaw Swee Hin (Appointed on 22 October 2012)	Executive Director Non-Independent Director	2/2
Datuk Tan Choon Hwa, JP, JMK (Appointed on 13 August 2012)	Executive Director Non-Independent Director	2/3
Zailan Bin Othman	Independent Non-Executive Independent Director	7/7
Chan Kwai Weng	Independent Non-Executive Independent Director	7/7
Md. Noor Bin Abd. Rahim (Appointed on 8 March 2012)	Independent Non-Executive Independent Director	4/4
Ramli Bin Harun (Resigned on 4 October 2012)	Independent Non-Executive Independent Director	5/5

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CORPORATE GOVERNANCE STATEMENT (continued)

Supply of Information

Notice, agenda and all relevant information are circulated to every member of the Board prior to Board meetings so as to enable them to have sufficient time to understand issues to be raised. In doing so, all issues can be deliberated at the 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.

The Company has appointed qualified Named Secretaries for the Company and its subsidiaries. They give supportive role to the Board by ensuring adherence to the Board policies and procedures from time to time.

Remuneration of Directors

Details of the remuneration of each director who served during the financial year ended 31 December 2012 are as follows:

Executive Directors		**RM**
Salaries		144
Allowance		20
Others		9
Fee		120
	Total	293
Non – Executive Directors		
Fee		266
	Total	266

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

Executive Directors	**Number of Directors**
RM50,001 to RM100,000	4
Non-Executive Directors	
RM50,001 to RM100,000	4

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 2: Strengthen Composition

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

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

The members of the Committees are as follows:-

a. <u>Audit Committee</u>
    i. Chan Kwai Weng (Chairman)
    ii. Zailan Bin Othman
    iii. Md. Noor Bin Abd Rahim

b. <u>Nomination Committee</u>
    i. Zailan Bin Othman (Chairman)
    ii. Chan Kwai Weng
    iii. Md. Noor Bin Abd Rahim

c. <u>Remuneration Committee</u>
    i. Md. Noor Bin Abd Rahim (Chairman)
    ii. Zailan Bin Othman
    iii. Datuk Raymond Chan Boon Siew

The duties and responsibilities of the Nomination Committee and Remuneration Committee are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Chief Executive Office and senior management; and the appointment and evaluation of the performance of Directors.

The terms of reference of the Nomination Committee and Remuneration Committee include to review and determine the mix of skills, experience and other qualities (including core competencies of Non-Executive Directors on an annual basis); and to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

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

The Board is in the process of establishing a formal and transparent remuneration policies and procedures to attract and retain Directors.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 3: Reinforce Independence

In accordance with Article 86 of the Company's Articles of Association (the "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. Encik Zailan Bin Othman, an Independent Non-Executive Director of the Company has served on the Board of the Company for a cumulative of more than nine (9) years. The Company will be seeking the shareholders' approval to retain the designation of Encik Zailan Bin Othman as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 in the forthcoming Thirty-Eighth Annual General Meeting.

In accordance with the principles of the Code, the Chairman and the Chief Executive Officer (the "CEO") of the Company are different persons with separate defined responsibilities. There is a clear segregation of responsibilities between the Chairman and the CEO to ensure a balance of power and authority. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussions and shareholders are informed of the subject matters requiring their approval. The CEO is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. All Directors are jointly responsible for determining the Group's strategic business direction.

The Board has conducted the independent assessment among the Directors and no conflict of interest is noted.

Principle 4: Foster Commitment

The Nomination Committee ensures that the Board and Committees comprise individuals who are best able to discharge their responsibilities as Directors having regards to the law and the highest standards of corporate governance. The Nomination Committee sources for candidates for appointment on the Board of the Company, in particular, candidates who would be able to value add to Management through their contributions of their skills, knowledge and experiences in the relevant strategic areas.

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

Newly appointed Directors are given briefings by Management on the business activities of the Group and its strategic directions. Directors are also briefed and provided with relevant information on the Group's policies and procedures relating to corporate conduct and governance.

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

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 5: Uphold Integrity in Financial Reporting

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.

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.

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

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

Relationship with Auditors

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

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 concern at other Audit Committee meetings during the financial year.

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

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 6: Recognise and Manage Risk

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

Internal Control

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

Principle 7: Ensure Timely and High Quality Disclosure

The Board and the Management facilitate effective communications with the shareholders, analysts, fund managers and the media. The Group's results for the first three quarters and full year for financial year 2012 were all released on a timely basis.

