Nakamichi Corporation Berhad

No. 13, 5th Floor, Block C1, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.
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NAKAMICHI CORPORATION BERHAD (Company No.: 301384-H)

Annual Report 2013 & 2014

Annual Report 2013 & 2014

Nakamichi
Corporation Berhad

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CORPORATE INFORMATION

BOARD OF DIRECTORS

See Thoo Chan
Non-Independent Non-Executive Chairman

Darren Solomon Low Jun Ket
Executive Director

Mak Siew Wei
Independent Non-Executive Director

Goh Tai Wai
Independent Non-Executive Director

AUDIT COMMITTEE

Member
Mak Siew Wei
Goh Tai Wai

NOMINATION COMMITTEE

Member
Mak Siew Wei
Goh Tai Wai

REMUNERATION COMMITTEE

Member
Mak Siew Wei
Goh Tai Wai

COMPANY SECRETARIES

Wong Keo Rou
(MAICSA 7021435)

Jenny Wong Chew Boey
(MAICSA 7006120)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : 03.6201.1120
Fax : 03.6201.3121

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03.2783.9299
Fax : 03.2783.9222

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Messrs PKF (AF 0911)
Chartered Accountants
Level 33, Menara 1 MK, Kompleks 1 Mont Kiara
No. 1, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : 03.6203.1888
Fax : 03.6201.8880

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad
Stock Short Name : NAKA
Stock Code : 7002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting ('20th AGM') of **NAKAMICHI CORPORATION BERHAD** will be held at Boardroom, 2nd Floor, No. 3 Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 23 March 2016** at **11.00 a.m**. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial years ended 31 December 2013 and 31 December 2014 together with the Directors and Auditors Reports thereon. **(Ordinary Resolution 1)**

2. To re-elect Mr Mak Siew Wei who retires pursuant to Article 113 of the Company's Articles of Association. **(Ordinary Resolution 2)**

3. To re-elect Mr Goh Tai Wai who retires pursuant to Article 118 of the Company's Articles of Association. **(Ordinary Resolution 3)**

4. To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A", has been received by the Company for the nomination of Messrs Morison AAC, who have given their consent to act, for appointment as Auditors and for the proposal of the following Ordinary Resolution:-

   "**THAT** Messrs Morison AAC (AF 001977) be and are hereby appointed as Auditors of the Company for the financial year ended 31 December 2015 in place of the retiring Auditors, Messrs PKF, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS
To consider and if thought fit, to pass the following resolution:

5. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 5)**

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percentum (10%) of the total issued and paid up share capital of the Company for the time being and the Directors be and also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
NAKAMICHI CORPORATION BERHAD

WONG KEO ROU (MAICSA 7021435)
JENNY WONG CHEW BOEY (MAICSA 7006120)
Company Secretaries
Kuala Lumpur

1 March 2016

NOTICE OF ANNUAL GENERAL MEETING (Continued)

Notes:-

1. Only depositors whose names appear in the Record of Depositors as at 15 March 2016 shall be regarded as members and entitled to attend, speak and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but 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.

5. 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.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTES ON SPECIAL BUSINESS

Ordinary Resolution 5 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Renewed Mandate"). This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and alloted since the general mandate granted to the Directors at the last Annual General Meeting held on 28 June 2013 and this authority will lapse at the conclusion of the Twentieth Annual General Meeting of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

Annexure A

Madam Low Sau Peng
No. 1 Lorong PJU 3/28J
Sunway Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Date: 29 January 2016

The Board of Directors
NAKAMICHI CORPORATION BHD
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs

NOMINATION OF AUDITORS

Pursuant to Section 172 (11) of the Companies Act, 1965, I, the undersigned being a member of Nakamichi Corporation Bhd, do hereby nominate Messrs Morison AAC (AF 001977) of 18, Jalan Pinggir 1/64, Jalan Kolam Air, Off Jalan Sultan Azlan Shah (Jalan Ipoh), 51200 Kuala Lumpur, Wilayah Persekutuan to be the new Auditors in place of the retiring Auditors, Messrs PKF, and to propose that the following Ordinary Resolution be recommended for shareholders' approval at the forthcoming Annual General Meeting of the Company to be convened:-

ORDINARY RESOLUTION
- CHANGE OF AUDITORS

"**THAT** Messrs Morison AAC (AF 001977) be and are hereby appointed as Auditors of the Company for the financial year ended 31 December 2015 in place of the retiring Auditors, Messrs PKF, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully

LOW SAU PENG

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present you the Annual Report and Audited Financial Statements of Nakamichi Corporation Berhad and its group of companies ("the Group") for the financial years ended 31 December 2013 and 31 December 2014.

PERFORMANCE REVIEW

The Group recorded a total comprehensive loss of RM258,851 and RM30,409,794 for financial year ended 31 December 2014 and financial year ended 31 December 2013 respectively.

The Group recorded a comprehensive loss of RM30,409,794 in financial year ended 31 December 2013 mainly attributed to the loss on deconsolidation amounted to RM28,635,148. Effective 1st January 2013 the Company has impaired its investment in Tamabina Sdn Bhd and Faktor Juta Sdn Bhd.

Total comprehensive loss for financial year ended 31 December 2014 reduced by approximately RM30,150,943 or 99.1% mainly due to RM nil in loss of deconsolidation during the year and RM961,399 or 66.4% reduction in administrative expenses.

The Group have remained inactive and have yet to recognise any revenue for both financial years under review.

CORPORATE DEVELOPMENT

Further to the above, as announced on 29 April 2015, pursuant to Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company was an affected issuer as a court order was issued for the winding-up of Tamabina Sdn Bhd, a subsidiary of the Company. The Company is required to submit a regularisation plan within twelve months from 29 April 2015, obtain the relevant approval from Bursa Malaysia, and successfully implement the plan to regularise its financial condition.

As at the date of this report, we have yet to submit a formalized regularization plan to the regulatory authorities.

OUTLOOK AND PROSPECTS

As an Affected Listed Issuer under PN17 of Bursa Securities Listing Requirements, the future of the Group is largely dependent on the successful implementation of its proposed regularisation plan which would ensure that the Company continues as a public listed company of Bursa Securities and put the Group on a strong footing to normalise its business operations.

Therefore, the Board is committed and the Group is working towards a restructuring plan which is envisaged to reposition the Group upon successful implementation of its Regularization Plan.

APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere thanks and appreciation to our shareholders for your perseverance, to the Securities Commission, Bursa Malaysia Securities Berhad and other relevant authorities for their advice and assistance.

Last but not least, I would like to extend a vote of thanks to our former directors Mr Foo Lee Khean and En Yahya Bin Razali who resign on 10 March 2014 and 5 June 2014 respectively and to welcome Mr Goh Tai Wai to the Board.

To our board members, thank you for your support and contributions.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of the Company ("Board") is committed to ensuring that high standards of corporate governance are practiced throughout the Company and its subsidiaries ("Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial position of the Company and the Group. To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code").

Set out below is a statement of how the Group has applied the principles of good corporate governance and the extent to which it has complied with the best practices as set out in the Code.

PRINCIPLE 1 - ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The composition of the Board reflects a balance of Executive and Non-Executive Directors, all from diverse professional backgrounds with a wide range of business, financial and operational experiences relevant to lead the Company, and as such, are able to bring an independent judgement to bear on issues in terms of business strategies, financial and operational performance, resources and standards of conduct.

The Board currently has four (4) members, comprising one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director and two (2) Independent Non-Executive Director. A brief description of the background of each Director is presented in this Annual Report under Directors' Profile.

The roles of the Chairman and Executive Director are separate with clear division of responsibilities between them to ensure a balance of power and authority.

There is also a balance in the Board because of the presence of Independent Non-Executive Directors of the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility, the role of these Independent Non-Executive Directors are particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account the long term interests, not only of shareholders, but also employees, customers, suppliers, and the communities in the Group conducts its business to uphold business integrity and professionalism.

1.2 Board Duties and Responsibilities

The Board assumes responsibility for effective stewardship and control of the Group towards realizing long term shareholders' value.

The Board has the overall responsibility for setting, adopting and reviewing strategic plans for the Group's business performance, overseeing the conduct of the Group's businesses, succession planning, investors' relations program, shareholders' communication, implementing an appropriate systems of internal control.

1.3 Formalized Ethical Standards through Code of Ethics and Strategies Promoting Sustainability

The Company will strive to comply with recommendations in the Code on formalizing ethical standards through a code of conduct and Company's strategies on promoting sustainability. The Company will engage external professional to assist the Company in the drafting of the relevant documentation upon successful implementation of its regularization plan.

