



ANNUAL REPORT 2013



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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. It is listed on the Main Market of Bursa Malaysia Securities Berhad.

**Property
Development**

**Round Log
Timber
Extraction**



Naim Indah
Corporation Berhad
(19727-P)

**Property
Management**

CHIEF EXECUTIVE Officer's

STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2013 Annual Report together with the Audited Financial Statements for the financial year ended 31 December 2013.

Financial Review

For the financial year ended 31 December 2013, we have achieved a turnover of RM7.33 million as compared to RM50.44 million in year 2012. The decrease in turnover was mainly due to lower production from timber segment. In this regard, the Group recorded a lower Gross Profit of approximately RM2.15 million, as compared to RM11.15 million in the preceding year. The remaining book value of the concession right of RM1.8 million, as set out in Note 8 of the Audited Financial Statements, was impaired during the year due to its costs outweighing its benefits derived. Nevertheless, with cost control measures undertaken, the Group had recorded a lower loss of RM2.4 million as compared to loss of RM16.39 million in the previous year.

**Datuk Raymond Chan
Boon Siew**

*Chief Executive Officer
Non-Independent Director
Date: 4 June 2014*

CHIEF EXECUTIVE Officer's

STATEMENT

Significant Events and Prospects

The Group also had on 11 June 2013 announced the acquisition of Sagajuta (Sabah) Sdn Bhd ("Sagajuta") had been rescinded due to Sagajuta group's rationalising exercise by disposing their assets for immediate funding of Sagajuta group's working capital requirements which will inevitably affect the injection value, of which it is set out in Note 5(a) to the Audited Financial Statements.

As set out in Note 5(d) to the Audited Financial Statements, the Group had on 10 June 2013 announced the following Corporate Proposals:-

- (i) Proposed Par Value Reduction;
- (ii) Proposed Rights Issue with Warrants;
- (iii) Proposed Acquisition of Lagenda Erajuta Sdn Bhd; and
- (iv) Proposed Amendments.

As part of the on-going efforts to rebuild the Group, the Proposed Par Value Reduction provides an opportunity for the Group to strengthen its financial position by eliminating the Group's accumulated losses. The resulting reduction of the accumulated losses will allow the Group to partially meet its objective to attain a stronger financial position moving forward. Also, the Proposed Par Value Reduction will provide the Group with greater flexibility to raise funds and to implement future corporate proposals which entail the issuance of new shares. The Proposed Par Value Reduction exercise was completed on 24 December 2013.

In 2014, we wish to complete the above Corporate Proposals. Upon completion of the Proposed Acquisition of Lagenda Erajuta Sdn Bhd, the enlarged Group will be in an even stronger

financial position to capitalise and benefit from the continued growth in the property development industry; and the Proposed Acquisition enables the enlarged Group to compete more effectively within the property development industry in terms of cost and product range. With the integration of Lagenda and the Group's operations, productivity is expected to improve. 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 2013.

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.

CORPORATE Information

BOARD OF DIRECTORS

Datuk Raymond Chan Boon Siew

*Chief Executive Officer
Non-Independent Director*

Cheang Soon Siang

*Executive Director
Non-Independent Director*

Datin Khoo Lay Wah

*Executive Director
Non-Independent Director*

Siaw Swee Hin

*Executive Director
Non-Independent Director*

Md. Noor Bin Abd. Rahim

*Non-Executive Director
Independent Director*

Zailan Bin Othman

*Non-Executive Director
Independent Director*

Chua Eng Chin

*Non-Executive Director
Independent Director*

AUDIT COMMITTEE

Chua Eng Chin

*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*

Chua Eng Chin

*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*

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 8888
Fax: (603) 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)

SHARE REGISTRAR

Tricor Investor Services
Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 3883
Fax: (603) 2282 1886

PRINCIPAL SOLICITORS

Azman, Davidson & Co.