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

The Company leverages on information technology for effective dissemination of information through its website. Those principal governance information such as board charter, board committees' term of reference would be separately posted in the website.

Principle 8: Strengthen Relationship between Company and Shareholders

Dialogue between Company and Investors

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Statement on Risk Management and Internal Control of the Group is made by the Board of Directors pursuant to the Bursa Malaysia Securities Berhad Main Listing Requirements (the "Requirements") which provides guidance to Boards on the issuance of Internal Control Statement pursuant to Paragraph 15.26(b) of Bursa's Listing Requirements and after taking into consideration of the Statement on Risk Management and Internal Control (Guidelines for Listed Issuers) (the "Guidelines").

Board's Responsibilities

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

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

The Board regularly reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, risk management and the Group's high-level internal control arrangements. In performing its review of adequacy and effectiveness of the Group's Statement of Internal Control, the Audit Committee considered the following reporting:

- The External Auditors present their proposed annual audit plan for approval by the Audit Committee and report on any issues identified in the course of their work, including internal control reports on control weaknesses, which were provided to the Audit Committee as well as the management.
- The Internal Auditors present their proposed annual audit plan for approval by the Audit Committee and reports on reviews and tests of key business processes and control activities, including following up the implementation of management action plans to address any identified control weaknesses and reporting any overdue actions to the Audit Committee.

Control and Monitoring Process

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

There are no material joint ventures that have not been dealt with as part of the Group for applying the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

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

The Board is the midst of defining the appropriateness process and personnel to provide assurance to the Board on the effectiveness and adequacy of risk management and internal control system. The Board shall take into consideration that such personnel shall be at positions similar and/or equivalent to Chief Executive Officer and Chief Financial Officer.

The internal audit function for the financial year ended 31 December 2012 was outsourced and the cost incurred was RM13,000.00.

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ADDITIONAL COMPLIANCE INFORMATION

Share Buyback

There was no share buy back in the financial year ended 31 December 2012.

Option or Convertible Securities

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2012.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2012.

Profit Guarantee

The Company did not receive any profit guarantee during the financial year 31 December 2012.

Material Contracts

On 9 February 2012, the Company had entered into a Heads of Agreement with Generasi Cipta Sdn. Bhd. for the proposed acquisition of a 60% equity interest in Sagajuta (Sabah) Sdn. Bhd. for an indicative price of RM240,000,000.00, in which this agreement had been announced to Bursa Malaysia Securities Berhad accordingly and disclosed in the Audited Financial Statements.

Utilisation of Proceeds

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

Sanction and/or Penalty Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year ended 31 December 2012.

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 2012 was RM15,000.00.

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.

ADDITIONAL COMPLIANCE INFORMATION (continued)

Recurrent Related Party Transaction (RRPT)

The Company is seeking Shareholders' Mandate in respect of the RRPT of a revenue or trading nature, entered or to be entered by the Company as stated in Section 2.4 of the Circular to Shareholders dated 5 June 2013 at the forthcoming Thirty Eighth Annual General Meeting to be held on 27 June 2013.

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 Eighth Annual General Meeting.

Employee Share Scheme (ESS)

There was no Employee Share Scheme introduced during the financial year ended 31 December 2012.

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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 of Corporate Governance 2012 (the “Code”).

Composition And Size

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

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

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

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

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 of three (3) independent Directors.

The composition of the Audit Committee is as follows:-

i.	Chan Kwai Weng	Chairman, Independent Non-Executive Director
ii.	Zailan Bin Othman	Member, Independent Non-Executive Director
iii.	Md. Noor Bin 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 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.

AUDIT COMMITTEE REPORT (continued)

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 2012, the Audit Committee met four (4) times last year of the Audit Committee during the year ended 31 December 2012. Details of attendance are as follows:-

Name	Attendance	%
Ramli Bin Harun (resigned w.e.f. 4 October 2012)	3/3	100.0
Chan Kwai Weng	4/4	100.0
Zailan Bin Othman	4/4	100.0
Md. Noor Bin Abd. Rahim (Appointed w.e.f. 8 March 2012)	3/3	100.0

Secretary

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

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.

AUDIT COMMITTEE REPORT (continued)

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.
- 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 utilization of proceeds are consistent with the intention presented to investors for any fund raising exercise.
- Considering and recommending the appointment or re-appointment of the Internal and External Auditors and matters relating to the resignation or dismissal of the auditors.
- Reviewing 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.