1.4 Access to Information and Advice

All Directors review a Board report prior to the Board meeting. The Board report is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Besides direct access to management staff, external professional advisers are also made available to render their independent views and advice to the Board, where necessary in the furtherance of their duties and at the Group's expense.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

1.5 Company Secretaries

The Company Secretary is responsible for advising the Board on issues relating to compliance in laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibitions on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretary amongst others, attending all Board and Board Committee Meetings, ensuring that the proceedings of Board and Board Committee Meetings and decisions made thereof, are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations as well as obligations arising from Bursa Malaysia Listing Requirements or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of directors are in accordance with the relevant legislations and the Board Performance Assessment are properly executed.

1.6 Board Charter

In discharging its duties, the Board is mindful of the need to safeguard the interests of the Group's stakeholders. However, in view of the predicament encountered by the Group over the control of the only operating subsidiary of the group, the Company is required to submit a regularization plan to Bursa Malaysia Securities Berhad ("Bursa Malaysia") within twelve (12) months from 29 April 2015.

Therefore the Board will prepare the Board Charter which in line with the principles of good corporate governance after the Company obtain the approval from Bursa Malaysia

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

In accordance to the Terms of Reference, the Nomination Committee shall be appointed by the Board composing of no fewer than three (3) members of whom shall be exclusively by non-executives directors and majority of the committee members shall be independent directors.

However, the Nomination Committee currently has two (2) members, all of whom are Independent Non-Executive Directors. They are tasked with the responsibility of recommendation to the Board, candidates for all directorships to be filled by shareholders or the Board, and Directors to fill the seats on Board Committees. In view of the Company's predicament and ongoing legal matters, the Company is having a challenge task in recruiting suitable candidates. Nevertheless the Board will look into the appointment of additional director to ensure the compliance of relevant legislation.

The duties of the Committee shall be:

(i) To recommend to the Board of Directors, candidates for all directorship to be filled by the shareholders or the Board.

(ii) To consider, in making its recommendations, candidates for directorships proposed by the Executive Directors/ Chief Executive Officer and within the bounds of practicability, by any other senior executive or any director or shareholder.

(iii) To recommend to the Board, directors to fill the seats on board committees.

(iv) To review and report to the Board on an annual basis, the Board's required mix of skills and experience and other qualities include core competencies which non-executive directors should bring to the Board.

(v) To ensure, on an annual basis, the implementation of a process for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director.

The Nomination Committee also assess the director who is subject to re-election and/or re-appointment at next Annual General Meeting and make recommendation to the Board and shareholders for re-election and/or re-appointment.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (CONTINUED)

2.2 Recruitment Process, Annual Assessment and Gender Diversity Policy

The appointment of new Directors is under the purview of the Nomination and Remuneration Committee which is responsible for making recommendations to the Board on the suitable candidates for appointment.

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to retirement and are entitled for re-election at the first annual general meeting after their appointment. All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year.

The Board believes there is a right composition of board members with balance of qualifications, skills, experiences and diversity among its board members.

NC is periodically reviewing and making recommendation to the Board on board composition matters and recommendations, which inclusive in identification and selection of high calibre candidate who will be able to meet the present and future needs of the Company.

The NC is also responsible in undertaking an annual evaluation of Directors, Board committee as well as the board performance as a whole. This evaluation is used as a tool to evaluate the strength, to identify the gaps or areas for improvement which would give rise in the requirement of new recruitments of board members, if necessary.

The Board annual evaluation process is being conducted by cross evaluation among the Board members, of which the criteria of evaluation are predetermined as below:

a) Board Structure
b) Board operation and communication
c) Board roles and responsibilities
d) Undertaking of roles and assignments
e) Mix of roles and knowledge
f) Commitment of members
g) Depth of contribution

During the years under review, there was no assessment on Directors and Board Committees.

The Board has not set a gender diversity targets as of the reporting period as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more directors of the female gender where suitable.

2.3 Remuneration Policies

The Remuneration Committee has two (2) members, all of whom are Independent Non-Executive Directors.

Name	Position
Mak Siew Wei	Chairman
Goh Tai Wai	Member

The primary responsibilities of the Remuneration Committee amongst others include the following:-

- To recommend to the Board the remuneration of the executive directors in all its form, drawing from outside advice as necessary.
- To review the Group Policy on remuneration of Directors of the subsidiaries and to recommend the remuneration of the Directors to the Board.

The Company has adopted the objectives as recommend by the Code to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (CONTINUED)

2.3 Remuneration Policies (Continued)

The Remuneration Committee recommends to the Board the executive remuneration and its cost, and the remuneration package for each Executive Director. It is nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual performance.

In view of the predicaments encountered by the Group over the operating subsidiary of the Group, there were no meetings held during the years under review.

Details of the remuneration of Directors of the Company during the financial years ended 31 December 2013 and 31 December 2014 are as follow:

Directors of the Company	**2014**	**2013**
Executive:		
Remuneration	-	-
Non-Executive:		
Fees	300,000	211,000

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

Directors of the Company	**2014**	**2013**
Executive:		
Below RM50,000	1	1
Non-Executive:		
Below RM50,000	5	4

The details of the individual Director's remuneration are not disclosed in this report as the Board considers the above disclosures satisfy the accountability and transparency aspects of the Code.

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment of Independence Annually

The Board strives on the independency of the Non-Executive Directors, who shall have the ability to exercise their duties and make decisions which are in the best interests of the shareholders, unfettered by any business or other relationship with the Executive Directors, ownership and any other interest in the operation of the Company. The Board conducts annual reviews of the independence of each and every of the Directors, in addition of the responsibility of each Director in making immediate declaration over their interest and independency to the Board at any time during his tenure of service.

The Company currently has two (2) Independent Non-Executive Directors, who fulfill the criteria of "Independence" as prescribed under Para 1.01 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

3.2 Tenure of Independent Directors

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

Otherwise, the Board will justify and seek shareholders' approval at the AGM in the event it retains the director as an Independent Director.

The Board has not conducted an assessment on the Independent Directors but will carry out the said assessment in near future. None of the Independent Directors has served the Company exceeding a cumulative of nine (9) years.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

PRINCIPLE 3 - REINFORCE INDEPENDENCE (CONTINUED)

3.3 Shareholders' Approval for the Re-appointment of Non-Executive Director

The Board would seek shareholders' approval at the AGM if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director.

The NC will assess the independence of the Independent Director based on the assessment criteria developed by the NC, and recommended to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders.

3.4 Separate of Positions of Chairman and Managing Director

The Board is led by an Non-Independent Non-Executive Chairman and supported by one (1) Executive Director and two (2) Independent Non-Executive Director.

The roles of the Chairman and Executive Director are separate with clear division of responsibilities between them to ensure a balance of power and authority. The Chairman is primarily responsible for ensuring the orderly conduct and working of the Board. The Executive Director is primarily responsible for some of the Group's day-to-day operations.

3.5 Composition of the Board

The Board as at the date of this statement comprises four (4) members:-

a) One (1) Non-Independent Non-Executive Chairman
b) One (1) Executive Director
c) Two (2) Non-Executive Directors

Two (2) Non-Executive Directors are Independent as defined in the Bursa Securities MMLR. The Independent Directors are:-

a) Mak Siew Wei
b) Goh Tai Wai

The Board is in the process of replacing the vacancy of an Audit Committee member with the resignation of Encik Yahya bin Ramli. In view of the suspension of the trading of Company's shares on 9 September 2013 and the on-going legal cases, the Company is having a very challenging task in looking for suitable candidate to fill the vacancy.

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Commitment of the Board Members

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. Details of Board members' attendance at Board meeting are as follows:

	No. of Meetings Attended	
Name of Directors	**Year 2013**	**Year 2014**
Dato Haji Mohamed Mokhtar bin Hj Hassan *(resigned on 18.03.2013)*	1/1	0/0
Lo Man Heng *(removed on 29.07.2013)*	4/7	0/0
Foo Lee Khean *(appointed on 18.03.2013 and resigned on10.03.2014)*	6/8	0/1
Yahya Bin Razali *(resigned on 05.06.2014)*	7/9	0/2
Mak Siew Wei	9/9	4/4
See Thoo Chan	8/8	4/4
Darren Solomon Low Jun Ket	8/8	4/4
Goh Tai Wai	0/0	4/4

STATEMENT ON CORPORATE GOVERNANCE (Continued)

PRINCIPLE 4 – FOSTER COMMITMENT (CONTINUED)

4.2 Training

All Directors have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Board believes that continuous training is important to enable them to discharge their duties effectively. The Directors were encouraged to attend the training programmes and seminars to ensure that they kept abreast on issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in the areas of corporate governance and regulatory compliance.