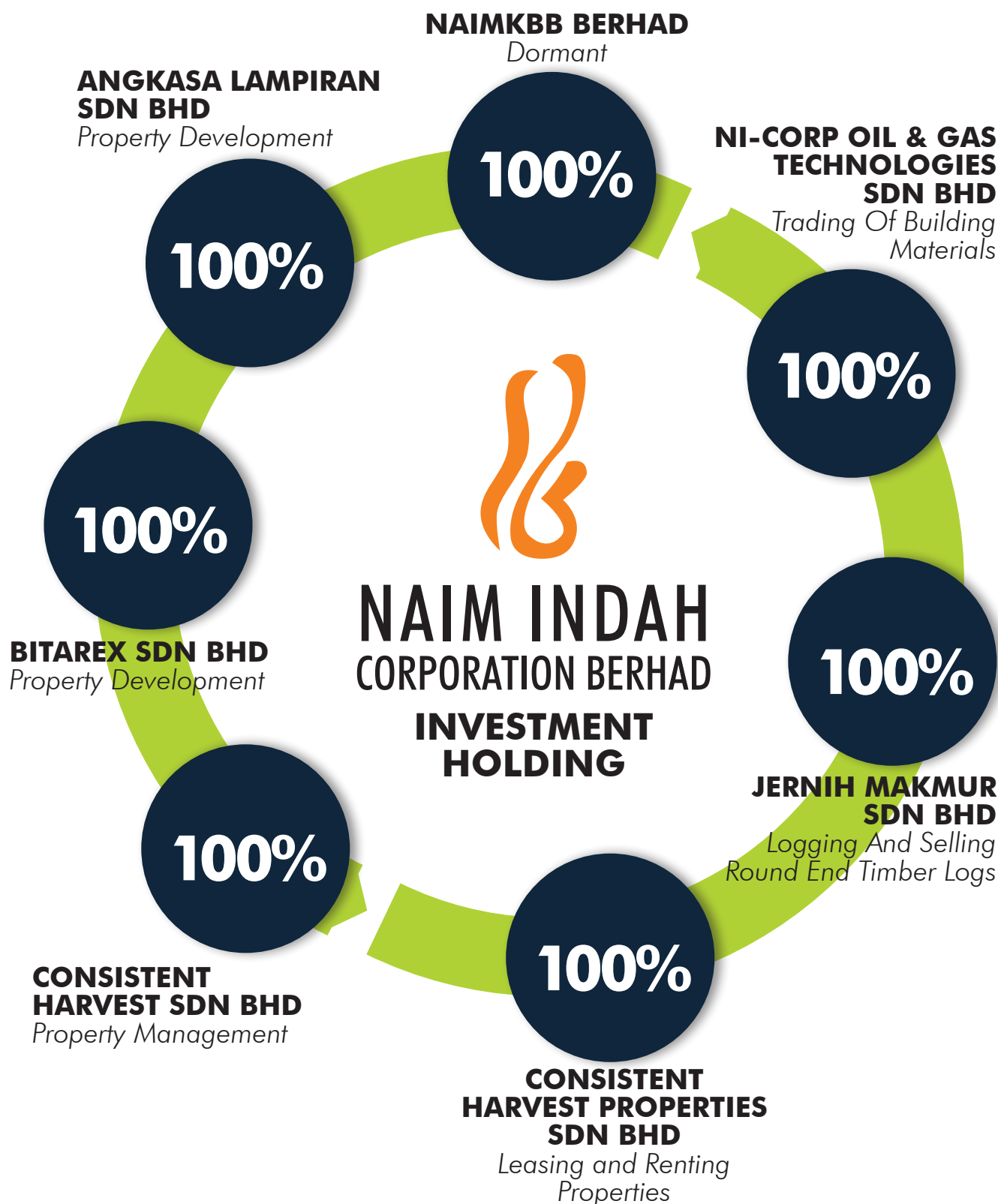
PRINCIPAL PLACE OF BUSINESS

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
RHB Bank Berhad

CORPORATE Structure



BOARD OF Directors



SEATED (FROM LEFT):

Datin Khoo Lay Wah

Datuk Raymond Chan Boon Siew

STANDING (FROM LEFT):

Zailan Bin Othman

Cheang Soon Siang

Siaw Swee Hin

Md. Noor Bin Abd. Rahim

Chua Eng Chin

BOARD OF Directors



A Malaysian aged 41, 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 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 Lagenda Erajuta Sdn. Bhd. as mentioned in Note 5 (d) to the Audited Financial Statements. 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 during the financial year ended 31 December 2013.