AUDIT COMMITTEE REPORT (continued)

Summary Of Activities

During the year, the Audit Committee carried out its duties in accordance with its Terms 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 standard;
- Review compliance of LR;
- Review the Code;
- Review the tax systems including assessment, payment, over/under provision of the Group and joint venture companies; and
- Perform a review and make necessary revision to the Terms of Reference of the Audit Committee.

Activities Of Internal Audit Function

The activities performed by the Internal Auditors are as follows:

- Implementing the policies on identification, selection and retention of the shopping complex tenants;
- Review of the operations of the Group and joint venture; and
- Undertaking special reviews as and when requested by the Audit Committee and/or management.

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ANALYSIS OF SHAREHOLDINGS – AS AT 30 APRIL 2013

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	358	2.65	16,519	Negligible
100 to 1,000	1,905	14.12	1,626,882	0.23
1,001 to 10,000	5,963	44.20	31,837,586	4.54
10,001 to 100,000	4,423	32.78	169,440,614	24.13
100,001 to less than 5% of issued shares	842	6.24	441,264,387	62.86
5% and above of issued shares	1	0.01	57,847,976	8.24
Total	13,492	100	702,033,964	100

DIRECTOR'S SHAREHOLDING

	No. of shares held		Percentage (%)		Total	
Name of Director	Direct	Indirect	Direct	Indirect	No of Shares	Percentage
1. Datuk Raymond Chan Boon Siew	63,266,600	-	9.01	-	63,266,600	9.01
2. Khoo Lay Wah	-	*57,847,976	-	8.24	57,847,976	8.24
3. Siaw Swee Hin	336,000	-	0.05	-	336,000	0.05

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.	DATUK RAYMOND CHAN BOON SIEW	63,266,600	9.01	-	-
2.	QUANTUM DISCOVERY SDN. BHD.	57,847,976	8.24	-	-
3.	WONG KUI YEONG*	-	-	57,847,976	8.24
4.	TAN WEI LOON*	-	-	57,847,976	8.24
5.	KHOO LAY WAH*	-	-	57,847,976	8.24

Notes:

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

ANALYSIS OF SHAREHOLDINGS – AS AT 30 APRIL 2013 (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.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN (B)	24,218,700	3.45%
3.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	24,000,000	3.42%
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW (8081977)	20,509,500	2.92%
5.	KRISHNA BHATT @ ACHONG	16,863,746	2.40%
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH WOK SENG @ LOH WAK SENG (E-JCL)	13,145,000	1.87%
7.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	11,705,000	1.67%
8.	RAYMOND CHAN BOON SIEW	9,447,100	1.35%
9.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR NGOI SING SHANG	5,800,000	0.83%
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	5,700,000	0.81%
11.	ONG CHIEW KEE	5,209,600	0.74%
12.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM CHWEE POH	4,400,000	0.63%
13.	COLOURFUL TRENDS TRAVEL & TOURS SDN.BHD.	4,300,000	0.61%
14.	RAYMOND CHAN BOON SIEW	3,610,000	0.51%
15.	YEOH KEAN HUA	3,170,000	0.45%
16.	LING SIEW LUAN	3,140,000	0.45%
17.	LIM KIM BOON	3,000,000	0.43%
18.	ZULKIFLI BIN OSMAN	3,000,000	0.43%
19.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RE-SOURCES CORPORATION SDN BHD	2,950,000	0.42%

ANALYSIS OF SHAREHOLDINGS – AS AT 30 APRIL 2013 (continued)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names of Shareholder	Number of Shares Held	Percentage of Capital Issued
20.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAKARIAH BIN ABDUL RASHID	2,850,000	0.41%
21.	WONG WAI KUAN	2,776,141	0.40%
22.	YONG KOON PAN	2,152,600	0.31%
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (470478)	2,118,000	0.30%
24.	SIM KIAN SENG	2,100,000	0.30%
25.	TAN WAI FONG	2,000,000	0.28%
26.	ZUNNUR'AIN BINTI MOHAMMAD ZAINI	2,000,000	0.28%
27.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	1,933,500	0.28%
28.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR TIONG TOH CHIONG	1,900,000	0.27%
29.	TAN WAI SHIN	1,890,000	0.27%
30.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIEW KEE	1,869,700	0.27%
	TOTAL	**245,606,563**	**34.97%**

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 81 years)	17 years	21.12.2012	25.8.2003	70,000

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NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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	(16,387)	(17,907)
Attributable to:-		
Owners of the Company	(16,387)	(17,907)

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.

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

DIRECTORS' REPORT

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 there are no known bad debts 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 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.

