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 35 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:-

Zailan bin Othman
Datin Khoo Lay Wah
Datuk Raymond Chan Boon Siew
Md Noor bin Abd Rahim
Siaw Swee Hin
Chua Eng Chin (Appointed on 26.9.2013)
Cheang Soon Siang (Appointed on 11.4.2014)
Datuk Tan Choon Hwa (Resigned on 4.4.2014)
Dato' Dr. Tan Tiang Lai (Resigned 2.7.2013)
Chan Kwai Weng (Resigned 27.6.2013)
Dato' Shamsir bin Omar (Demised on 7.5.2013)

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				
	At 1.1.2013 (Par Value Of RM0.20 Each)	Bought/ (Sold) (Par Value Of RM0.20 Each)	At 23.12.2013 (Par Value Of RM0.20 Each)	After Capital Reduction (Par Value Of RM0.10 Each)	At 31.12.2013 (Par Value Of RM0.10 Each)
THE COMPANY					
Direct Interests in The Company					
Datuk Raymond Chan Boon Siew	67,207,100	(28,370,500)	38,836,600	38,836,600	38,836,600
Siaw Swee Hin	-	336,000	336,000	336,000	336,000
Indirect Interests in The Company					
Datin Khoo Lay Wah	57,847,976	-	57,847,976	57,847,976	57,847,976
Chua Eng Chin	-	250,000	250,000	250,000	250,000

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 benefits included in the aggregate amounts 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 38 to the financial statements.

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

DIRECTORS' REPORT

AUDITORS

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

Signed in accordance with a resolution of the directors dated 28 April 2014

Datuk Raymond Chan Boon Siew

Datin Khoo Lay Wah

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

STATEMENT BY DIRECTORS

We, Datuk Raymond Chan Boon Siew and Datin Khoo Lay Wah, being two of the directors of Naim Indah Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 50 to 127 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 financial position of the Group and of the Company at 31 December 2013 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 28 April 2014

Datuk Raymond Chan Boon Siew **Datin Khoo Lay Wah**

STATUTORY DECLARATION

I, Mazlan Bin Mohamad, I/C No. 640606-11-5255 being the officer primarily responsible for the financial management of Naim Indah Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 88 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
Mazlan Bin Mohamad, I/C No. 640606-11-5255,
at Kuala Lumpur in the Federal Territory
on this 28 April 2014

Mazlan Bin Mohamad

Before me

Datin Hajah Raihela Wanchik (W275)
Commissioner of 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 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 127.

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 2013 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 10 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 39 on page 128 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

James Chan Kuan Chee
Approval No: 2271/10/15 (J)
Chartered Accountant

28 April 2014

Kuala Lumpur

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

		The Group		The Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	6	284	261	33	61
Investment property	7	67,774	70,000	-	-
Intangible asset	8	-	1,916	-	-
Investments in subsidiaries	9	-	-	57,831	58,268
Trade receivable	10	4,986	7,125	-	-
Other receivables	11	-	-	1,660	3,286
		73,044	79,302	59,524	61,615
CURRENT ASSETS					
Property development costs	12	2,557	-	-	-
Trade receivables	10	3,264	2,760	-	-
Other receivables, deposits and prepayments	11	131	104	72	43
Tax recoverable		7	27	-	-
Fixed deposits with licensed financial institutions	13	209	288	-	-
Cash and bank balances	14	612	425	3	63
		6,780	3,604	75	106
TOTAL ASSETS		79,824	82,906	59,599	61,721

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 2013 (CONT'D)

		The Group		The Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	70,203	140,407	70,203	140,407
Accumulated losses		(12,084)	(79,886)	(12,264)	(79,960)
TOTAL EQUITY		58,119	60,521	57,939	60,447
NON-CURRENT LIABILITY					
Long-term borrowings	16	14,658	13,884	-	-
CURRENT LIABILITIES					
Trade payables	19	393	580	-	-
Other payables and accruals	20	2,630	1,892	1,660	1,256
Provision for taxation		294	2,256	-	-
Short-term borrowings	21	843	887	-	18
Bank overdraft	22	2,887	2,886	-	-
		7,047	8,501	1,660	1,274
TOTAL LIABILITIES		21,705	22,385	1,660	1,274
TOTAL EQUITY AND LIABILITIES		79,824	82,906	59,599	61,721
NET ASSETS PER ORDINARY SHARE (RM)	23	0.08	0.09		

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	24	7,329	50,441	751	2,320
COST OF SALES	25	(5,181)	(39,294)	-	-
GROSS PROFIT		2,148	11,147	751	2,320
OTHER INCOME	26	11	556	365	4
		2,159	11,703	1,116	2,324
ADMINISTRATIVE EXPENSES		(3,040)	(14,262)	(2,617)	(2,857)
OTHER EXPENSES		(1,949)	(10,595)	(1,007)	(17,298)
LOSS FROM OPERATIONS		(2,830)	(13,154)	(2,508)	(17,831)
FINANCE COSTS		(1,323)	(1,283)	-	(76)
LOSS BEFORE TAXATION	27	(4,153)	(14,437)	(2,508)	(17,907)
INCOME TAX EXPENSE	28	1,751	(1,950)	-	-
LOSS AFTER TAXATION		(2,402)	(16,387)	(2,508)	(17,907)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(2,402)	(16,387)	(2,508)	(17,907)
LOSS AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		(2,402)	(16,387)	(2,508)	(17,907)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:- Owners of the Company		(2,402)	(16,387)	(2,508)	(17,907)
LOSS PER SHARE (SEN) - Basic	29	(0.34)	(2.33)		
- Diluted		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 2013

	SHARE CAPITAL RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
The Group			
Balance at 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/ 1 January 2013	140,407	(79,886)	60,521
Capital reduction	(70,204)	70,204	-
Loss after taxation/Total comprehensive expenses for the financial year	-	(2,402)	(2,402)
Balance at 31 December 2013	70,203	(12,084)	58,119
The Company			
Balance at 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/ 1 January 2013	140,407	(79,960)	60,447
Capital reduction	(70,204)	70,204	-
Loss after taxation/Total comprehensive expenses for the financial year	-	(2,508)	(2,508)
Balance at 31 December 2013	70,203	(12,264)	57,939