DATUK RAYMOND CHAN BOON SIEW

*Chief Executive Officer,
Non-Independent Director*

BOARD OF Directors



A Malaysian aged 46, was appointed as the Executive Director of the Company on 11 April 2014. Mr. Cheang is a member of Chartered Secretaries Malaysia (MAICSA) and International Association of Registered Financial Consultants (IARFC), USA. He is a registered trainer under Pembangunan Sumber Manusia Berhad.

Mr. Cheang Soon Siang has more than 20 years of experience in the banking and financial services industry, he was attached to several Financial Institutions such as Southern Bank Bhd, Orix Leasing Bhd, Oriental Bank Bhd and EON Bank Bhd before he left the financial industry in 2007. He has vast experience in handling credit related to lending, cash flow management, working capital management, restructuring and recovery of credit facilities for corporate, commercial and consumer customers.

He left the banking industry to set up his own company known as New Century Advisory Services Sdn Bhd which involve in financial advisory services, risk management, investment, estate planning and corporate finance. He also acts as a Financial Advisors to several public listed companies and private companies.

Mr. Cheang 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. Cheang did not attend any Board meetings of the Company held during the financial year ended 31 December 2013 as his appointment is in 2014.

CHEANG SOON SIANG

*Executive Director,
Non-Independent Director*

BOARD OF Directors



A Malaysian aged 54, was appointed as an Executive Director on 24 April 2009. She has a Diploma in Management and Secretarial Studies, UK. She commenced her career as a business woman who has always been involved in the property development and property management sectors.

She is a substantial shareholder of Naim Indah Corporation Berhad through her holdings in Quantum Discovery Sdn. Bhd. She does not have any family relationship with any Director and/or major shareholder of the Company except for her indirect interest through Quantum Discovery Sdn.

Bhd. and has no conflict of interests with the Company. She has no convictions for offences within the past ten years other than traffic offences.

Ms. Khoo attended 3 out of 4 Board meetings of the Company held during the financial year ended 31 December 2013.

DATIN KHOO LAY WAH

*Executive Director,
Non-Independent Director*

BOARD OF Directors



A Malaysian aged 41, 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.

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 2 out of 4 Board meetings of the Company held during the financial year ended 31 December 2013.

SIAW SWEE HIN
*Executive Director,
Non-Independent Director*

BOARD OF Directors



A Malaysian aged 58, 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.

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 during the financial year ended 31 December 2013.

**MD. NOOR BIN
ABD. RAHIM**

*Non-Executive Director,
Independent Director*

BOARD OF Directors



A Malaysian aged 52, 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 3 out of 4 Board meetings of the Company held during the financial year ended 31 December 2013.

ZAILAN BIN OTHMAN

*Non-Executive Director,
Independent Director*

BOARD OF Directors



A Malaysian aged 55, was appointed as an Independent Non-Executive Director on 26 September 2013. He is the Chairman of the Audit Committee and a member of the Nomination Committee. He is a Fellow of The Association of Chartered Certified Accountants (ACCA) and also a member of Malaysian Institute of Accountants (MIA).

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

Mr. Chua has indirect shareholding in the Company for 250,000 shares, held by his spouse. Mr. Chua has no family relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past ten (10) years other than traffic offences, if any.

Mr. Chua attended all Board meetings of the Company held during the financial year ended 31 December 2013 after his appointment.

CHUA ENG CHIN

*Non-Executive Director,
Independent Director*

AUDIT Committee



AUDIT COMMITTEE (FROM LEFT) :

Chua Eng Chin

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 on 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 2013.

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 Board comprises 4 Executive Directors (including the Chief Executive Officer) and three (3) Independent Non-Executive Directors. The present composition of the Board complies with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should consist of Independent Directors. The Independent Directors provide assurance that Board’s decisions are deliberated objectively in the interest of all stakeholders of the Company.