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

DIRECTORS' REPORT

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.

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

DIRECTORS' REPORT

DIRECTORS

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

DATO' SHAMSIR BIN OMAR
ZAILAN BIN OTHMAN
CHAN KWAI WENG
KHOO LAY WAH
DATUK RAYMOND CHAN BOON SIEW
TAN TIANG LAI
MD NOOR BIN ABD RAHIM
SIAW SWEE HIN (APPOINTED ON 22.10.2012)
TAN CHOON HWA (APPOINTED ON 13.8.2012)
RAMLI BIN HARUN (RESIGNED ON 4.10.2012)

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 1.1.2012/ DATE OF APPOINTMENT	BOUGHT	SOLD	AT 31.12.2012
THE COMPANY				
DIRECT INTERESTS				
DATUK RAYMOND CHAN BOON SIEW	96,754,200	27,852,900	(57,400,000)	67,207,100
SIAW SWEE HIN	336,000	-	-	336,000
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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

AUDITORS

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

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

DIRECTORS' REPORT

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 29 APRIL 2013

Dato' Shamsir Bin Omar

Khoo Lay Wah

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

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 49 to 131 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40, 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 29 APRIL 2013

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 49 to 131 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 29 April 2013

Dato' Shamsir Bin Omar

Before me

Agong Sia (W460)
Commissioner for Oaths

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

(Incorporated in Malaysia)
Company No : 19727 - P

Report on the Financial Statements

We have audited the financial statements of Naim Indah Corporation Berhad, which comprise the statements of financial position as at 31 December 2012 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 49 to 131.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

(Incorporated in Malaysia)
Company No : 19727 - P

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis Of Matter

Without qualifying our opinion, we draw attention to Note 12 to the financial statements, the directors having considered all available information relating to the debt owing by a trade receivable are confident that the debt will be recovered in full. Accordingly, the directors are of the opinion that no additional allowance for impairment losses on trade receivables is required.

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.

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

(Incorporated in Malaysia)
Company No : 19727 - P

Other Reporting Requirements

The supplementary information set out in Note 40 on page 132 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

Ooi Song Wan
Approval No: 2901/10/14 (J)
Chartered Accountant

29 April 2013

Kuala Lumpur

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	6	261	1,912	61	1,622
Investment property	7	70,000	70,000	-	-
Intangible asset	8	1,916	13,108	-	-
Investments in subsidiaries	9	-	-	58,268	64,570
Trade receivable	12	7,125	-	-	-
Other receivables	13	-	8,068	3,286	10,151
		79,302	93,088	61,615	76,343
CURRENT ASSETS					
Accrued billings	11	-	1,080	-	-
Trade receivables	12	2,760	9,145	-	-
Other receivables, deposits and prepayments	13	104	1,519	43	2,410
Tax recoverable		27	27	-	-
Fixed deposits with licensed financial institutions	15	288	285	-	-
Cash and bank balances	16	425	1,314	63	135
		3,604	13,370	106	2,545
Asset held for sale	14	-	828	-	-
		3,604	14,198	106	2,545
TOTAL ASSETS		82,906	107,286	61,721	78,888

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

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 (CONT'D)

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	140,407	140,407	140,407	140,407
Accumulated losses		(79,886)	(63,499)	(79,960)	(62,053)
TOTAL EQUITY		60,521	76,908	60,447	78,354
NON-CURRENT LIABILITY					
Long-term borrowings	18	13,884	11,025	-	18
CURRENT LIABILITIES					
Trade payables	21	580	10,914	-	-
Other payables and accruals	22	1,892	2,393	1,256	412
Provision for taxation		2,256	514	-	-
Short-term borrowings	23	887	2,566	18	104
Bank overdraft	24	2,886	2,966	-	-
		8,501	19,353	1,274	516
TOTAL LIABILITIES		22,385	30,378	1,274	534
TOTAL EQUITY AND LIABILITIES		82,906	107,286	61,721	78,888
NET ASSETS PER ORDINARY SHARE (RM)	25	0.09	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 2012