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 2013

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(4,153)	(14,437)	(2,508)	(17,907)
Adjustments for:-				
Impairment loss on receivables	-	9,880	-	9,650
Amortisation of timber extraction rights	104	10,733	-	-
Depreciation of property and equipment	136	186	30	96
Impairment loss on				
- investments in subsidiaries	-	-	437	7,553
- amount owing by subsidiaries	-	-	539	-
Impairment loss on timber extraction rights	1,812	459	-	-
Writeback of impairment loss on receivables	-	-	(364)	-
Gain on disposal of asset held for sale	-	(472)	-	-
Interest income	(11)	(16)	(1)	(4)
Interest expense	1,323	1,283	-	76
Operating (loss)/profit before working capital changes	(789)	7,616	(1,867)	(536)
Decrease/(Increase) in trade and other receivables	1,608	444	1,422	(160)
Increase in asset held for sale	-	(150)	-	-
Increase in property development costs	(331)	-	-	-
Decrease in accrued billings	-	1,080	-	-
Increase/(Decrease) in trade and other payables	551	(10,835)	404	844
CASH FROM/(FOR) OPERATIONS	1,039	(1,845)	(41)	148
Interest paid	(1,323)	(1,283)	-	(4)
Tax paid	(191)	(208)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(475)	(3,336)	(41)	144

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 2013 (CONT'D)

		The Group		The Company	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(475)	(3,336)	(41)	144
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Net advances to joint venture projects		-	(111)	-	(111)
Purchase of property and equipment	30	(2)	(5)	(2)	(5)
Interest received		11	16	1	4
Proceeds from disposal of asset held for sale		-	1,450	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		9	1,350	(1)	(112)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans		1,291	3,329	-	-
Repayment of term loans		(692)	(2,045)	-	-
Repayment of hire purchase payables		(26)	(104)	(18)	(104)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		573	1,180	(18)	(104)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		107	(806)	(60)	(72)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(2,173)	(1,367)	63	135
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	31	(2,066)	(2,173)	3	63

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 2013

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 7 , Lot 7.02 (East Wing), 7th Floor, Menara BRDB, 285, Jalan Maarof Bukit Bandaraya, 59000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2014.

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 ("FRSs") 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, if any):-

FRSs and IC Interpretations (Including The Consequential Amendments)

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of Interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 (2011) Employee Benefits

FRS 127 (2011) Separate Financial Statements

FRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to FRSs (2012)

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 10 & Amendments to FRS 10: Transition Guidance
FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 112. 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.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments to FRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
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. 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.

3. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:- (Cont'd)

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

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) 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 (2009) Financial Instruments	)
FRS 9 (2010) Financial Instruments	) To be
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	) announced) by MASB
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	))
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014

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 (2009), FS 9 (2010) & Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures*
FRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this FRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as FRS 9 (2010)). Generally, 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 financial impact on the financial statement of the Group upon its initial application.

(ii) *Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities*
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 statement of the Group upon its initial application.

(iii) *Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets*
The amendments to FRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(iv) *Annual Improvements to FRSs 2010 – 2012 Cycle*
Generally there will be no impact on the financial statements of the Group upon its initial application except for the amendments to FRS 116 which will only affect the amount of accumulated depreciation of future revaluations.

(v) *Annual Improvements to FRSs 2011 – 2013 Cycle*
Generally there will be no impact on the financial statements of the Group upon its 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 ("IFRS").

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"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standards Board. According, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

(d) Going concern

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

(i) net current liabilities of approximately RM0.3 million;
(ii) net cash outflow for operating activities of approximately RM0.5 million; and
(iii) loss attributable to owners of the Company of approximately RM2.4 million.

The directors have taken into consideration, among others, the additional funding as disclosed in Note 5(e) 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.

(ii) Income Taxes

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

(iii) Impairment of Non-Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) 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.

(v) 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 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.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 equity attributed to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 venture.

<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.

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.

<u>Business combinations before 1 January 2011</u>

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("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.

(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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(a) 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.

(i) Financial Assets at Fair Value Through Profit or Loss

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

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

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

(iii) 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)

(a) Financial Assets (Cont'd)

(iv) 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.

(b) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary 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.

(d) 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 in accordance with the original or modified terms of a debt instrument.

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.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the carrying values may not be recoverable. The cost of the investment includes transaction costs.

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.

(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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property and Equipment

(i) 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.

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.

(ii) Depreciation

Depreciation is charged to profit or loss on 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 the end of each 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 financial asset 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.

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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 at the lower of the fair value of the leased assets and the present value of the minimum lease payments 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(v)(iii).

(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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4(h) above.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(n) 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. The unwinding of the discount is recognised as interest expense in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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 reporting period 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 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, 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.

(q) 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 with original maturity periods three months or less.

(r) 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.

(s) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) 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).

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(v) Revenue Recognition

(i) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue Recognition

(iii) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(iv) Services

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

(v) Interest Income

Interest income is recognised on an accrual basis being using the effective interest rate method.

(w) Operating Segments

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

The Group is organised into 5 main business segments as follows:-

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

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

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

(d) Trading segment – involved in the trading of steel bars.

(e) 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.

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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 Company had on 11 June 2013 announced that the HOA dated 9 February 2012 executed between NICORP and GENCIP has 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 pursuant to the letter issued by GENCIP to the Board of Directors of NICORP dated 7 June 2013.

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.

Further to an announcement on 10 June 2013 by the Company, the Proposed Private Placement had been aborted in view of the Company's intension to undertake the Proposals as disclosed in 5(d)(ii) in the financial statements which have a fund raising exercise under the proposed rights issue with free warrants.

5. CORPORATE PROPOSALS (CONT'D)

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

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.