Conferences, seminars and training programmes attended by Directors in 2013 and 2014 are as follows:-

Training Programs Attended
Behavioural Corporate Finance on Valuation, Capital Budgeting and Corporate Decision Programme by CHK Consultancy on 21 August 2013
Good and Service Tax (GST) and its Impact on Capital Market on 22 July 2014
AMLA – Analytical Framework and Compliance on 22 July 2014
Online Retailer & Ecommerce Expo on 22-23 July 2014
Board Chairman Series: The Role of the Chairman on 6 November 2014

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Audit Committee reviews the financial statements of the Company and the Group with the assistance of the external auditors where necessary and recommends the same for consideration and approval by the Board. The Board discuss and reviews the recommendations proposed by the Audit Committee prior to adoption of the financial statements of the Company and of the Group. In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price sensitive public reports and reports to regulators.

5.2 Assessment of Suitability and Independence of External Auditors

The Board maintains a transparent and formal relationship with the Group's external auditors, primarily through Audit Committee in seeking professional advice and ensuring compliance with the relevant accounting standards. The external auditors are invited to attend the meetings of the Audit Committee and the Board whenever necessary to discuss the Group's Financial Statements.

The Board is of the view that no assessment is required on the suitability and independence of the external auditors during the years under review due to the predicaments encountered by the Group over the operating subsidiary of the Group.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Framework to Manage Risks

The Statement on Risk Management & Internal Control set out on page 17 of this Annual Report provides an overview of the state of internal controls within the Group.

6.2 Internal Audit Function

Details of the Group's internal audit function are set out in the Audit Committee Report of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

PRINCIPLE 7 - TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board places importance in ensuring timely and high quality disclosure to shareholders and investors. The Company has implemented a Corporate Disclosure Policy to set out the policies and procedures to ensure accurate, clear, timely and comprehensive disclosure of material information so to build and maintain corporate creditability and investors' confidence.

7.2 Leverage on information technology

Bursa Malaysia also provides for the Company to electronically publish all its announcements, including its quarterly results and annual reports via the same link. These can be accessed online through Bursa Malaysia's website page at http://www.bursamalaysia.com.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at General Meetings

The Annual General Meeting ("AGM") is the principal forum for communicating with the shareholders of the Company. At each AGM, the Board encourages shareholders to participate in the question and answer session. The Executive Director and, where appropriate, the Chairman of the Audit Committee is available to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The notice convening such meetings are sent to shareholders at least fourteen (14) days before the shareholders' meetings in the case of an ordinary resolution and twenty-one (21) days in the case of a special resolution or AGM.

8.2 Encourage Poll Voting

The Company would conduct poll voting if demanded by shareholders at the general meeting.

8.3 Communication and Engagements with Shareholders

The shareholders are kept informed of the Group's financial results and corporate developments through public announcements made to Bursa Malaysia Securities Berhad.

COMPLIANCE STATEMENT

The Board considered that the Group were not able to fully comply with the principles and recommendations as stipulated in the MCCG 2012 throughout the financial years ended 31 December 2013 and 31 December 2014 due to the predicaments encountered by the Group over the operating subsidiary of the Group.

Nevertheless, the Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

Going forward, the Board will take the necessary actions to ensure compliance with the principles and recommendations as stipulated in the MCCG 2012.

STATEMENT ON CORPORATE RESPONSIBILITY

Our group believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the group. Our corporate social responsibilities cover the following key areas:-

Dynamic and High Performance Workforce

The Company places great importance on hiring the right candidate for the right job. As the Company go forward, it will continue to focus on attracting quality talent who best fit our job requirements and complement its work culture. The Company firmly believe that by aligning its recruitment strategies, the Company will continue to attract the best talent to further enhance the Company's values and achievements.

At the Group, our male to female ratios distribution is 0:0 in December 2013 and 2014.

Employee Welfare

Employees are provided with medical and healthcare insurance and adequate leave and compensation programs which commensurate with their rank and level of employments.

Further, the Group acknowledges the need to provide a healthy and balanced lifestyle to its employees.

Supply Chain

The Group in its procurement policies strives whenever possible to source locally in the nation's interest and for products which adhere to good environment practices.

Environmental Preservation

It is our policy to comply with environmental laws particularly governing our timber logging activities. Practical measures and considerable time and effort has been made to implement Reduced Impact Logging ("RIL"). RIL entails careful planning and control of timber harvesting to minimize the environmental impact on forest stands and soils.

AUDIT COMMITTEE REPORT

1) COMPOSITION

The Audit Committee comprised of the following Board members:-

(a) Mak Siew Wei (Independent Non-Executive Director)
(b) Goh Tai Wai (Independent Non-Executive Director)* *(Appointed on 18 April 2014)*
(c) Yahya Bin Razali (Independent Non-Executive Director) *(Resigned on 5 June 2014)*
(d) Foo Lee Khean (Independent Non-Executive Director) *(Resigned on 10 March 2014)*

*Member of the Malaysian Institute of Accountants

(2) SECRETARIES OF THE AUDIT COMMITTEE

(a) Wong Keo Rou
(b) Jenny Wong Chew Boey

(3) MEETINGS AND MINUTES

The majority of Audit Committee members present must be independent Directors to form a quorum.

The Head of Finance, Head of Internal Audit Department and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon invitation of the Audit Committee. At least once a year, the Audit Committee shall meet the external auditors without any executive directors present.

The Company Secretary shall be the secretary of the Committee. The Secretary of the Audit Committee shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of meetings are circulated to the Committee and to all other members of the Board.

The Audit Committee had conducted its meeting during the years under review and the attendance record is as below:

	No. of Meetings Attended	
Name of Directors	**Year 2013**	**Year 2014**
Foo Lee Khean *(appointed on 18.03.2013 and resigned on10.03.2014)*	2/4	0/1
Yahya Bin Razali *(resigned on 05.06.2014)*	3/5	0/2
Mak Siew Wei	5/5	4/4
Goh Tai Wai	0/0	4/4

(4) SUMMARY OF ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee for the years ended 31 December 2013 and 2014:-

- Reviewed the external auditors' scope of work and audit plans for the year prior to the audit representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, the audit report and the management letters.
- Considered and recommended to the Board for approval of the audit fees payable to the external auditors.
- Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services (if any).
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- Review the effectiveness of the Enterprise Risk Management framework and risk assessment reports. Significant risks issues were summarized and communicated to the Board for consideration and resolution.
- In respect of the quarterly and year end financial statements, reviewed the Company's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad, applicable Approved Accounting Standards set out by the MASB and other relevant legal and regulatory requirements.

AUDIT COMMITTEE REPORT (Continued)

(5) INTERNAL AUDIT FUNCTION

The Audit Committee is aware that the internal audit function is essential to assist in determining the effectiveness of the system of internal control in the Company.

For the financial years under review, no independent external consultant was engaged to undertake the functions of the Internal Auditor as the Company is now operating at minimum capacity in view of the predicaments encountered by the Group over the operating subsidiary of the Group, the internal audit function cannot be applied.

Nevertheless, the Board undertakes regular and systematic reviews on the existing system of internal control so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively.

(6) TERMS OF REFERENCE

Duties and Functions

i. To recommend the nomination of person or persons as external auditors;

ii. To consider the external auditors for appointment, audit fees and review any letter of resignation or dismissal and proposal for re-appointment of external auditors or whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment;

iii. To review the nature and scope of the audit with the internal and external auditors before the audit commences and ensure co-ordination where more than one audit firm is involved;

iv. to review the evaluation of the system of internal controls with the auditors;

v. to review the assistance given by the Group's officer to the external auditors;

vi. to review any appraisal or assessment of the performance of the internal auditors;

vii. to review the quarterly results and annual financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

- any changes in accounting policies and practices
- significant adjustments arising from audit
- any other significant and unusual events
- the going concern assumption
- compliance with accounting standards and other legal requirements

viii. to review the external auditor's management letter and management's response;

ix. to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

x. to review the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

xi. to review and recommend to the Board of Directors the Corporate Governance Statement and Statement on Internal Control in relation to internal control and the management of risk included in the annual report;

xii. to consider the report, major findings and management's response on any internal investigations carried out by the internal auditors;

xiii. to review the adequacy and effectiveness of risk management, internal control and governance systems;

xiv. to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

xv. to carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time.