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	26	50,441	14,877	2,320	2,710
COST OF SALES	27	(39,294)	(12,650)	-	(702)
GROSS PROFIT		11,147	2,227	2,320	2,008
OTHER INCOME	28	556	2,537	4	4,113
		11,703	4,764	2,324	6,121
ADMINISTRATIVE EXPENSES		(14,262)	(3,763)	(2,857)	(2,231)
OTHER EXPENSES		(10,595)	(370)	(17,298)	(5,227)
(LOSS)/PROFIT FROM OPERATIONS		(13,154)	631	(17,831)	(1,337)
FINANCE COSTS		(1,283)	(1,153)	(76)	(10)
LOSS BEFORE TAXATION	29	(14,437)	(522)	(17,907)	(1,347)
INCOME TAX EXPENSE	30	(1,950)	(208)	-	-
LOSS AFTER TAXATION		(16,387)	(730)	(17,907)	(1,347)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(16,387)	(730)	(17,907)	(1,347)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(16,387)	(730)	(17,907)	(1,347)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(16,387)	(730)	(17,907)	(1,347)
LOSS PER SHARE (SEN)					
- Basic	31	(2.33)	(0.10)		
- Diluted	31	N/A	N/A		

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

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE GROUP			
Balance at 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/ 1 January 2012	140,407	(63,499)	76,908
Loss after taxation/Total comprehensive expenses for the financial year	-	(16,387)	(16,387)
Balance at 31 December 2012	140,407	(79,886)	60,521
THE COMPANY			
Balance at 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/ 1 January 2012	140,407	(62,053)	78,354
Loss after taxation/Total comprehensive expenses for the financial year	-	(17,907)	(17,907)
Balance at 31 December 2012	140,407	(79,960)	60,447

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

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(14,437)	(522)	(17,907)	(1,347)
Adjustments for:-				
Impairment loss on receivables	9,880	82	9,650	-
Amortisation of timber extraction rights	10,733	1,259	-	-
Depreciation of property and equipment	186	288	96	197
Impairment loss on investments in subsidiaries	-	-	7,553	5,030
Impairment loss on timber extraction rights	459	-	-	-
Writeback of impairment loss on investments in subsidiaries	-	-	-	(1,640)
Writeback of impairment loss on receivables	-	(517)	-	(286)
Gain on disposal of asset held for sale	(472)	-	-	-
Interest income	(16)	(2,020)	(4)	(2,187)
Interest expense	1,283	1,153	76	10
Operating profit/(loss) before working capital changes	7,616	(277)	(536)	(223)
Decrease/(Increase) in trade and other receivables	444	3,103	(160)	4,201
Increase in asset held for sale	(150)	-	-	-
Decrease in property development costs	-	1,706	-	-
Decrease/(Increase) in accrued billings	1,080	(1,080)	-	-
Decrease in progress billings	-	(878)	-	-
(Decrease)/Increase in trade and other payables	(10,835)	6,091	844	(823)
CASH (FOR)/FROM OPERATIONS	(1,845)	8,665	148	3,155
Interest paid	(1,283)	(1,153)	(4)	(10)
Tax paid	(208)	(13)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(3,336)	7,499	144	3,145

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

NAIM INDAH CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 19727 - P

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(3,336)	7,499	144	3,145
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Net advances to joint venture projects		(111)	(1,475)	(111)	(1,475)
Purchase of property and equipment		(5)	(1,500)	(5)	(1,500)
Interest received		16	19	4	8
Proceeds from disposal of asset held for sale		1,450	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,350	(2,956)	(112)	(2,967)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans		3,329	-	-	-
Repayment of term loans		(2,045)	(3,340)	-	-
Repayment of hire purchase payables		(104)	(101)	(104)	(101)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,180	(3,441)	(104)	(101)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(806)	1,102	(72)	77
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(1,367)	(2,469)	135	58
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	32	(2,173)	(1,367)	63	135

The annexed notes form an integral part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 29 April 2013.

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 requirements of 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 124 (Revised) Related Party Disclosures

Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

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 except as follows:-

FRS 124 (Revised) simplifies the definition of a related party and introduces a partial exemption from the disclosure requirements for government-related entities. The application of this revised standard has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, joint ventures of the holding company are treated as related parties of the Company under the revised standard whilst such entities were not treated as related parties under the previous standard. The related party disclosures set out in Note 34 have been changed to reflect the application of the revised standard. Changes have been applied retrospectively.

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 is no financial impact on the financial statements of the Group upon its initial application.

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards 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
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
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): Government Loans	1 January 2013
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 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to FRSs 2009 – 2011 Cycle	1 January 2013

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. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 other than the presentation format of the statements of profit or loss and other comprehensive income.

(viii) The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application.