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) Proposed par value reduction of the existing issued and paid-up share capital, proposed renounceable rights issue with free warrants and proposed acquisition (collectively refer to as "Proposals")

On 10 June 2013, the Company announced the following Corporate Proposals:-

(i) Proposed par value reduction of the existing issued and paid-up share capital from RM140,406,793 comprising 702,033,964 ordinary shares of RM0.20 each in NICORP to RM70,203,396 comprising 702,033,964 ordinary shares of RM0.10 each in NICORP via the cancellation of RM0.10 from the par value of each existing ordinary RM0.20 each in NICORP pursuant to Section 64 the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");

(ii) Proposed renounceable rights issue of up to 702,033,964 new ordinary shares of RM0.10 each in NICORP ("Rights Shares") together with up to 842,440,757 free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share after the Proposed Par Value Reduction on the basis of one (1) Rights Share for every one (1) ordinary share of RM0.10 each in NICORP ("NICORP Shares" or "Shares") held together with six (6) Warrants for every five (5) Rights Shares subscribed at an entitlement date to be determined later ("Proposed Rights Issue with Warrants");

(iii) Proposed 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 ("Sale Shares") ("Proposed Acquisition") for a total purchase consideration of RM39,000,000 ("Purchase Consideration"). The Company had on 10 June 2013 entered into a sale and purchase agreement ("SPA") with Sagajuta (Sabah) Sdn Bhd ("Sagajuta") and Titan Formation Sdn Bhd ("Titan") (collectively, the "Vendors") for the acquisition of 1,700,000 and 300,000 Sale Shares, respectively, to be satisfied via the following:-

   i. The issuance of up to 305,676,856 new NICORP Shares at an issue price of RM0.1145 each being the par value of the NICORP Shares; under the terms and condition of the SPA; and

   ii. The issuance of up to 4,000,000 new redeemable preference shares of RM0.01 each in NICORP at an issue price of RM1.00 each ("RPS"),

   under the terms and conditions of the SPA; and

(iv) Proposed amendments to the memorandum and articles of association of the Company to facilitate the Proposed Par Value Reduction and the issuance of the RPS under the Proposed Acquisition ("Proposed Amendments").

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5. CORPORATE PROPOSALS (CONT'D)

(d) Proposed par value reduction of the existing issued and paid-up share capital, proposed renounceable rights issue with free warrants and proposed acquisition (collectively refer to as "Proposals") (Cont'd)

The Company had on 31 October 2013 announced that it intended to complete the Proposed Par Value Reduction and Proposed Amendments, prior to the implementation of the Proposed Rights Issue with Warrants and Proposed Acquisition.

The Proposed Par Value Reduction and Proposed Amendments had been completed on 24 December 2013.

Details of the Proposals can be found from the Company's announcements made on 10 June 2013 and its updates dated 13 June 2013, 31 October 2013, 12 November 2013, 24 December 2013, 24 March 2014 and 27 March 2014.

(e) Additional term loan

The directors of the Company accepted a term loan facility of RM8 million from a licensed financial institution and is secured by a corporate guarantee of the Company.

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6. PROPERTY AND EQUIPMENT

THE GROUP	AT 1.1.2013 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2013 RM'000
2013				
NET BOOK VALUE				
Computer equipment	5	2	(2)	5
Electrical fittings	2	-	(1)	1
Furniture and fittings	100	-	(49)	51
Motor vehicles	-	157	(16)	141
Office equipment	109	-	(52)	57
Renovation	45	-	(16)	29
	261	159	(136)	284

2012	AT 1.1.2012 RM'000	ADDITION RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
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

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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
2013			
Computer equipment	139	(134)	5
Electrical fittings	12	(11)	1
Furniture and fittings	504	(453)	51
Motor vehicles	1,017	(876)	141
Office equipment	530	(473)	57
Renovation	171	(142)	29
	2,373	(2,089)	284
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

THE COMPANY	AT 1.1.2013 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2013 RM'000
2013				
NET BOOK VALUE				
Computer equipment	5	2	(2)	5
Electrical fittings	2	-	(1)	1
Furniture and fittings	35	-	(17)	18
Office equipment	6	-	(3)	3
Renovation	13	-	(7)	6
	61	2	(30)	33

6. PROPERTY AND EQUIPMENT (CONT'D)

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

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
2013			
Computer equipment	93	(88)	5
Electrical fittings	12	(11)	1
Furniture and fittings	189	(171)	18
Motor vehicles	860	(860)	-
Office equipment	38	(35)	3
Renovation	75	(69)	6
	1,267	(1,234)	33
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

Certain motor vehicles of the Group with a total net book value of RM141,138 (2012 – RM1) were acquired under hire purchase term.

7. INVESTMENT PROPERTY

	THE GROUP 2013 RM'000	2012 RM'000
At fair value		
At 1 January	70,000	70,000
Transfer to property development costs (Note12)	(2,226)	-
At 31 December	67,774	70,000

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

(b) The fair values of investment properties are analysed as follows:-

THE GROUP	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Leasehold land	-	3,872	-	3,872
Buildings	-	63,902	-	63,902
	-	67,774	-	67,774

The level 2 fair values of the leasehold land and buildings have been derived using the market comparison approach performed by independent valuers. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1 and level 2 during the financial year.

In estimating the fair value, the highest and best use of the investment properties is their current use.

8. INTANGIBLE ASSET (CONT'D)

	THE GROUP	
	2013 RM'000	2012 RM'000
Timber extraction rights	-	1,916

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

	THE GROUP	
	2013 RM'000	2012 RM'000
Cost:		
At 1 January	38,745	38,745
Accumulated impairment losses:		
At 1 January	15,768	15,309
Impairment during the financial year	1,812	459
At 31 December	17,580	15,768
Accumulated amortisation:		
At 1 January	21,061	10,328
Amortisation for the financial year	104	10,733
At 31 December	21,165	21,061
Net carrying amount	-	1,916

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 Group has estimated that the recoverable amount of the remaining timber was much lower than the carrying value of the intangible asset, hence a full impairment loss was recognised for the remaining carrying value.