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 Company’s Board Charter and Code of Ethics regarding the acceptable business practice, conflict of interest, and expected standards of ethical and moral behavior are uploaded in its website. 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 includes the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board and will be reviewed by the Board from time to time when necessary.

All members of the Board have attended the Mandatory Accreditation Programme (MAP) as per the Listing Requirements of Bursa Securities, except for the Executive Director, Mr Cheang Soon Siang who was appointed on 11 April 2014. He has registered with Bursatrade Sdn Bhd for the MAP in June 2014.

During the financial year ended 31 December 2013, 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

Four (4) Board Meetings were held for the financial year ended 31 December 2013. Details of attendance of the Board members are as follows: -

Name of Director	Designation	No. of Meetings Attended
Datuk Raymond Chan Boon Siew	Chief Executive Officer Non-Independent Director	4/4
Datin Khoo Lay Wah	Executive Director Non-Independent Director	3/4
Siaw Swee Hin	Executive Director Non-Independent Director	2/4
Cheang Soon Siang (Appointed on 11 April 2014)	Executive Director Non-Independent Director	-
Md. Noor Bin Abd. Rahim	Independent Non-Executive Independent Director	4/4
Zailan Bin Othman	Independent Non-Executive Independent Director	3/4
Chua Eng Chin (Appointed on 26 September 2013)	Independent Non-Executive Independent Director	1/1
Dato' Shamsir Bin Omar (Demised on 7 May 2013)	Executive Chairman Non-Independent Director	1/1
Dato' Dr. Tan Tiang Lai (Resigned on 2 July 2013)	Executive Director Non-Independent Director	1/2
Datuk Tan Choon Hwa, JP, JMK (Resigned on 4 April 2014)	Executive Director Non-Independent Director	3/4
Chan Kwai Weng (Retired on 27 June 2013)	Independent Non-Executive Independent Director	2/2

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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 two qualified Company 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 2013 are as follows:-

Executive Directors	RM'000
Salaries	72
Allowance	26
Others	9
Fee	132
Total	239

Non-Executive Directors

Allowance	3
Fee	198
Total	201

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

a. Audit Committee

The composition, terms of reference, key functions and a summary of the Audit Committee are set out separately in the Audit Committee Report of this Annual Report.

b. Nomination Committee

The Nomination Committee has been established comprising exclusively Independent Non-Executive Directors.

The present members of the Nomination Committee are:-

- Zailan Bin Othman (Chairman)
(Independent, Non-Executive Director)
- Chua Eng Chin
(Independent, Non-Executive Director)
- Md. Noor Bin Abd Rahim
(Independent, Non-Executive Director)

The Nomination Committee met once during the financial year ended 31 December 2013 and details of attendance of members of the Nomination Committee are as follows:

Name of Committee Member	Attendance
Zailan Bin Othman (Chairman)	0/1
Chan Kwai Weng (Retired on 27 June 2013)	1/1
Md Noor Bin Abd Rahim	1/1
Chua Eng Chin (Appointed on 26 September 2013)	-

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 2: Strengthen Composition (continued)

The Nomination Committee is guided by specific terms of reference. The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and to fill the seats on Board Committees. The Nomination Committee also reviews and determines the 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 criteria used for such assessment is guided by the Corporate Governance Guide issued by Bursa Securities. Where appropriate, the Nomination Committee will review the criteria used in the nomination process and the annual assessment.

The 2013 assessment of the Board was structured to ensure a balanced and objective review by the Directors in the key areas. Where applicable, the Board, Board Committees and individual Directors evaluated the Board's composition and structure, principal responsibilities, governance, and objectivity and independence of Directors. The results of the assessment were presented to the Board for its consideration and formally documented.

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

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

c. Remuneration Committee

The Remuneration Committee has been established comprising one (1) Executive Director and two (2) Non-Executive Directors.

The present members of the Remuneration Committee are:-

- Md. Noor Bin Abd Rahim (Chairman)
(Independent, Non-Executive Director)
- Zailan Bin Othman
(Independent, Non-Executive Director)
- Datuk Raymond Chan Boon Siew
(Non-Independent, Chief Executive Officer)

The Remuneration Committee met once during the financial year ended 31 December 2013 and details of attendance of members of the Remuneration Committee are as follows:

Name of Committee Member	Attendance
Md Noor Bin Abd Rahim (Chairman)	1/1
Zailan Bin Othman	0/1
Datuk Raymond Chan Boon Siew	1/1

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

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.