No member of the Audit Committee shall have a relationship which in the opinion of the Board of Directors will interfere with the exercise of independent judgment in carrying out the functions of the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") of the Group is made pursuant to Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This statement is guided by the Statement on Internal Control: Guidelines for Directors of Public Listed Companies.

Board's Responsibilities

The Board acknowledges its overall responsibility for the Group's systems of internal controls as well as reviewing the adequacy, integrity and effectiveness of these systems. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss. The Board further acknowledges its responsibility for the identification and evaluation of risks and the adoption of appropriate safeguards and controls to manage such risks.

Not with standing that there are presently no active operations in the Group, the key features of the Group's system of internal control covering its administration are described below.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board has identified and determined the risks of the Group and their corresponding risk measures that it determines as appropriate in relation to the size and circumstances of the Group as a basis for control activities. Key risks are identified, scored and categorized to highlight the source of risk, their financial impacts and the likelihood of occurrence. The risk profile of the Group has been reported to the Audit Committee and the Board. Action plans to further address the significant risks identified, in addition to existing control mechanisms, are pursued within such context as deemed appropriate by the Board.

As part of the Board's commitment to continuously enhance the Group's risk management practices, and as the Group is in the midst of embarking on a regularization plan that includes the development and/or acquisition of operations and assets, the Board intends to build on the current risk profile by further developing the requisite structure and systems within the risk management framework to be designed against the Group's intended operations and activities.

Internal Controls

Issues relating to the business of the Group are discussed by the Board during Board meetings. The Audit Committee is tasked to review internal control matters and update the Board on significant issues for the Board's attention and action. In the light of the Group's present structure and circumstances, there is no internal audit function as the objectives of control activity monitoring are adequately dealt with by the Audit Committee through its remit.

Others

In addition, the Group's system of internal controls include regular reviews by the Board and Audit Committee of the financial results and position of the Group, and discussions with the external auditors on any significant deficiencies in internal control.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group's system of internal control mainly applies to the operation of the holding company and its existing core functional areas, and does not cover those of associated companies, inactive or dormant companies.

The Board is of the view that the monitoring arrangement in place provides reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company's and Group's present situation.

This above statement is made accordance with the resolution of the Board dated 23 February 2016.

DIRECTORS' PROFILE

SEE THOO CHAN

Age 54, Malaysian
Non-Independent Non-Executive Chairman

Qualifications
- Higher School Certificate

Membership of Associations
- None

Date Appointed to the Board
- 19 March 2013

Date of Last Re-election
- 28 June 2013

Working Experience and Occupation
- She is a successful businesswoman having numerous years of experience in trading of telecommunication products.
- She is also a director of Southall Sdn. Bhd. and Beausoft Sdn. Bhd., which are principally involved in the trading of cellular phones and accessories, mobile phone prepaid cards, telecommunication products and skin care products.

Directorships of Other Public Companies
- Compugates Holdings Berhad

Interest in Securities of the Company and its Subsidiaries
- 18,255,700 shares (direct and indirect holding) in Nakamichi Corporation Berhad

Family Relationship with any Director and/or Major Shareholder
- She is related to Goh Kheng Peow (her spouse) who is a substantial shareholder of the Company.

Conflict of Interest with the Company
- She has no direct conflict of interest with the Group other than the recurrent related party transactions of a revenue or trading nature ("RRPTs") disclosed in page 7 of this Annual Report.

List of Convictions for Offences within the past 10 years other than traffic offences
- None

Attendance of Board Meetings
- Details are set out in the Statement of Corporate Governance in page 7 of this Annual Report.

GOH TAI WAI

Age 42, Malaysian
Independent and Non-Executive Director

Qualifications
- Bachelor of Commerce in Accounting and Information Systems
  Curtin University of Technology, Perth, Australia.

Membership of Associations
- Chartered Accountant of Malaysian Institute of Accountants (MIA)
- Certified Practising Accountant of CPA Australia
- Certified Financial Planner of FPAM

Date Appointed to the Board
- 18 April 2014

Date of Last Re-election
- N/A

Working Experience and Occupation
- He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.
- He is the Director of Finance of Ascend Group of Companies, overseeing the financial management, shared service unit operations, information technology services and other business activities of the Group.
- He has more than twenty (20) years experience ranging from corporate advisory and risk management to financial management and information technology.

Directorships of Other Public Companies
- Compugates Holdings Berhad

Interest in Securities of the Company and its Subsidiaries
- None

Family Relationship with any Director and/or Major Shareholder
- None

Conflict of Interest with the Company
- None

List of Convictions for Offences within the past 10 years other than traffic offences
- None

Attendance of Board Meetings
- Details are set out in the Statement of Corporate Governance in page 7 of this Annual Report.

DIRECTORS' PROFILES (Continued)

DARREN SOLOMON LOW JUN KET
Age 27, Malaysian
Executive Director

Qualifications
- Bachelor of Commerce in Accounting and Finance University of Melbourne, Australia.

Membership of Associations
- None

Date Appointed to the Board
- 19 March 2013

Date of Last Re-election
- 28 June 2013

Working Experience and Occupation
- He was the business development executive of Compuagtes Sabah Sdn Bhd, a company involved in solar power electrification and installation of solar power lighting.
- He is presently a director of Green Electric Sdn Bhd and K&K Securities Sdn Bhd.

Directorships of Other Public Companies
- MTouche Berhad

Interest in Securities of the Company and its Subsidiaries
- None

Family Relationship with any Director and/or Major Shareholder
- None

Conflict of Interest with the Company
- None

List of Convictions for Offences within the past 10 years other than traffic offences
- None

Attendance of Board Meetings
- Details are set out in the Statement of Corporate Governance in page 7 of this Annual Report.

MAK SIEW WEI
Age 40, Malaysian
Independent Non-Executive Director

Qualifications
- Bachelor Degree in Management Information System

Membership of Associations
- None

Date Appointed to the Board
- 1 August 2008

Date of Last Re-election
- 13 June 2011

Working Experience and Occupation
- He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.
- He was working with Marvic International (NY) Ltd in New York as a Business Development Manager for 3 years. Currently he is a businessman with interest in financial services.

Directorships of Other Public Companies
- Advance Information Marketing Berhad
- Scan Associates Berhad
- AT Systematization Berhad

Interest in Securities of the Company and its Subsidiaries
- None

Family Relationship with any Director and/or Major Shareholder
- None

Conflict of Interest with the Company
- None

List of Convictions for Offences within the past 10 years other than traffic offences
- None

Attendance of Board Meetings
- Details are set out in the Statement of Corporate Governance in page 7 of this Annual Report.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

Directors are required by the Companies Act, 1965 to ensure that the financial statements for each financial year which have been prepared in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 1965, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

In preparing the financial statements, the Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent.

The Directors also have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

OTHER DISCLOSURES

ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Listing Requirements of Bursa Securities:

1) Utilisation of Proceeds raised from Corporate Proposal

There were no proceeds raised from corporate proposal during the financial years ended 31 December 2013 and 31 December 2014.

2) Shares Buy-back

The Company did not purchase any of its own shares during the financial years ended 31 December 2013 and 31 December 2014.

3) Option, Warrants or Convertible Securities

The Company did not issue any options, warrants and convertible securities during the financial years ended 31 December 2013 and 31 December 2014.

4) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial years ended 31 December 2013 and 31 December 2014.

5) Sanctions and/or Penalties Imposed

On 28 December 2015, the following compound were received by the subsidiaries of the Company imposed by the Suruhanjaya Syarikat Malaysia ("SSM"):-

NAKAMICHI MALAYSIA SDN BHD

No.	Section of the Companies Act, 1965	Description of non-compliance	Amount (RM)
1.	Section 165(4)	Failure to lodge Annual Return within one month after AGM 2014	500
2.	Section 165(4)	Failure to lodge Annual Return within one month after AGM 2015	500
3.	Section 143(1)	Failure to hold AGM 2015	500

CAPETRONIC COMPUTER (MALAYSIA) SDN BHD

No.	Section of the Companies Act, 1965	Description of non-compliance	Amount (RM)
1.	Section 165(4)	Failure to lodge Annual Return within one month after AGM 2014	500
2.	Section 165(4)	Failure to lodge Annual Return within one month after AGM 2015	500
3.	Section 143(1)	Failure to hold AGM 2015	500

6) Variation in Results

The Company had on 31 December 2015 announced that there is a deviation of more than 10% between the Group's total comprehensive loss for the period as stated in the unaudited results for Q4FY2013 announced on the 30 October 2015 and audited financial statements for the financial year ended 31 December 2013.