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9. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	78,570	78,570
Quasi loans, at cost	38,051	38,051
	116,621	116,621
Accumulated impairment losses	(58,790)	(58,353)
	57,831	58,268
Accumulated impairment losses:-		
At 1 January	(58,353)	(50,800)
Addition during the financial year	(437)	(7,553)
At 31 December	(58,790)	(58,353)
At carrying amount		
Unquoted shares	33,765	34,049
Quasi loan	24,066	24,219
	57,831	58,268

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

Name Of Company	Effective Equity Interest 2013	Effective Equity Interest 2012	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.
Consistent Harvest Properties Sdn Bhd *	100%	-	Leasing and renting property
NAIMKBB Berhad *	100%	100%	Dormant.

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9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name Of Company	Effective Equity Interest 2013	2012	Principal Activities
Ni-Corp Oil & Gas Technologies Sdn. Bhd. *	100%	100%	Trading of building materials.

* - Not audited by Messrs. Crowe Horwath.

9.1 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)

9.1 (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.

9.2 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.

9.3 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. TRADE RECEIVABLES

	THE GROUP	
	2013 RM'000	2012 RM'000
Trade receivables	10,914	12,549
Less: Allowance for impairment losses	(2,664)	(2,664)
	8,250	9,885
Represented by:-		
Non-currrent	4,986	7,125
Currrent	3,264	2,760
	8,250	9,885
Allowance for impairment losses:-		
At 1 January	(2,664)	(2,434)
Addition for the financial year	-	(230)
At 31 December	(2,664)	(2,664)

(a) The Group's normal trade credit terms range from 30 to 60 days.

(b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.

Included in trade receivables is a carrying amount of approximately RM7.13 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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11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sundry receivables				
- Investment and advances to joint venture projects	2,843	2,843	2,843	2,843
- Payment for purchase of properties	10,790	10,790	10,790	10,790
- Others	27	-	27	-
	13,660	13,633	13,660	13,633
Allowance for impairment losses				
- 1 January	(13,633)	(3,983)	(13,633)	(3,983)
- Addition during the financial year	-	(9,650)	-	(9,650)
- 31 December	(13,633)	(13,633)	(13,633)	(13,633)
	27	-	27	-
Deposits	90	90	9	9
Other receivables				
Amount owing by subsidiaries, at gross	-	-	2,364	3,813
Allowance for impairment losses				
- 1 January	-	-	(501)	(501)
- Addition during the financial year	-	-	(539)	-
- Writeback of impairment losses	-	-	364	-
- 31 December	-	-	(676)	(501)
	-	-	1,688	3,312
Prepayments	14	14	8	8
	131	104	1,732	3,329

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Represented by:-				
Non-Current	-	-	1,660	3,286
Current	131	104	72	43
	131	104	1,732	3,329

11.1 Investment and advances to joint venture projects

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

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

(i) the Company was required to provide an advance of RM2.5 million and a bridging loan of not more than RM4.0 million as working capital for the property development project; and

(ii) the Company is entitled to share 50% of the risks and rewards arising therefrom.

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

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

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

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

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

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

On 3 February 2012, the Group had entered into a second supplemental agreement with CSSB which stated that:-

(i) the initial sum of RM6.5 million shall be treated as investment made and paid by the Company to NICORP-CREATIVE JV and shall be recouped by the Company as and when NICORP-CREATIVE JV is profitable;

(ii) notwithstanding any terms to the contrary stipulated in the principal agreement, the Company shall not be obligated to advance any further monies to NICORP-CREATIVE JV;

(iii) the Company's participation in the joint venture as contemplated there is strictly on an investment basis. The Company shall not contribute, involve or participate in any administrative or operational matters of NICORP-CREATIVE JV or any policy making, decision or any other aspects of NICORP-CREATIVE JV and the Company shall be absolved from any duties, obligations or responsibilities incidental to or arising from these matters;

(iv) the obligation of the Company to provide all management and technical expertise to NICORP-CREATIVE JV is hereby waived and removed;

(v) the Company is entitled to share 60% of the risks and rewards arising therefrom.

(vi) grants to CSSB an exclusive right, authority and power to build 68 units of shop office already acquired by the Company and develop the shop office land in accordance with the layout plan or such amendment thereto as may be approved by the appropriate authorities subject to the terms and conditions hereinafter set forth at CSSB's own costs and expenses;

(vii) assigns absolutely to CSSB the option, namely the benefit of right to build and sell the remaining 68 units of the shop office together with the infrastructure work already done on an "as-is-where-is" basis in relation to NICORP-CREATIVE JV; and

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

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

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

(viii) grants to CSSB the exclusive and sole right to sell, transfer or dispose of or deal with the said units to the purchasers at such price as may be determined by CSSB absolutely and to enter into sale and purchase agreement with each of the purchasers of the said units subjects to the terms and conditions stipulated hereunder.

The directors have assessed the recoverable amount of the investment and advances to NICORP-CREATIVE JV based on the second supplementary agreement and other available related information and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount.

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

The Company entered into a joint venture agreement dated 24 December 2007 with NRSB, a company incorporated in Malaysia, to form an unincorporated joint venture, known as NICORP-NOBLE JV, to jointly develop a piece of land in Kota Bahru, Kelantan Darul Naim, into a new township comprising a hypermarket, hotel and shops. Pursuant to the joint venture agreement, the Company is required to invest RM6.6 million for the entire development and is entitled to share 70% of the risks and rewards arising therefrom. NICORP-NOBLE JV is in the process of procuring the necessary approvals from the relevant authorities for the new township.

Subsequently, on 3 February 2012, the Company entered into a termination agreement with NRSB to terminate the NICORP-NOBLE JV with immediate effect.

11.2 Amount Owing by Subsidiaries

The amount owing by subsidiaries is non-trade in nature, unsecured and repayable on demand. The amount owing is interest-free except for an amount owing to a subsidiary of approximately RM1,660,353 (2012 – RM3,286,000) which bears an interest rate of 5.50% (2012 – 4.60%) per annum.

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12. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2013 RM'000	2012 RM'000
At cost		
leasehold land		
At 1 January	-	-
Transfer from investment property (Note7)	2,226	-
At 31 December	2,226	-
Development costs	331	-
	2,557	-

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

13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

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

The fixed deposits bore effective interest rates ranging from 2.75% to 3.05% (2012 - 2.75% to 3.10%) per annum at the end of the reporting period. The fixed deposits have average maturity periods ranging from 30 to 365 days (2012 - 30 to 365 days).

14. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM202,391 (2012 – RM226,089) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which cannot be used for other operations.

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15. SHARE CAPITAL

The movement in the authorised share capital of the Company is as follows:-

	2013			2012		
	Par Value RM	Number Of Shares '000	Share Capital RM'000	Par Value RM	Number Of Shares '000	Share Capital RM'000
At 1 January	0.20	2,500,000	500,000	0.20	2,500,000	500,000
Sub-division of the par value of ordinary shares of RM0.20 each into RM0.10 each	0.10	5,000,000	-	-	-	-
At 31 December	0.10	5,000,000	500,000	0.20	2,500,000	500,000

The movement in the issued and paid up share capital of the Company is as follows:-

	2013			2012		
	Par Value RM	Number Of Shares '000	Share Capital RM'000	Par Value RM	Number Of Shares '000	Share Capital RM'000
At 1 January	0.20	702,034	140,407	0.20	702,034	140,407
Capital reduction	(0.10)	702,034	(70,204)	-	-	-
At 31 December	0.10	702,034	70,203	0.20	702,034	140,407

As at the beginning of the financial year, the authorised ordinary share capital of the Company was 500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each whilst the issued and paid-up share capital was RM140,407,000 comprising 702,033,964 ordinary shares of RM0.20 each.

During the financial year,

(a) The issued and paid-up share capital of the Company was reduced via the cancellation of RM0.10 of the par value of each existing ordinary share of RM0.20 each with the required amendments to the Memorandum and Articles of Association to facilitate the par value reduction which was completed on 24 December 2013.

Resulting from the above, the issued and paid-up share capital was reduced to RM70,203,396 comprising 702,033,964 ordinary shares of RM0.10 each as at the end of the reporting period; and

(b) Subsequent to the completion of the capital reduction on the issued and paid-up capital on 24 December 2013, the authorised share capital of the Company amounting to RM500,000,000 has changed from 2,500,000,000 ordinary shares of RM0.20 each to 5,000,000,000 ordinary shares of RM0.10 each.

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16. LONG -TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
SECURED:				
Hire purchase payables (Note 17)	135	-	-	-
Term loans (Note 18)	14,523	13,884	-	-
	14,658	13,884	-	-

17. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum hire purchase payments:				
- not later than one year	21	18	-	18
- later than one year and not later than five years	147	-	-	-
- later than five years	12	-	-	-
	180	18	-	18
Future finance charges	(31)	-	-	-
Present value of hire purchase payables	149	18	-	18

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current:				
- not later than one year (Note 21)	14	18	-	18
Non-current (Note 16):				
- later than one year and not later than five years	65	-	-	-
- later than five years	70	-	-	-
	149	18	-	18

18. TERM LOANS

	THE GROUP 2013 RM'000	2012 RM'000
Secured:		
Not later than one year (Note 21)	829	869
Later than one year and not later than five years	4,026	4,217
Later than five years	10,497	9,667
Total non-current portion (Note 16)	14,523	13,884
	15,352	14,753

(a) The term loans of the Group bore an effective interest rate of 7.60% (2012 - 7.60%) per annum at the end of the reporting period and are secured by:

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

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

(iii) a corporate guarantee of the Company; and

(iv) subordination of loan due to the Company for not less than RM10,000,000 to the facilities granted.

(b) The repayment terms of the term loans are as follows:-

Term loan 1 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM 74,245, effective from October 2013.
Term loan 2 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM 53,032, effective from October 2013.
Term loan 3 at BLR + 1.0% per annum	Repayable in 144 monthly instalments of RM 31,819, effective from October 2013.
Term loan 4 at BLR + 1.0% per annum	Repayable in 180 monthly instalments of RM 4,533, effective from August 2011.

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18. TERM LOANS (CONT'D)

(c) The details of the unutilised term loans portion as at the end the reporting period are as follows:-

	2013 RM'000	2012 RM'000
Term loan 1	48	324
Term loan 2	34	226
Term loan 3	21	171
Term loan 4	40	22
Term loan 5 #	8,000	8,000
	8,143	8,743

\# Term loan 5 has been secured from a financial institution in the previous financial year but has not been utilised up to the date of this report.

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2012 - 30 to 60 days).

During the financial year, an amount of approximately RM0.41 million was set off against its trade receivables as the Group has a legally enforceable right for the set off.

20. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount owing to subsidiaries	-	-	1,162	840
Accruals	396	315	316	241
Deposits received	1,284	828	-	-
Other payables	950	749	182	175
	2,630	1,892	1,660	1,256

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

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21. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
SECURED:				
Hire purchase payables (Note 17)	14	18	-	18
Term loans (Note 18)	829	869	-	-
	843	887	-	18

22. BANK OVERDRAFT

The bank overdraft of the Group bore an effective interest rate of 7.60% (2012 - 7.60%) per annum at the end of the reporting period and is secured by:

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

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

(iii) a corporate guarantee of the Company; and

(iv) subordination of loan due to the Company for not less than RM10,000,000 to the facilities granted.

23. NET ASSETS PER ORDINARY SHARE

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

	THE GROUP	
	2013	2012
Net assets (RM'000)	58,119	60,521
Number of ordinary shares in issue ('000)	702,034	702,034
Net assets per share (RM)	0.08	0.09

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24. REVENUE

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Sale of goods	3,825	46,708	-	-
Rental income from investment property	3,504	3,733	-	-
Management fees from subsidiaries	-	-	751	2,320
	7,329	50,441	751	2,320

25. COST OF SALES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cost of goods sold	3,586	37,677	-	-
Maintenance cost of investment property	1,595	1,617	-	-
	5,181	39,294	-	-

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- fixed deposits	7	12	1	4
- others	4	4	-	-
Writeback of impairment loss on receivables	-	-	364	-
Sundry income	-	68	-	-
Gain on disposal of asset held for sale	-	472	-	-
	11	556	365	4