Recommendation 3.2 of the Code recommends that the tenure of an independent director should not exceed nine years cumulatively. Upon completion of the nine years, an independent director may continue to serve on the board subject to his re-designation as a non-independent director. Notwithstanding that Encik Zailan Bin Othman, an Independent Non-Executive Director who has served on the Board of the Company for a cumulative term of more than nine (9) years, the Board proposes to retain his status as an Independent Director.

The Board, on the review and recommendation made by the Nomination Committee, is unanimous in its opinion that Encik Zailan Bin Othman, who has served more than nine (9) years as an Independent Director of the Company, has fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities. The Board believes that the independence of Encik Zailan Bin Othman remains unimpaired and his judgment over business dealings of the Company was not influenced by the interest of the other Directors or substantial shareholders.

Thus, the Board would recommend to the shareholders for approval at the forthcoming Annual General Meeting of the Company, to retain Encik Zailan Bin Othman as Independent Non-Executive Director of the Company. 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, 1965, the listing rules and the Code, 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 Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile.

Information on the Group's system of internal control is outlined in the Statement on Risk Management and Internal Control 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 2013 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, 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 recognised the importance of accurate and timely dissemination of information to its shareholders. For this purpose, the Company uses the Annual General Meeting/Extraordinary General Meeting and Public Announcements to provide up-to-date information to explain its business development and financial achievement and to solicit feedback from shareholders and investors.

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 Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2013.

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

Board’s Responsibilities

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

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

The 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. During the year under review, the Internal Auditors had reviewed the control activities of a key segment within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Control and Monitoring Process

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

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

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

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

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 CEO and CFO.

The internal audit function for the financial year ended 31 December 2013 was outsourced and the cost incurred was RM13,000.00.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2013. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Group.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-back

There was no share buy-back during the financial year ended 31 December 2013.

Options, Convertible Securities or Share Issuance Scheme

The Company did not issue any options or convertible securities in respect of the financial year ended 31 December 2013.

There was no Share Issuance Scheme established during the financial year ended 31 December 2013.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2013.

Profit Guarantees

During the financial year ended 31 December 2013, the Company did not provide any profit guarantee nor is there any profit guarantee given to the Company.

Material Contracts Involving Directors' and Major Shareholders' Interests

Other than the recurrent related party transactions of a revenue or trading nature as disclosed under Related Party Disclosures set out in Note 33 of the Financial Statements, and save as disclosed below, there were no material contracts of the Company and its subsidiaries, involving Directors' and Major Shareholders' interests, either still subsisting at the end of financial year ended 31 December 2013 or, if not then subsisting, entered into since the end of previous financial year:

The Company had on 10 June 2013 entered into a Sale and Purchase Agreement with Sagajuta (Sabah) Sdn Bhd ("Sagajuta") and Titan Formation Sdn Bhd ("Titan") for the acquisition of 2,000,000 fully paid-up ordinary shares of RM1.00 each in Lagenda Erajuta Sdn Bhd ("Lagenda"), representing 100.0% equity interest of Lagenda, for a total purchase consideration of RM39,000,000 ("Proposed Acquisition"). Datuk Raymond Chan Boon Siew ("Datuk Raymond Chan", is an Executive Director and the Chief Executive Officer of the Company and he is a substantial shareholder of the Company holding 5.53% equity interest in the Company. He is also a Director of Sagajuta and a major shareholder of Sagajuta. Sagajuta currently owns 85.0% equity interest in Lagenda. Hence, Datuk Raymond Chan is deemed interested in the Proposed Acquisition.

Siaw Swee Hin is an Executive Director of the Company. He is also a major shareholder of Titan. Titan currently owns 15.0% equity interest in Lagenda. Hence, Siaw Swee Hin is also deemed interested in the Proposed Acquisition.

Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2013.