(ix) The Annual Improvements to FRSs 2009 – 2012 Cycle contain amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

3. BASIS OF PREPARATION (CONT'D)

(c) On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are 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) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2014 after which the MFRSs will become mandatory. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. 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. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

(d) Going concern

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

(i) net current liabilities of approximately RM4.9 million;
(ii) net cash outflow for operating activities of approximately RM3.3 million; and
(iii) loss attributable to owners of the Company of approximately RM16.4 million.

3. BASIS OF PREPARATION (CONT'D)

(d) Going concern (Cont'd)

The directors have taken into consideration, among others, the additional funding as detailed in Note 5(d) 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 affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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.

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 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint controlled entity.

<u>Business combinations from 1 January 2011 onwards</u>

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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.

(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 ("RM"), 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss (Cont'd)*

  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.

- *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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *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.

(iv) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

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

4. 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 the end of each 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

- **Measurement**

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

  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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property and Equipment (Cont'd)

- **Measurement (Cont'd)**

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.

- **Depreciation**

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

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

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

(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.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(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).

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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 is recognised 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Assets Held For Sale (Cont'd)

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.

(v) Related Parties

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Related Parties (Cont'd)

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

(w) Revenue Recognition

(i) Sale of Timber

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Revenue Recognition (Cont'd)

(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 effective interest rate method.

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

On 9 February 2012, the Company 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").

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 amount 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 2012 ("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 Share 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 details of the proposal are in the Group's announcements on 10 February 2012 and its updates dated 7 March 2012,10 May 2012, 30 August 2012, 14 November 2012, 7 December 2012 and 7 March 2013 respectively.

The Proposed Acquisition has yet to be completed as of the date of this report.

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5. CORPORATE PROPOSALS (CONT'D)

(b) Proposed private placement of up to 70,203,000 new ordinary shares of RM0.20 each in the Company, representing approximately ten percent (10%) of the issued and paid-up share capital of the Company to independent third party investor(s) to be identified ("Proposed Private Placement")

On 17 July 2012, the Company announced the Proposed Private Placement of up to 70,203,000 new ordinary shares of RM0.20 each in the Company, to independent third party investor(s) to be identified.

In view of the size of the Proposed Private Placement and subject to prevailing market conditions, the Proposed Private Placement may be implemented in multiple tranches within six (6) months from the date of approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Proposed Private Placement or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in tranches is to provide the Company with the flexibility to secure interested investors within the six (6) month period or any extended period as may be approved by Bursa Securities and hence, maximise the number of Placement Shares to be placed out under the Proposed Private Placement.

As the Proposed Private Placement may be implemented in tranches, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation. Thus, the issue price of each tranche of the Placement Shares shall be determined separately and fixed by the Board after receiving the relevant approvals for the Proposed Private Placement and after taking into consideration, inter alia, prevailing market conditions and the provisions on pricing under Paragraph 6.04(a) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), in the following manner:-

(i) At a discount of not more than 10% (the actual quantum of which is to be determined by the Board) based on the weighted average market price of the Company's shares for the five (5) market days ("WAMP") immediately preceding the pricing fixing date(s); or

(ii) The par value of the Company's shares of RM0.20 each

whichever is higher.

Details of the Proposed Private Placement are in the Company's announcements made on 17 July 2012 and its updates on 2 August 2012 and 27 September 2012.

The Proposed Private Placement has yet to be completed as of the date of this report.

5. CORPORATE PROPOSALS (CONT'D)

(c) Proposed Unincorporated Joint Venture between the Company and Keloil Sdn Bhd ("KSB")

The Company had on 9 August 2012 entered into a joint-venture agreement ("JVA") with KSB to form an unincorporated joint-venture for the purpose of carrying out the business in the oil and gas industry via Keloil-PTT LPG Sdn Bhd ("KPL") and Erawan LMW Industries Sdn Bhd ("Erawan") ("Unincorporated JV"). KPL is an indirect subsidiary of KSB and Erawan is an associate of KSB.

Under the terms of the JVA, the Company and KSB shall undertake the following via KPL and Erawan i.e. the Unincorporated JV:-

(i) procuring the various business contracts, propositions and acquisitions in the oil and gas industry, particularly the businesses of KPL and Erawan, which is involved in the production and manufacturing of domestic and industrial gas cylinders for both local and export market, and the bottling of the liquefied petroleum gas ("LPG");

(ii) promoting and branding of LPG cylinders through KPL;

(iii) procuring and make available financing from third party, when required, for purpose of expansion of the KSB Group;

(iv) carrying out the business pursuant to any existing contracts in relation to their existing business, in which the KSB Group may have entered into before the date of the JVA; and

(v) doing such acts, matters or things as may be consistent with, necessary for, or incidental to the attainment of any of the foregoing objects.