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27. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
In addition to those disclosed in Note 24, Note 25 and Note 26, loss before taxation is arrived at after charging the following:-				
Impairment loss on receivables	-	9,880	-	9,650
Amortisation of timber extraction rights	104	10,733	-	-
Audit fee:				
- statutory audit	146	150	90	90
- underprovision in pervious financial years	-	19	-	19
- other non-statutory services	14	15	14	15
Depreciation of property and equipment	136	186	30	96
Directors' non-fee emolument (Note 31)	110	173	110	173
Director' fees (Note 31)	330	386	330	386
Impairment loss:				
- timber extraction rights (Note 8)	1,812	459	-	-
- investments in subsidiaries (Note 9)	-	-	437	7,553
- amount owing by subsidiaries (Note11)	-	-	539	-
Interest expense:				
- bank overdraft	207	185	-	-
- term loans	1,113	1,094	-	-
- hire purchase	3	4	-	4
- others	-	-	-	72
Rental of equipment	-	3	-	3
Rental of premises	-	126	-	126
Employee benefits expense:				
- salaries, wages, bonus and allowances	1,163	1,144	1,163	1,144
- defined contribution plans	57	60	57	60
- other benefit	76	50	76	50

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28. INCOME TAX EXPENSE

	THE GROUP	
	2013 RM'000	2012 RM'000
Current tax expense:		
- for the financial year	110	1,861
- (over)/underprovision in the previous financial year	(1,861)	89
	(1,751)	1,950

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loss before taxation	(4,153)	(14,437)	(2,508)	(17,907)
Tax at the statutory tax rate of 25%	(1,038)	(3,609)	(627)	(4,477)
Tax effects of:				
Non-deductible expenses	572	5,518	180	4,481
Non-taxable income	(153)	(19)	(153)	(1)
Effect of income subject to real property gains tax	110	-	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(49)	(52)	-	(3)
Deferred tax assets not recognised during the financial year	668	23	600	-
(Over)/Underprovision for income tax in the previous financial year	(1,861)	89	-	-
Income tax expense for the financial year	(1,751)	1,950	-	-

28. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unabsorbed capital allowances	229	159	229	156
Unutilised tax losses	70,162	67,672	60,551	58,189
Impairment loss on receivables	2,664	2,664	-	-
	73,055	70,495	60,780	58,345

29. BASIC LOSS PER ORDINARY SHARE

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

	THE GROUP	
	2013	2012
Net loss attributable to owners of the Company (RM'000)	(2,402)	(16,387)
Number of ordinary shares in issue ('000)	702,034	702,034
Loss per share (Sen)	(0.34)	(2.33)

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

30. PURCHASE OF PROPERTY AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of property and equipment purchased	159	5	2	5
Amount financed through hire purchase	(157)	-	-	-
Cash disbursed for purchase of property and equipment	2	5	2	5

31. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed deposits with licensed financial institutions (Note 13)	209	288	-	-
Cash and bank balances (Note 14)	612	425	3	63
Bank overdraft (Note 22)	(2,887)	(2,886)	-	-
	(2,066)	(2,173)	3	63

32. DIRECTORS' REMUNERATION

	THE GROUP / THE COMPANY	
	2013 RM'000	2012 RM'000
Executive directors:		
- non-fee emoluments	107	173
- fee	132	120
	239	293
Non-executive directors:		
- non-fee emoluments	3	-
- fee	198	266
	201	266

32. DIRECTORS' REMUNERATION (CONT'D)

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

	THE COMPANY	
	2013	2012
Executive directors:		
RM50,001 - RM100,000	4	4
Non-executive directors:		
RM50,001 - RM100,000	4	4

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties:

The Group has related party relationships with:

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

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

(iii) the joint venture in which the Company is the venture; and

(iv) entities controlled by certain key management personnel, directors and/or substantial shareholders.

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33. RELATED PARTY DISCLOSURES (CONT'D)

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

		THE GROUP		THE COMPANY	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(i)	Subsidiaries				
	- management fee	-	-	751	2,320
(ii)	Key management personnel (including directors):				
	- short-term employee benefits	239	293	239	293
(iii)	Joint venture project, NICORP-CREATIVE JV				
	- net advances to	-	111	-	111
(iv)	Entities in which certain directors are shareholders				
	- Advertisement expense	10	61	10	61
	- Administrative cost	90	62	90	62

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34. OPERATING LEASES

The Group as a lessor

The Group leases out its investment property. The future minimum lease payments under the non-cancellable operating leases are as follows:

	THE GROUP	
	2013	2012
	RM'000	RM'000
Not later than 1 year	22	83
Later than 1 year but not later than 3 years	-	22
	22	105

35. CONTINGENT LIABILITY

	THE COMPANY	
	2013	2012
	RM'000	RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	18,238	17,639

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36. OPERATING SEGMENTS

2013	Property Development RM'000	Timber Extraction RM'000	Investment Property Holding RM'000	Trading RM'000	Investment Holding And Others RM'000	Elimination RM'000	Group RM'000
Revenue							
External sales	-	561	3,504	3,264	-	-	7,329
Inter-segment sales	-	-	-	-	751	(751)	-
	-	561	3,504	3,264	751	(751)	7,329
Results							
Segment results	(292)	(2,288)	1,159	122	(2,508)	977	(2,830)
Finance costs							(1,323)
Loss before taxation							(4,153)
Income tax expense							1,751
Loss after taxation							(2,402)
Assets							
Segment assets	398	7,312	72,067	1,037	58,691	(59,688)	79,817
Unallocated asset							7
							79,824
Liabilities							
Segment liabilities	878	1,692	20,372	235	768	(2,534)	21,411
Unallocated liability							294
							21,705
Capital expenditure	-	-	157	-	2	-	159
Development cost	331	-	-	-	-	-	331
Amortisation of timber extraction rights	-	104	-	-	-	-	104
Depreciation of property and equipment	11	-	95	-	30	-	136
Impairment loss on timber extraction rights	-	1,812	-	-	-	-	1,812

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36. OPERATING SEGMENTS (CONT'D)