The Company had also on 4 January 2016 announced that there is a deviation of more than 10% between the Group's total comprehensive loss for the period as stated in the unaudited results for Q4FY2014 announced on the 30 October 2015 and audited financial statements for the financial year ended 31 December 2014.

The deviation is reconciled and explained in the mentioned announcement.

OTHER DISCLOSURES (Continued)

7) Non-audit Fees

There were no non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group during the financial years ended 31 December 2013 and 31 December 2014.

8) Profit Guarantee

In connection with the acquisition of Tamabina Sdn. Bhd. ("TSB") by the Company and pursuant to the Agreements and Supplemental Agreements thereafter, the Vendors of TSB had provided a Profit Guarantee of RM12 million per annum for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012.

As at 30 March 2015, the Kuala Lumpur High Court had ruled that the Vendors of TSB, Lai Yung Fung and Lo Shwu Fen are to pay the Company RM10,218,598 being the profit guarantee as at 30 June 2012 and RM8,993,493 being the profit guarantee as at 30 June 2011 as disclosed in Note 26(a)(iv) of Audited Financial Statements for the years ended 31 December 2014.

9) Material Contracts involving Directors and Substantial Shareholders entered during the financial years ended 31 December 2013 and 31 December 2014

There were no material contracts entered into by the company or its subsidiaries involving Directors and Substantial Shareholders during the financial years ended 31 December 2013 and 31 December 2014.

10) Revaluation of Landed Properties

The Company has not adopted a policy of regular revaluation of landed properties.

11) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

RRPTs entered by the Company and the Group are disclosed under Note to the Financial Statement for the financial years ended 31 December 2013 and 31 December 2014 on pages 71 and 128.

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2013

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CORPORATE INFORMATION

BOARD OF DIRECTORS	See Thoo Chan (Non-Independent Non-Executive Chairman) Goh Tai Wai (Independent Non-Executive Director) Mak Siew Wei (Independent Non-Executive Director) Darren Solomon Low Jun Ket (Executive Director)
SECRETARY	Wong Keo Rou (MAICSA: 7021435) Jenny Wong Chew Boey (MAICSA: 7006120)
AUDITORS	PKF AF 0911 Chartered Accountants
AUDIT COMMITTEE	Goh Tai Wai (Independent Non-Executive Director) Mak Siew Wei (Independent Non-Executive Director)
REGISTERED OFFICE	No 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: 03-62011120 Fax: 03-62013121
REGISTRAR AND SHARE TRANSFER OFFICE	Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Tel: 03-2783 9299 Fax: 03-2783 9222
BANKERS	RHB Bank Berhad Maybank Berhad
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these principle activities during the financial year except as disclosed in Note 11 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year	30,409,794	27,089,008

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the current financial year ended 31 December 2013.

Directors

The Directors who have held office since the date of the last report are:

See Thoo Chan		
Darren Solomon Low Jun Ket		
Mak Siew Wei		
Goh Tai Wai	-	Appointed on 18 April 2014
Yahya Bin Razali	-	Resigned on 5 June 2014
Lo Man Heng	-	Removed on 29 July 2013
Foo Lee Khean	-	Resigned on 10 March 2014

DIRECTORS' REPORT (Continued)

Directors' interests in shares

The shareholdings in the Company and related corporations of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
The Company	**At 1.1.2013**	**Bought**	**Sold**	**At 31.12.2013**
See Thoo Chan				
- direct interest	7,119,100	800,000	-	7,919,100
- indirect interest #	10,333,600	3,000	-	10,336,600

Deemed interested by virtue of the interest of her spouse, Goh Kheng Peow.

Deemed interested by virtue of the interest of her son, Keane Goh Yan Han.

By virtue of See Thoo Chan's interest in the shares of the Company, she is also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in the ordinary shares of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by 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 other than as disclosed in Note 24 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted by the Company to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (Continued)

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the writing off of bad debts and the amount of the allowance for doubtful debts inadequate in the financial statements of the Group and of the Company to any substantial extent; or

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

(ii) any contingent liability in respect of the Group and of the Company that have arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company have 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 its obligations as and when they fall due.

In the opinion of the Directors, except for the material litigation as disclosed in Note 26 to the financial statements, the loss of RM28,635,148 arising from the deconsolidation of the Group's subsidiaries and impairment of investment in subsidiaries of RM25,421,600 as disclosed in Note 11 to the financial statements together with other related disclosures in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Significant events

The significant events have been disclosed in Note 34 to the financial statements.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

Kuala Lumpur

30 December 2015

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 33 to 86 are drawn up in accordance with the Companies Act, 1965 in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of financial position of the Group and the Company as at 31 December 2013 and of their financial performance and of their cash flows for the financial year ended on that date.

The supplementary information as set out in Note 33 to the financial statements 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.

Signed on behalf of the Board in accordance with a resolution of the Directors,

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

Kuala Lumpur

30 December 2015

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965 IN MALAYSIA

I, SEE THOO CHAN, being the Director primarily responsible for the financial management of NAKAMICHI CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 33 to 86 are in my opinion 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 the)
above named at Kuala Lumpur in Wilayah)
Persekutuan on 30 December 2015)

SEE THOO CHAN

Before me,

KAPT (B) AFFANDI BIN AHMAD
LICENSE NO.: W 678
COMMISSIONER FOR OATH

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD

Report on the Financial Statements

We have audited the accompanying financial statements of NAKAMICHI CORPORATION BERHAD, which comprise the Statements of Financial Position as at 31 December 2013 of the Group and of the Company, 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 ended on that date, and a summary of significant accounting policies and other explanatory notes as set out on pages 33 to 86.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer Opinion

1. Insufficient documentation and information

   Due to inability of the Company's current management to procure the accounting and financial records of the Company from the Company's previous management due to the dispute and litigation between the individuals representing the shareholders of the Company as disclosed in Note 26 and 34 to the financial statements, the Company's current management was unable to provide us with the requisite documentation and information to support the following transactions and account balances:

   (i) As disclosed in Note 4 to the financial statements, we were unable to obtain sufficient appropriate audit evidence to verify the existence and accuracy of the disposal consideration received by the Group and the Company for a motor vehicle amounting to RM92,000.

   (ii) As disclosed in Note 4 to the financial statements, we were unable to obtain sufficient appropriate audit evidence to verify the existence and accuracy of the administrative expenses incurred by the Group and the Company amounting to RM90,226 and RM24,979 respectively.

   (iii) As disclosed in Note 6 to the financial statements, we were unable to obtain sufficient appropriate audit evidence to verify the existence and accuracy of the finance costs of the Group and of the Company amounting to RM4,625 and RM4,625 respectively.

   (iv) As disclosed in Note 14 to the financial statements, we are unable to obtain sufficient appropriate audit evidence to verify the existence, accuracy and recoverability of non-trade receivables, deposits and prepayments of the Group amounting to RM11,625.

   (v) As disclosed in Note 19(iii)(b) to the financial statements, we were unable to obtain sufficient appropriate audit evidence in respect of the existence of payments made on behalf of the Group and the Company by Lo Man Heng, a former Director of the Company, amounting to RM85,148, accounted for as advances.

   (vi) As disclosed in Note 19(iii)(f) to the financial statements, we are unable to obtain sufficient appropriate audit evidence to verify the existence and accuracy of non-trade payable balances of the Group and the Company amounting to RM56,249 and RM38,831 respectively, and repayment made in respect of non-trade payables of the Group and the Company amounting to RM19,692 and RM13,050 respectively.

   (vii) As disclosed in Note 19(iv) to the financial statements, we were unable to obtain sufficient appropriate audit evidence to verify the accuracy and existence of accruals of the Group amounting to RM14,043 provided for during the year.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Continued)

Basis for Disclaimer Opinion (continued)

2. Limitation to scope of work

We requested the Directors to facilitate the circularisation of confirmations for selected payable balances as part of our auditing procedures. However, the Directors have not acceded for balances in respect of the following:

(i) As disclosed in Note 19(iii)(c) to the financial statements, the Directors do not agree to the amounts previously accounted for as outstanding by the Group and the Company to a Director of the subsidiaries, Tamabina Sdn. Bhd. ("TSB") and Faktor Juta Sdn. Bhd. ("FJSB"), that have both since been deconsolidated, amounting to RM26,912.

(ii) As disclosed in Note 19(iii)(f) to the financial statements, the Directors do not agree to the amounts previously accounted for as outstanding in non-trade payable balances of RM163,800 and RM95,886 by the Group and the Company respectively.