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5. CORPORATE PROPOSALS (CONT'D)

(c) Proposed Unincorporated Joint Venture between the Company and Keloil Sdn Bhd ("KSB") (Cont'd)

The conditions precedent of the JVA are as follows:-

(i) The Company will have to obtain the Board of Directors' approval for their participation in the Unincorporated JV;

(ii) if required, the Company will have to obtain the shareholders' approval for their participation in the Unincorporated JV;

(iii) KSB obtaining the Board of Directors' and shareholders' approval for their participation in the Unincorporated JV; and

(iv) the approval from other relevant authorities, if required, within six (6) months from the date of the JVA or such other time as may be mutually agreed upon by both parties. The JVA shall become effective upon the fulfilling the abovesaid conditions precedents.

Subsequently, on 6 September 2012, the Company announced that it has yet to be able to determine whether the JVA will result in a diversification in operations of the Group as KSB and the Company are still in the midst of verifying and finalising the financial forecast for the unincorporated JV.

The directors of the Company will make the necessary announcements upon completion of the assessment and evaluation of the potential profitability of the unincorporated JV to be compared with the profitability of the Group, if necessary.

Details of the unincorporated JV are in the Company's announcements dated 10 August 2012 and its updates on 14 August 2012 and 6 September 2012.

The Proposed Unincorporated Joint Venture has yet to be completed as of the date of this report.

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5. CORPORATE PROPOSALS (CONT'D)

(d) Additional term loan

The directors of the Company had, subsequent to the end of the reporting period, accepted the letter of offer dated 18 April 2013 from a licensed financial institution pertaining to a new term loan granted to the Group. The total amount of the new term loan granted is RM8 million and is secured by a corporate guarantee of the Company.

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6. PROPERTY AND EQUIPMENT

THE GROUP	AT 1.1.2012 RM'000	ADDITION RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
2012					
NET BOOK VALUE					
Computer equipment	2	5	-	(2)	5
Electrical fittings	3	-	-	(1)	2
Furniture and fittings	150	-	-	(50)	100
Motor vehicles	62	-	-	(62)	-
Office equipment	162	-	-	(53)	109
Renovation	63	-	-	(18)	45
Freehold building	1,470	-	(1,470)	-	-
	1,912	5	(1,470)	(186)	261

	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

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6. PROPERTY AND EQUIPMENT (CONT'D)

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2012			
Computer equipment	137	(132)	5
Electrical fittings	12	(10)	2
Furniture and fittings	503	(403)	100
Motor vehicles	860	(860)	-
Office equipment	530	(421)	109
Renovation	171	(126)	45
	2,213	(1,952)	261
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

THE COMPANY	AT 1.1.2012 RM'000	ADDITION RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
2012					
NET BOOK VALUE					
Computer equipment	2	5	-	(2)	5
Electrical fittings	3	-	-	(1)	2
Furniture and fittings	54	-	-	(19)	35
Motor vehicles	63	-	-	(63)	-
Office equipment	10	-	-	(4)	6
Renovation	20	-	-	(7)	13
Freehold building	1,470	-	(1,470)	-	-
	1,622	5	(1,470)	(96)	61

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6. PROPERTY AND EQUIPMENT (CONT'D)

	AT 1.1.2011 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2011 RM'000
THE COMPANY				
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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2012			
Computer equipment	91	(86)	5
Electrical fittings	12	(10)	2
Furniture and fittings	189	(154)	35
Motor vehicles	860	(860)	-
Office equipment	38	(32)	6
Renovation	75	(62)	13
	1,265	(1,204)	61
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

6. PROPERTY AND EQUIPMENT (CONT'D)

Certain motor vehicles of the Group and of the Company with a total net book value of RM1 (2011 – RM61,491) were acquired under hire purchase term.