2012	Property Development RM'000	Timber Extraction RM'000	Investment Property Holding RM'000	Investment Holding And Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External sales	-	46,708	3,733	-	-	50,441
Inter-segment sales	-	-	-	2,320	(2,320)	-
	-	46,708	3,733	2,320	(2,320)	50,441
Results						
Segment results	135	(4,100)	774	(17,908)	7,945	(13,154)
Finance costs						(1,283)
Loss before taxation						(14,437)
Income tax expense						(1,950)
Loss after taxation						(16,387)
Assets						
Segment assets	567	11,434	71,577	61,061	(61,760)	82,879
Unallocated asset						27
						82,906
Liabilities						
Segment liabilities	756	3,315	19,058	628	(3,628)	20,129
Unallocated liability						2,256
						22,385
Impairment loss on receivables	-	-	230	9,650	-	9,880
Amortisation of timber extraction rights	-	11,054	-	-	(321)	10,733
Depreciation of property and equipment	-	11	79	96	-	186
Impairment loss on timber extraction rights	-	530	-	-	(71)	459

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

Revenue from one major customer, with revenue more than 10% of the Group revenue, amounts to approximately RM3,264,000 (2012 – RM Nil) arising from sales by the steel bar trading segment.

37. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

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37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (CONT'D)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate sensitivity analysis

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

	THE GROUP	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects on loss after taxation		
Increase of 100 basis points (bp)	137	132
Decrease of 100 bp	(137)	(132)
Effects on equity		
Increase of 100 bp	(137)	(132)
Decrease of 100 bp	137	132

(iii) Equity Price Risk

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

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two customers which constituted approximately 61% of its trade receivables at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing Analysis

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

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2013				
Not past due	773	(16)	-	757
Past due:			-	
- less than 3 months	202	(30)	-	172
- 3 to 6 months	86	(16)	-	70
- over 6 months	9,853	(2,302)	(300)	7,251
	10,914	(2,364)	(300)	8,250

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2012				
Not past due	178	(16)	-	162
Past due:				
- less than 3 months	263	(30)	-	233
- 3 to 6 months	4,747	(16)	-	4,731
- over 6 months	7,361	(2,302)	(300)	4,759
	12,549	(2,364)	(300)	9,885

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

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

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

Trade receivables that are past due but not impaired

(i) Timber extraction segment

The Group believes that no impairment allowance is necessary as this relates to the sole customer and the settlement arrangement as disclosed in Note 10 to the financial statements.

(ii) Other segments

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

Trade receivables that are neither past due nor impaired

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

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2013						
Hire purchase payables	4.50	149	180	21	84	75
Term loans	7.60	15,352	23,281	1,964	7,854	13,463
Trade payables	-	393	393	393	-	-
Other payables and accruals	-	2,630	2,630	2,630	-	-
Bank overdraft	7.60	2,887	2,887	2,887	-	-
		21,411	29,371	7,895	7,938	13,538

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2012						
Hire purchase payables	6.59	18	18	18	-	-
Term loans	7.60	14,753	22,063	1,964	7,854	12,245
Trade payables	-	580	580	580	-	-
Other payables and accruals	-	1,892	1,892	1,892	-	-
Bank overdraft	7.60	2,886	2,886	2,886	-	-
		20,129	27,439	7,340	7,854	12,245

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000
2013					
Other payables and accruals	-	1,660	1,660	1,660	-

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2012					
Hire purchase payables	6.59	18	18	18	-
Other payables and accruals	-	1,256	1,256	1,256	-
		1,274	1,274	1,274	-

(b) Capital Risk Management

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

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

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37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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

	THE GROUP	
	2013 RM'000	2012 RM'000
Hire purchase payables	149	18
Term loans	15,352	14,753
Trade payables	393	580
Other payables and accruals	2,630	1,892
Bank overdraft	2,887	2,886
	21,411	20,129
Less: Fixed deposits with licensed financial institutions	(209)	(288)
Less: Cash and bank balances	(612)	(425)
Net debt	20,590	19,416
Total equity	58,119	60,521
Debt-to-equity ratio	0.35	0.32

Under the requirement of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

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37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Assets				
Loans and receivables financial assets				
Trade receivables	8,250	9,885	-	-
Other receivables and deposits	117	90	1,724	3,321
Fixed deposits with licensed financial institutions	209	288	-	-
Cash and bank balances	612	425	3	63
	9,188	10,688	1,727	3,384
Financial Liabilities				
Other financial liabilities				
Trade payables	393	580	-	-
Other payables and accruals	2,630	1,892	1,660	1,256
Term loans	15,352	14,753	-	-
Hire purchase payables	149	18	-	18
Bank overdraft	2,887	2,886	-	-
	21,411	20,129	1,660	1,274

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value of Measurements

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013								
Financial Liabilities								
Hire purchase payables	-	-	-	-	135	-	135	135
Term loans	-	-	-	-	14,523	-	14,523	14,523

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37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value of Measurements (Cont'd)

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value	**Total Fair Value**	**Carrying Amount**
	Level 1	Level 2	Level 3	Level *		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2012						
Financial Liability						
Term loans	-	-	-	13,884	13,884	13,884

* Comparative fair value information is not presented by levels, by virtue of the exemption give in MFRS 13.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value of Measurements (Cont'd)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2013								
Financial Asset								
Amount owing by subsidiaries (non-current)	-	-	-	-	1,660	-	1,660	1,660

The Company 2012	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value	**Total Fair Value**	**Carrying Amount**
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level * RM'000	RM'000	RM'000
Financial Asset						
Amount owing by subsidiaries (non-current)	-	-	-	3,286	3,286	3,286

* Comparative fair value information is not presented by levels, by virtue of the exemption give in MFRS 13.

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38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year:-

(a) the Group entered into several corporate proposals as disclosed in Note 5(d) to the financial statements.

(b) on 27 November 2013, the Company acquired the entire issued and paid-up share capital of Consistent Harvest Properties Sdn. Bhd. ("CHPSB") for a total cash consideration of RM2.00. Consequently, CHPSB became a wholly-owned subsidiary of the Company.