As such, we have been unable to obtain sufficient appropriate audit evidence to confirm the existence and accuracy of these balances. Additionally, we were unable to satisfy ourselves by alternative means on the existence and accuracy of these balances, and accordingly were unable to determine whether adjustments might have been necessary in this respect to the financial performance, cash flows and financial position of the Group and the Company for the year ended 31 December 2013.

3. Incomplete subsidiary information for Group consolidation

As disclosed in Note 11 to the financial statements, the Group deconsolidated the subsidiaries, TSB and FJSB, effective 1 January 2013. However, the Company effectively lost control over TSB and FJSB subsequent to the removal of a former Director of the Company from the Board on 29 July 2013. The Company has not been able to obtain the financial information of TSB and FJSB from 1 January 2013 to 29 July 2013 for the purpose of consolidation. We are therefore unable to determine the effect of consolidation adjustment(s) if any to the financial performance and cash flows of the Group for the year then ended.

4. Material uncertainty relating to the going concern basis

In addition, we draw attention to Note 1(c) to the financial statements, which discloses that the financial statements are prepared on the going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business. However, as at the reporting date, notwithstanding the matters raised in the preceding paragraphs, the Group and the Company registered a deficit in shareholders' funds of RM13,586,878 and RM13,226,873 and net current liabilities of RM13,586,878 and RM13,226,873. The Group and the Company also incurred a net loss of RM30,409,794 and RM27,089,008 during the financial year ended 31 December 2013, thereby indicating the existence of the material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concerns.

Further to this, on 3 February 2015, a court order was issued for the winding-up of TSB. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to guidelines under Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company had triggered the criteria of PN17 and is an affected issuer under the guidelines. The Company is therefore required to submit a regularisation plan within twelve months from 29 April 2015. In the event the Company fails to submit a regularisation plan by this date, and obtain the relevant approval from Bursa Malaysia, or fails to successfully implement the plan to regularise its financial condition, the Company's shares may be delisted from Bursa Malaysia.

At the date of this report, the Group and the Company do not have any significant operations and the Directors have not formalised a regularisation plan for the Group and the Company. As there is insufficient information for us to evaluate the appropriateness of the ability of the Group and the Company to continue as going concerns, we are accordingly unable to determine the reasonableness of the Directors' assumption that the Group and the Company are going concerns.

Any adjustments or additional disclosures found to be necessary in respect of the above matters, including any related tax impact, will have a consequential significant effect on the financial position of the Group and the Company as at 31 December 2013 and the financial performance and cash flows of the Group and the Company for the year then ended and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant subsequent events related to the Group and the Company.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Continued)

Disclaimer Opinion

Because of the significance of the matters as discussed in the Basis for Disclaimer Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 (the "Act") 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 not been properly kept in accordance with the provisions of the Act, except for the following:

1. Section 143 of the Act requires that an Annual General Meeting ("AGM") be held once in every calendar year and not more than fifteen months after the holding of the last preceding AGM. The Company is in breach of this requirement as the Company has not held an AGM in the previous calendar year and within fifteen months after the last preceding AGM held on 28 June 2013.

2. Section 167(1) of the Act requires every company and its Directors and managers to keep such accounting and other records as will sufficiently explain the transactions and financial position of the company and to enable true and fair profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time, and cause those records to be kept in such manner as to enable them to be conveniently and properly audited. The Company is in breach of this requirement as the Company has not maintained sufficient accounting records to sufficiently explain the transactions and financial position of the Group and Company to enable true and fair profit and loss accounts and balance sheets in such manner as to enable them to be conveniently and properly audited.

3. Section 167(2) of the Act requires that every company retain the records referred to in Section 167(1) for seven years after the completion of the transactions or operations to which they respectively relate. The Company is in breach of this requirement as the Company does not have the accounting records of the Group and Company prior to 31 May 2013 after the removal of a former Director as disclosed in Note 11 to the financial statements.

4. Section 169 of the Act requires the Directors of every company, once at least in every calendar year at an interval of not more than fifteen months, to lay before the company at its AGM, a profit and loss account for the period since the preceding account made up to a date not more than six months before the date of the meeting. The Group and the Company are in breach of this requirement as the Company has not laid before the Company at an AGM its profit and loss account for the period since the last AGM on 28 June 2013.

(b) As explained in the Basis for Disclaimer opinion, we have not obtained sufficient information to satisfy ourselves 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 consolidated financial statements and we have not received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the remaining subsidiaries have been expressed with a Disclaimer Opinion on the basis that the auditors were unable to obtain sufficient appropriate evidence to satisfy themselves under Section 174(3) of the Act.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Continued)

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information set out in Note 33 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the format prescribed by 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.

PKF
AF 0911
CHARTERED ACCOUNTANTS

BRIAN WONG WYE PONG
2610/04/17(J)
CHARTERED ACCOUNTANT

Kuala Lumpur

30 December 2015

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

	Note	2013 RM	Restated 2012 RM
Revenue	3	-	9,972,871
Cost of sales		-	(9,855,982)
Gross profit		-	116,889
Other income		17,000	554,218
Loss on deconsolidation		(28,635,148)	-
Administrative expenses		(1,447,272)	(2,427,839)
Loss from operations	4	(30,065,420)	(1,756,732)
Finance costs	6	(336,419)	(743,072)
Loss before tax		(30,401,839)	(2,499,804)
Tax expense	7	(7,955)	(170,214)
Loss and other comprehensive loss for the year		(30,409,794)	(2,670,018)
Loss attributable to:			
Owners of the Company		(30,409,794)	(2,730,610)
Non-controlling interest		-	60,592
Loss for the financial year		(30,409,794)	(2,670,018)
Total comprehensive loss attributable to:			
Owners of the Company		(30,409,794)	(2,730,610)
Non-controlling interest		-	60,592
Total comprehensive loss for the year		(30,409,794)	(2,670,018)
Basic loss per ordinary share (sen)	8	(54.88)	(4.82)

The accompanying notes form an integral part of the financial statements.

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

	Note	2013 RM	2012 RM
Revenue	3	-	2,295,000
Cost of sales		-	-
Gross profit		-	2,295,000
Other operating income		17,000	-
Administrative expenses		(26,769,589)	(645,610)
(Loss)/Profit from operations	4	(26,752,589)	1,649,390
Finance costs	6	(336,419)	(1,865,327)
Loss before tax		(27,089,008)	(215,937)
Tax expense	7	-	-
Loss and other comprehensive loss for the year		(27,089,008)	(215,937)
Loss attributable to:			
Owners of the Company		(27,089,008)	(215,937)
Loss for the year		(27,089,008)	(215,937)
Total comprehensive loss attributable to:			
Owners of the Company		(27,089,008)	(215,937)
Total comprehensive loss for the year		(27,089,008)	(215,937)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31.12.2013 RM	Restated 31.12.2012 RM	Restated 1.1.2012 RM
ASSETS				
Non-current assets				
Property, plant and equipment	9	-	1,081,235	1,279,412
Intangible asset	10	-	72,223,665	73,517,321
		-	73,304,900	74,796,733
Current assets				
Assets classified as held for sale		-	-	18,300,000
Inventories	12	-	5,317,934	2,688,217
Trade receivables	13	-	230,465	1,292,030
Non-trade receivables, deposits and prepayments	14	11,625	2,879,779	1,189,658
Cash and bank balances		1,140	215,543	4,505
		12,765	8,643,721	23,474,410
TOTAL ASSETS		12,765	81,948,621	98,271,143
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	55,410,180	55,410,180	55,410,180
Share premium	17	38,451,919	38,451,919	38,451,919
Accumulated losses		(107,448,977)	(77,039,183)	(74,308,573)
		(13,586,878)	16,822,916	19,553,526
Non-controlling interest	18	-	27,512,200	29,656,559
Total equity		(13,586,878)	44,335,116	49,210,085
Non-current liabilities				
Non-trade payables and accruals	19	-	427,274	-
Hire purchase payables	20	-	136,536	336,141
Deferred tax	21	-	18,133,567	18,436,330
		-	18,697,377	18,772,471
Current liabilities				
Trade payables	22	-	6,207,060	6,375,812
Non-trade payables and accruals	19	13,494,852	7,993,954	18,227,997
Tax payables		4,244	4,490,509	5,187,632
Provision	23	100,547	-	-
Hire purchase payables	20	-	224,605	497,146
		13,599,643	18,916,128	30,288,587
Total liabilities		13,599,643	37,613,505	49,061,058
TOTAL EQUITY AND LIABILITIES		12,765	81,948,621	98,271,143