7. INVESTMENT PROPERTY

	THE GROUP	
	2012 RM'000	2011 RM'000
At fair value		
At 1 January/31 December	70,000	70,000

During the financial year, the investment property was valued at open market value basis using the comparison approach 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	
	2012 RM'000	2011 RM'000
Timber extraction rights	1,916	13,108

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8. INTANGIBLE ASSET (CONT'D)

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

	THE GROUP	
	2012	2011
	RM'000	RM'000
Cost:		
At 1 January/31 December	38,745	38,745
Accumulated impairment losses:		
At 1 January	15,309	15,309
Impairment during the financial year	459	-
At 31 December	15,768	15,309
Accumulated amortisation:		
At 1 January	10,328	9,069
Amortisation for the financial year	10,733	1,259
At 31 December	21,061	10,328
Net carrying amount	1,916	13,108

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8. INTANGIBLE ASSET (CONT'D)

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

The 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 financial forecast approved by management covering one year period. The key assumptions used in the determination of the recoverable amount are as follows:-

	Assumption used	Basis of assumption
(a) Budgeted gross margin	21%	The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in one year immediately before the budgeted periods and expectations of market developments over the periods under review.
(b) Revenue	22%	Based on the expected tonnes to be extracted.
(c) Discount rate of cash flows	8.64%	The discount rate used is the pre-tax rate and it reflects specific risks relating to the timber extraction segment.

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9. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	38,051	36,800
	116,621	115,370
Accumulated impairment losses	(58,353)	(50,800)
	58,268	64,570
Accumulated impairment losses:-		
At 1 January	(50,800)	(47,410)
Addition during the financial year	(7,553)	(5,030)
Writeback during the financial year	-	1,640
At 31 December	(58,353)	(50,800)
At carrying amount		
Unquoted shares	34,049	36,570
Quasi loan	24,219	28,000
	58,268	64,570

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

Name Of Company	Effective Equity Interest 2012	Effective Equity Interest 2011	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.

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9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name Of Company	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
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

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

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

There has been no further development since then.

(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. The recoverable amount is determined by reference to the net asset value, of the respective subsidiaries.

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10. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2012 RM'000	2011 RM'000
At cost		
At 1 January		
- freehold land	-	2,209
- development costs	-	925
	-	3,134
Costs incurred during the financial year:		
- current financial year	-	4,370
- transfer to asset held for sale (Note 14)	-	(828)
	-	3,542
Completed during the financial year	-	(6,676)
	-	-
Comprising:		
- freehold land	-	-
- development costs	-	-
	-	-
Cost recognised as an expense in profit or loss:		
- brought forward	-	(600)
- current financial year	-	(6,076)
	-	(6,676)
Completed during the financial year	-	6,676
At 31 December	-	-

Included in property development costs of the Group was interest capitalised in the previous financial year amounting to RM192,000.

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11. ACCRUED BILLINGS

	THE GROUP	
	2012	2011
	RM'000	RM'000
Cumulative:-		
Revenue recognised in statement of comprehensive income	3,747	3,747
Billings to purchasers	(3,747)	(2,667)
Accrued billings	-	1,080

12. TRADE RECEIVABLES

	THE GROUP	
	2012	2011
	RM'000	RM'000
Trade receivables	12,549	11,579
Less: Allowance for impairment losses	(2,664)	(2,434)
	9,885	9,145
Represented by:-		
Non-currrent	7,125	-
Currrent	2,760	9,145
	9,885	9,145
Allowance for impairment losses:-		
At 1 January	(2,434)	(2,583)
Addition for the financial year	(230)	(82)
Written off during the financial year	-	231
At 31 December	(2,664)	(2,434)

12. TRADE RECEIVABLES (CONT'D)

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.

Included in trade receivables is a carrying amount of approximately RM9.355 million due from a customer whereby management has taken steps to negotiate the settlement of the overdue debt from its trade receivable during the financial year. In March 2013, the customer offered to settle the debt by way of cash consideration, with a minimum repayment of RM200,000 per month with effect from January 2013 until full settlement.

The directors having considered all available information relating to the debt owing by this trade receivable are confident that the debt will be recovered in full. Accordingly, the directors are of the opinion that no additional allowance for impairment loss is required.

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sundry receivables				
- Investment and advances to joint venture projects	2,843	1,957	2,843	1,957
- Payment for purchase of properties	10,790	10,720	10,790	10,720
- Others	-	5	-	-
	13,633	12,682	13,633	12,677
Allowance for impairment losses				
-1 January	(3,983)	(4,269)	(3,983)	(4,269)
- Addition during the financial year	(9,650)	-	(9,650)	-
- Reversal during the financial year	-	286	-	286
-31 December	(13,633)	(3,983)	(13,633)	(3,983)
	-	8,699	-	8,694
Deposits	90	90	9	9
Other receivables				
Amount owing by subsidiaries, at gross	-	-	3,449	3,981
Less : Allowance for impairment losses	-	-	(137)	(137)
	-	-	3,312	3,844
Prepayments	14	798	8	14
	104	9,587	3,329	12,561