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39. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total accumulated losses of the Company and its subsidiaries:				
- realised	719	(66,106)	(12,264)	(79,960)
- unrealised	-	-	-	-
	719	(66,106)	(12,264)	(79,960)
Less: Consolidation adjustments	(12,803)	(13,780)	-	-
At 31 December	(12,084)	(79,886)	(12,264)	(79,960)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY NINTH ANNUAL GENERAL MEETING** of **NAIM INDAH CORPORATION BERHAD** will be held at Gemilang Hall, Carlton Holiday Hotel & Suites, No.1 Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, on Thursday, 26 June 2014 at 10.00 a.m. to transact the following business:

AGENDA

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.	Please refer to explanatory note below
2.	To approve the payment of Directors' fees of up to RM492,000 for the financial year ending 31 December 2014.	Ordinary Resolution 1
3.	To re-elect the following Directors who retire pursuant to Article 79 of the Company's Articles of Association:	
	3.1 Datin Khoo Lay Wah	Ordinary Resolution 2
	3.2 Md Noor Bin Abd Rahim	Ordinary Resolution 3
4.	To re-elect the following Directors who retires pursuant to Article 86 of the Company's Articles of Association:	
	4.1 Chua Eng Chin	Ordinary Resolution 4
	4.2 Cheang Soon Siang	Ordinary Resolution 5
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

AS SPECIAL BUSINESS

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

6. **Ordinary Resolution**
Authority to Issue Shares Pursuant to Section 132D of the Companies Act 1965 — Ordinary Resolution 7

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

7. **Ordinary Resolution** — Ordinary Resolution 8
Retention of Independent Non-Executive Director

"THAT Zailan Bin Othman who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director."

8. **Ordinary Resolution** — Ordinary Resolution 9
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 4 June 2014, provided that such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company,

AND THAT the authority conferred by this resolution shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to such mandate."

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NOTICE OF ANNUAL GENERAL MEETING (continued)

9. **Special Resolution**
Proposed Amendments to Articles of Association of the Company

Special Resolution

THAT the following alterations, modifications or deletions to the Company's Articles of Association be hereby approved:-

Article No.	Existing Articles	Amended Articles
72(a)	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and a member may appoint not appoint not more than two proxies to attend the meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and a member may appoint ~~not appoint~~ not more than two proxies to attend the meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

10. To consider any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
NAIM INDAH CORPORATION BERHAD

YEAP KOK LEONG (MAICSA NO. 0862549)
THAM WAI YING (MAICSA NO. 7016123)
Company Secretaries

Kuala Lumpur
4 June 2014

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.
2. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Thirty Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2014. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

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NOTICE OF ANNUAL GENERAL MEETING (continued)

EXPLANATORY NOTES ON ORDINARY BUSINESSES:

1. Item 1 of the Agenda

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

2. Ordinary Resolution 1

   Approval for Directors' Fees

   The Directors' fees proposed for the financial year ending 31 December 2014 are calculated based on the number of scheduled Board and Committee meetings for 2014 and assuming that all Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

1. Ordinary Resolution 7

   Approval to Allot Shares Pursuant to Section 132D of the Companies Act 1965

   The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. The Ordinary Resolution, if passed, will empower the Directors of the Company, from the date of the above AGM, to allot and issue new shares of the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless earlier revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

   The authority to issue shares pursuant to Section 132D of the Companies Act, 1965 will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

   On 16 May 2014, TA Securities Holdings Berhad on behalf of the Board of Directors of the Company, had announced that the Company proposes to undertake a private placement of up to 10% of the existing issued and paid-up share capital of the Company, pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the Thirty Eighth Annual General Meeting of the Company held on 27 June 2013 ("Proposed Private Placement"). As at the date of this Notice, the Proposed Private Placement has yet to be completed and accordingly, the Company has not issued any new shares under the Proposed Private Placement.

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NOTICE OF ANNUAL GENERAL MEETING (continued)

2. Ordinary Resolution 8

   Retention of Zailan Bin Othman as Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

   Zailan Bin Othman has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine (9) years since 7 August 2002. He has met the independence guidelines as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore, recommends that he should be retained as an Independent Non-Executive Director.

3. Ordinary Resolution 9

   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The Ordinary Resolution 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not detriment to the minority shareholders of the Company.

   Please refer to the Circular to Shareholders dated 4 June 2014 accompanying the Company's Annual Report for the year ended 31 December 2013, for information pertaining to Ordinary Resolution 9.

4. Special Resolution

   Proposed Amendments to Articles of Association of the Company

   The proposed amendments is to delete the words "not appoint" in Article 72(a) of the Company's Articles of Association as they are redundant.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

There is no Director standing for election as Director of the Company at the Thirty Ninth Annual General Meeting.

NAIM INDAH CORPORATION BERHAD (19727-P)	CDS Account No
(Incorporated in Malaysia)	

PROXY FORM

No. of shares held

I/We ____ Tel: ____________

[Full name in block, NRIC No./Company No. and telephone number]

of ____

being a member/members of **Naim Indah Corporation Berhad**, hereby appoint:-

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

and / or (delete as appropriate)

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

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Thirty Ninth Annual General Meeting of the Company to be held at Gemilang Hall, Carlton Holiday Hotel & Suites, No.1 Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	To approve the payment of Directors' Fees.		
2.	To re-elect Datin Khoo Lay Wah as Director of the Company.		
3.	To re-elect Md Noor Bin Abd Rahim as Director of the Company.		
4.	To re-elect Chua Eng Chin as Director of the Company.		
5.	To re-elect Cheang Soon Siang as Director of the Company.		
6.	To re-appoint Messrs. Crowe Horwath as Auditors.		
7.	Authority to Issue New Ordinary Shares Pursuant to Section 132D of the Companies Act,1965.		
8.	Retention of Zailan Bin Othman as Independent Non-Executive Director.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
SPECIAL RESOLUTION		**FOR**	**AGAINST**
Proposed Amendments to Articles of Association of the Company.			

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

Signed this day of , 2014

____

Signature of Shareholder/Common Seal

Please fold here to seal

Affix
Postage
Stamp

The Share Registrar
TRICOR INVESTOR SERVICES SDN BHD

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

Please fold here to seal

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.
2. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. There shall be no restriction as to the qualifications of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Investor Services Sdn Bhd of Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Thirty Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 56(a) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 June 2014. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.