Imposition of Sanctions and/or Penalties

There were no significant sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year ended 31 December 2013.

ADDITIONAL COMPLIANCE INFORMATION (continued)

Non-Audit Fees

The amount of non-audit fees paid and payable to the Messrs Crowe Horwath and their affiliates by the Group for the financial year ended 31 December 2013 is RM39,000.00.

Variation in Results

There is no material variation in the Company's audited financial results for the financial year ended 31 December 2013 from the unaudited results as previously announced. The Company did not make or release any profit estimate, financial forecast or projection in the financial year ended 31 December 2013.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company had at the Thirty Eighth Annual General Meeting held on 27 June 2013 obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions of a revenue or trading nature.

The aggregate value of transactions conducted during the financial year ended 31 December 2013 pursuant to the Shareholders' Mandate are as follows:

<u>Name of Company</u>	<u>Nature of Transactions</u>	<u>Amount transacted during the financial year (RM'000)</u>
Sagajuta Creatives & Communications Sdn Bhd	Advertisement and administrative cost	100

Corporate Social Responsibility

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

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

Some of the activities undertaken during the year include:

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

AUDIT COMMITTEE REPORT

OBJECTIVE

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

SALIENT TERMS OF REFERENCE

Composition and Size

The Committee is appointed by the Board of Directors based on the recommendation of the Nomination Committee from amongst the Directors of the Company which 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 Listing Requirements 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.

The existing Audit Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

The composition of the Audit Committee is as follows:-

- | | |
|-----------------------------|--|
| i: Chua Eng Chin | 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 |

AUDIT COMMITTEE REPORT (continued)

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.

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

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

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

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

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

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

AUDIT COMMITTEE REPORT (continued)

Meetings (continued)

Details of the Committee members and the attendance of each member at Committee held during the financial year ended 31 December 2013 are set out below:

Name	Designation	Meetings Attended
Chan Kwai Weng (Chairman of the Committee) (Retired on 27 June 2013)	Independent Non-Executive Director	2 out of 2
Chua Eng Chin (Chairman of the Committee) (Appointed on 26 September 2013)	Independent Non-Executive Director	1 out of 1
Zailan Bin Othman	Independent Non-Executive Director	3 out of 4
Md. Noor Bin Abd. Rahim	Independent Non-Executive Director	4 out of 4

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

AUDIT COMMITTEE REPORT (continued)

Functions (continued)

- 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 Listing Requirements, 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 Listing Requirements, the Committee must promptly report such matter to the Bursa Securities.

SUMMARY OF ACTIVITIES

A brief summary and an overview of the activities of the Audit Committee in discharging their duties and responsibilities during the financial year ended 31 December 2013 are as follows:-

- i) reviewed the unaudited quarterly financial results and the audited financial statements of the Group before recommending the same for the Board's approval and release to Bursa Malaysia Securities Berhad;
- ii) reviewed the annual audit planning memorandum and the scope of work prepared by the external auditors;
- iii) reviewed the fees for external auditors;
- iv) discussed with the external auditors their report on the financial statements and management letter relating to their audit;
- v) met with the external auditors for a private session without the presence of the Executive Board members and Management staff;
- vi) reviewed major findings in the reports prepared by the outsourced internal auditors together with the recommended Management's responses;
- vii) reviewed on a quarterly basis the actual transacted value of recurrent related party transactions to ensure they are within the mandate obtained from the shareholders;
- viii) reviewed the Circular to Shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board; and
- ix) reviewed the Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control Statement, before submission to the Board for consideration and approval for inclusion in the Annual Report.

AUDIT COMMITTEE REPORT (continued)

INTERNAL AUDIT FUNCTION

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

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

STATEMENT ON SHARE ISSUANCE SCHEME BY AUDIT COMMITTEE

There was no Share Issuance Scheme in place during the financial year ended 31 December 2013.