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	-	81,000
Investment in subsidiaries	11	-	25,421,600
		-	25,502,600
Current assets			
Non-trade receivables, deposits and prepayments	14	-	60,076
Amount due from subsidiaries	15	-	-
Cash and bank balances		1,084	2,042
		1,084	62,118
TOTAL ASSETS		1,084	25,564,718
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	55,410,180	55,410,180
Share premium	17	38,451,919	38,451,919
Accumulated losses		(107,088,972)	(79,999,964)
Total equity		(13,226,873)	13,862,135
LIABILITIES			
Non-current liability			
Hire purchase payables	20	-	42,883
Current liabilities			
Non-trade payables and accruals	19	13,227,957	11,628,244
Hire purchase payables	20	-	31,456
		13,227,957	11,659,700
Total liabilities		13,227,957	11,702,583
TOTAL EQUITY AND LIABILITIES		1,084	25,564,718

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to the owners of the Company						
	Non-Distributable			Distributable			
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total RM
At 1 January 2012 (as previously recorded)	55,410,810	38,451,919	-	(64,935,115)	28,926,984	38,662,431	67,589,415
Prior year adjustment (Note 35)	-	-	-	(9,373,458)	-	(9,005,872)	
At 1 January 2012 (restated)	55,410,810	38,451,919	-	(74,308,573)	19,553,526	29,656,559	49,210,085
Acquisition of a subsidiary	-	-	-	-	-	49	49
Total comprehensive loss for the year (restated)	-	-	-	(2,730,610)	(2,730,610)	60,592	(2,670,018)
Transactions with non-owners:							
Dividends	-	-	-	-	-	(2,205,000)	(2,205,000)
At 31 December 2012	55,410,180	38,451,919	-	(77,039,183)	16,822,916	27,512,200	44,335,116
Loss on deconsolidation	-	-	-	-	-	(27,512,200)	(27,512,200)
Total comprehensive loss for the year	-	-	-	(30,409,794)	(30,409,794)	-	(30,409,794)
At 31 December 2013	55,410,180	38,451,919	-	(107,448,977)	(13,586,878)	-	(13,586,878)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	← Attributable to the owners of the Company →			
		Non-Distributable	Distributable	
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2012	55,410,180	38,451,919	(79,784,027)	14,078,072
Total comprehensive loss for the year	-	-	(215,937)	(215,937)
At 31 December 2012	55,410,180	38,451,919	(79,999,964)	13,862,135
Total comprehensive loss for the year	-	-	(27,089,008)	(27,089,008)
At 31 December 2013	55,410,180	38,451,919	(107,088,972)	(13,226,873)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	Restated 2012 RM
Cash flows from operating activities			
Loss before tax		(30,401,839)	(2,499,804)
Adjustments for:			
Amortisation of intangible asset		-	1,293,656
Depreciation		27,650	500,020
Fair value adjustment on amount due to a Director		-	(538,785)
Loss on deconsolidation	11	28,635,148	-
Net loss on property, plant and equipment written off	(i)	50,558	-
Interest expense		336,419	743,072
Interest income		-	(15,432)
(Gain)/Loss on disposal of property, plant and equipment		(17,000)	26,242
Operating loss before working capital changes		(1,369,064)	(491,031)
Increase in inventories		-	(2,629,717)
Increase in receivables		67,106	(628,555)
Increase/(decrease) in payables		725,068	(9,436,736)
Cash used in from operations		(576,890)	(13,186,039)
Interest paid		-	(710,726)
Interest received		-	15,432
Tax paid		(3,711)	(1,170,100)
Net cash used in operating activities		(580,601)	(15,051,433)
Cash flows from investing activities			
Net cash inflow from acquisition of a subsidiary		-	49
Disposal cost for asset held for sale		-	(726,242)
Net cash outflow from deconsolidation of subsidiaries	11	(200,832)	-
Proceeds from disposal of assets held for sale		-	19,000,000
Proceeds from disposal of property, plant and equipment		92,000	-
Purchase of property, plant and equipment	(ii)	(72,208)	(301,843)
Net cash (used in)/from investing activities		(181,040)	17,971,964
Cash flows from financing activities			
Interest paid		(4,625)	(32,346)
Advances from a Director		626,203	-
Repayment of hire purchase payables		(74,340)	(472,147)
Dividend paid to non-controlling interests		-	(2,205,000)
Net cash from/(used in) financing activities		547,238	(2,709,493)
Net increase in cash and cash equivalents		(214,403)	211,038
Cash and cash equivalents at 1 January		215,543	4,505
Cash and cash equivalents at 31 December	(iii)	1,140	215,543

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

Notes:

(i) Net loss on property, plant and equipment written off

	2013 RM	Restated 2012 RM
Property, plant and equipment written off	246,150	-
Less: Hire purchase liabilities assumed by a former Director of the Company	(195,592)	-
Net loss on property, plant and equipment written off	50,558	-

(ii) Purchase of property, plant and equipment

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2013 RM	Restated 2012 RM
Purchase of property, plant and equipment	267,800	301,843
Less: Hire purchase arrangements	(195,592)	-
Cash payment on purchase of property, plant and equipment	72,208	301,843

(iii) Cash and cash equivalents

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Loss before tax		(27,089,008)	(215,937)
Adjustments for:			
Allowance for impairment loss on amount due from a subsidiary		41,748	125,962
Impairment on investment in subsidiaries		25,421,600	-
Depreciation		27,650	36,000
Net loss on property, plant and equipment written off	(i)	50,558	-
Dividend income		-	(2,295,000)
Gain on disposal of property, plant and equipment		(17,000)	-
Interest expense		336,419	1,865,327
Operating loss before working capital changes		(1,228,033)	(483,648)
Decrease/(Increase) in receivables		60,076	(57,886)
Increase in payables		671,102	(9,144,778)
Cash used in operations		(496,855)	(9,686,312)
Interest paid		-	(1,857,904)
Net cash used in operating activities		(496,855)	(11,544,216)
Cash flows from investing activities			
Acquisition of a new subsidiary		-	(51)
Proceeds from disposal of property, plant and equipment		92,000	-
Purchase of property, plant and equipment	(ii)	(72,208)	-
Dividends received		-	2,295,000
Net cash from investing activities		19,792	2,294,949
Cash flows from financing activities			
(Advances to)/Advances from subsidiaries		(41,748)	9,291,615
Advances from a Director		596,817	-
Interest paid		(4,625)	(7,423)
Repayment of hire purchase payables		(74,339)	(34,142)
Net cash from financing activities		476,105	9,250,050
Net (decrease)/increase in cash and cash equivalents		(958)	783
Cash and cash equivalents at 1 January		2,042	1,259
Cash and cash equivalents at 31 December	(iii)	1,084	2,042

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Continued)

Notes:

(*i*) *Net loss on property, plant and equipment written off*

	2013 RM	2012 RM
Property, plant and equipment written off	246,150	-
Less: Hire purchase liabilities assume by a former Director of the Company	(195,592)	-
Net loss on property, plant and equipment written off	50,558	-

(ii) Purchase of property, plant and equipment

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2013 RM	2012 RM
Purchase of property, plant and equipment	267,800	-
Less: Hire purchase arrangements	(195,592)	-
Cash payment on purchase of property, plant and equipment	72,208	-

(iii) Cash and cash equivalents

Cash and cash equivalents included in the Statement of Cash Flows comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

(a) Standards issued and effective

On 1 January 2013, the following new and amended MFRSs and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
• MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
• MFRS 10, Consolidated Financial Statements	1 January 2013
• MFRS 11, Joint Arrangements	1 January 2013
• MFRS 12, Disclosure of Interests in Other Entities	1 January 2013
• MFRS 13, Fair Value Measurement	1 January 2013
• MFRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
• MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
• MFRS 127, Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
• MFRS 128, Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
• Amendment to MFRSs:	
- MFRS 1, Government Loans	1 January 2013
- MFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
- MFRS 10, Consolidated Financial Statements: Transition Guidance	1 January 2013
- MFRS 11, Joint Arrangements: Transition Guidance	1 January 2013
- MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
• Annual improvements 2009 – 2011 cycle, amendments to:	
- MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2013
- MFRS 101, Presentation of Financial Statements	1 January 2013
- MFRS 116, Property, Plant and Equipment	1 January 2013
- MFRS 132, Financial Instruments: Presentation	1 January 2013
- MFRS 134, Interim Financial Reporting	1 January 2013
- IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	1 January 2013