ANALYSIS OF SHAREHOLDINGS AS AT 6 MAY 2014

SHARE CAPITAL

Authorised Share Capital	: 5,000,000,000 Ordinary Shares of RM0.10 per share
Issued and Fully Paid-Up Share Capital	: 702,033,964 Ordinary Shares of RM0.10 per share
Voting Rights	: One voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Percentage (%) of Total	No. of Shares Held	Percentage (%) of Total
1 to 99	367	2.82	16,708	Negligible
100 to 1,000	1,857	14.26	1,571,110	0.22
1,001 to 10,000	5,462	41.94	28,891,169	4.12
10,001 to 100,000	4,344	33.36	175,446,414	24.99
100,001 to less than 5% of issued shares	991	7.61	438,260,587	62.43
5% and above of issued shares	1	0.01	57,847,976	8.24
Total	13,022	100	702,033,964	100

DIRECTOR'S SHAREHOLDING

Name of Director	No. of shares held		Percentage (%)		Total	
	Direct	Indirect	Direct	Indirect	No. of Shares	Percentage
1. Datuk Raymond Chan Boon Siew	38,836,600	-	5.53	-	38,836,600	5.53
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
4. Chua Eng Chin	-	**250,000	-	0.03	250,000	0.03

Notes:

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

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

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

No.	Name of Substantial Shareholder	Direct interest		Indirect interest	
		Number of Shares Held	Percentage (%) of Total	Number of Shares Held	Percentage (%) of Total
1.	DATUK RAYMOND CHAN BOON SIEW	38,836,600	5.53	-	-
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 6 MAY 2014 (continued)

THIRTY (30) LARGEST SHAREHOLDERS

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
1.	QUANTUM DISCOVERY SDN BHD	57,847,976	8.240
2.	TA NOMINEES(TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW	19,047,100	2.713
3.	KRISHNA BHATT @ ACHONG	16,863,746	2.402
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW (8081977)	15,389,500	2.192
5.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN (B)	11,811,400	1.682
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	10,905,000	1.553
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG THAI KING	5,000,000	0.712
8.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAKARIAH BIN ABDUL RASHID	4,871,000	0.693
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYMOND CHAN BOON SIEW (8083561)	4,400,000	0.626
10.	LAI KIM LAN	4,400,000	0.626
11.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM CHWEE POH	4,400,000	0.626
12.	CHAN WENG SING	3,315,700	0.472
13.	YEOH KEAN HUA	3,170,000	0.451
14.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	3,140,000	0.447
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NAZRI BIN ABDULLAH @ NAZRI BHUPALAN (MM0581)	3,000,000	0.427

ANALYSIS OF SHAREHOLDINGS

AS AT 6 MAY 2014 (continued)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

NO.	Names of Shareholders	Number of Shares Held	Percentage of Capital Issued
16.	ZULKIFLI BIN OSMAN	3,000,000	0.427
17.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	2,950,000	0.420
18.	WONG WAI KUAN	2,776,141	0.395
19.	TEOH HIN HENG	2,409,900	0.343
20.	TAN HWEE CHIH	2,300,000	0.327
21.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WING HENG	2,200,000	0.313
22.	TOH WEI PING	2,150,000	0.306
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (470478)	2,118,000	0.301
24.	LING KAU @ LIM HONG MEOW	2,050,000	0.292
25.	SIM KIAN SENG	2,000,000	0.284
26.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	1,933,500	0.275
27.	KONG POH CHOO	1,900,000	0.270
28.	NORDIN BIN MD YASIN	1,800,000	0.256
29.	TOH WEI PING	1,800,000	0.256
30.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD HOY EGG SUN (SDK)	1,789,300	0.254
TOTAL		200,738,263	28.58

LIST OF PROPERTIES

Location	Description / Existing Use	Area	Tenure	Approximate Age of Property	Date of Revaluation	Date of Acquisition	Net Book Value RM'000
Lot No. 20890 and 20891 in the Municipality and District of Seremban Darul Khusus	3 ½ Storey shopping complex for rental and open air car park	Complex net lettable area of 217,096 square feet and car park of approximately 2 acres	Leasehold (Unexpired period of 80 years)	18 years	21.01.2014	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 2013.

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	(2,402)	(2,508)
Attributable to:-		
Owners of the Company	(2,402)	(2,508)

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

The movement of share capital is disclosed in Note 15 to the financial statements.

There were no issues of debentures by the Company.