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2014
• Amendments to MFRS 12, Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
• Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities	1 January 2014
• Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014
• Amendments to MFRS 119: Defined benefit plans: Employee Contributions	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	**Effective for annual periods beginning on or after**
• Annual improvements to MFRSs 2010 – 2012 cycle	
- MFRS 2, Share-based payment	1 July 2014
- MFRS 3, Business combinations	1 July 2014
- MFRS 8, Operating Segments	1 July 2014
- MFRS 116, Property, plant and equipment	1 July 2014
- MFRS 124, Related party disclosures	1 July 2014
- MFRS 138, Intangible assets	1 July 2014
• Annual improvements to MFRSs 2011 – 2013 cycle, amendments to	
- MFRS 3, Business combinations	1 July 2014
- MFRS 13, Fair value measurement	1 July 2014
- MFRS 140, Investment property	1 July 2014
• Annual improvements to MFRSs 2012– 2014 cycle	
- MFRS 5, Non-Current Assets Held for Sales and Discontinued Operations	1 January 2016
- MFRS 7, Financial Instruments: Disclosure	1 January 2016
- MFRS 119, Employee Benefits	1 January 2016
- MFRS 134, Interim Financial Reporting	1 January 2016
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 14, Regulator deferral accounts	1 January 2016
• MFRS 15, Revenue from Contract with Customers	1 January 2017
• Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2016
• Amendments to MFRS 11, Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendment to MFRS 116, Property, Plant and Equipment: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendment to MFRS 116, Property, Plant and Equipment: Agriculture : Bearer Plants	1 January 2016
• Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Amendments to MFRS 127, Separate Financial Statements: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to MFRS 10, Consolidated Financial Statements: Sale or Contribution of Assets between an investor and it Associate or Joint Venture	1 January 2016
• Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates: Investment Entities – Applying the Consolidation Exception	1 January 2016
• Amendment to MFRS 138 Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The Directors expect that the adoption of the amendments and IC Interpretations above will have no material impact on the financial statements.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concerns which contemplates the realisation of assets and settlement of liabilities in the normal course of business. However, as at the reporting date, the Group and the Company have deficit in shareholders' funds of RM13,586,878 and RM13,226,873, and the Group's and the Company's current liabilities exceeded its current assets by RM13,586,878 and RM13,226,873. The Group and the Company also incurred a loss of RM30,409,794 and RM27,089,008 for the financial year ended 31 December 2013 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

1. Basis of preparation (continued)

(c) Basis of measurement (continued)

Further to this, as announced on 29 April 2015, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company was an affected issuer as a court order was issued for the winding-up of Tamabina Sdn Bhd, a subsidiary of the Company. The Company is required to submit a regularisation plan within twelve months from 29 April 2015, obtain the relevant approval from Bursa Malaysia, and successfully implement the plan to regularise its financial condition. Failure to do so may result in the Company's shares being delisted from Bursa Malaysia.

As at the date of this report, the Directors have yet to make an announcement on the Group's and Company's regularisation plan. The ability of the Group and the Company to continue as going concerns are dependent on the approval of the regularisation plan by Bursa Malaysia, the successful implementation of the regularisation plan, as well as the ability of the Group and the Company to operate profitably in the foreseeable future.

As the Directors intend to formalise a regularisation plan for the Group and the Company, they have however considered the application of the going concern basis in the preparation of the financial statements to be appropriate. In the event that the going concern assumption is no longer valid, the Group and the Company may not be able to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at the amounts which could differ significantly from the amounts which are currently recorded in the statement of financial position. Additional liabilities that may include provisions and contingencies may also need to be recognised and disclosed in the financial statements. In addition, the Group and the Company may have to reclassify the non-current assets and liabilities as current assets and liabilities, respectively.

(d) 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 and of the Company'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) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and 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 year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant 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 and the Company anticipates that the residual values of its property, plant 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.

(iii) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

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

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

(v) 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.

(vi) Impairment of Trade and Non-trade 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.

(vii) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(viii) Carrying Value of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and of the Company's test for impairment of investments in subsidiaries.

(ix) Impairment of Timber Extraction Rights

The Group assesses the timber rights for impairment on an annual basis. This requires an estimation of the value-in-use of timber extraction rights. Estimating a value-in-use amount requires management to make an estimation of future expected cash flows from the timber extraction rights and to choose suitable discount rates in order to calculate the present value of these future expected cash flows. The carrying amount of timber extraction rights held by a subsidiary as at 31 December 2013 was NIL (2012: RM96,298,219). More regular reviews are performed if events indicate that this is necessary.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(ix) Impairment of Timber Extraction Rights (continued)

Significant judgement is required in the estimation of the present value of cash flows from the timber operations, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the result of the Group's tests for impairment of its timber extraction rights.

The key significant judgement and assumptions used in the estimation of the present value of future cash flows from the timber operations for the financial year ended 31 December 2012 are as follows:

- Cash flow projections based on expected operating results and on management's assessment of future trends in the timber division which are based on internal sources of information;
- The salient cost components as stipulated in the Log Extraction and Timber Sale Agreement dated 29 May 2007 entered into by a subsidiary for the extraction and sale of timber logs from the concession area;
- The total available volume of commercial timber located in the concession area; and
- A pre-tax discount rate of 10% was applied in discounting the future cash flows.

On 3 February 2015, a court order was issued for the winding-up of the subsidiary. As a result, the timber extraction rights had been deconsolidated.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiary are accounted for by applying the acquisition method.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied Revised MFRS 3, Business Combinations, in accounting for business combinations.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

Acquisitions between 1 January 2006 to 1 January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(iv) Transactions with Non-controlling interests

Transactions with Non-controlling interests are accounted for using the entity concept method, whereby, transactions with Non-controlling interests are accounted for as transactions with owners.

On acquisition of Non-controlling interest, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to Non-controlling interests is recognised directly in equity.

(v) Loss of control

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(b) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which are the Group's and the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follow:

	2013 RM	2012 RM
1 Singapore Dollar	NA	2.50
1 United States Dollar	NA	3.06

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

(i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(c) Revenue (continued)

(iii) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment.

(d) Employee benefits expense

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) *Defined contribution plans*

The Group's and the Company's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plans.

(e) Borrowing costs

Borrowings are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(f) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(f) Tax expense (continued)

(ii) Deferred tax (continued)

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.

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 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 profit or loss 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.

(g) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGUs")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation of other property, plant and equipment is calculated on the straight-line basis at the following annual rates based on their estimated useful lives:

Plant, machinery and tools	10% - 33 1/3%
Camp and office equipment	20%
Camp and office furniture and fittings	10% - 20%
Motor vehicles	20% - 25%
Other assets	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(i) Intangible assets

(i) Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(a) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with and indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(j) Timber extraction rights

Timber extraction rights represent the exclusive rights of a subsidiary to extract, purchase and sales of commercial timber logs extractable from a designated timber concession area located at Pinangah Forest Reserve, Sabah. Timber extraction rights are stated at its acquisition costs and/or its fair value upon acquisition of the said subsidiary, less accumulated amortisation and impairment losses. Amortisation is provided on a unit of production basis of the financial year so as to write off the costs in proportion to the depletion of the total volume of extractable logs. Timber extraction rights are reviewed annually or more frequently if the events or changes in circumstances indicate the carrying value may be impaired.

(k) Inventories

Inventories comprise finished goods and are stated at the lower of cost and net realisable value.

Cost is determined using weighted average basis. Cost of inventories is reflected under the weighted average cost principle and includes expenditure incurred in extracting the timber logs and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(l) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determines the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(n) Hire purchase arrangements

Plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and the corresponding obligations are taken up as hire-purchase creditors.

The interest element is charged to the profit or loss over the year of respective hire purchase arrangements.

(o) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and non-trade payables and amount due from subsidiary company.

Trade and non-trade payables, amount due from subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(p) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

2. Summary of significant accounting policies (continued)

(r) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(s) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Revenue

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Sale of goods	-	9,972,871	-	-
Dividend income	-	-	-	2,295,000
	-	9,972,871	-	2,295,000

4. (Loss)/Profit from operations

	Group		Company	
	2013 RM	**Restated 2012 RM**	**2013 RM**	**2012 RM**
(Loss)/Profit from operations is stated after charging/(crediting):				
Allowance for impairment loss on amount due from a subsidiary	-	-	41,748	125,962
Amortisation of intangible asset	-	1,293,656	-	-
Auditors' remuneration:				
- statutory				
- current year	74,000	61,000	70,000	30,000
- over provision in prior year	-	12,000	-	10,000
- non-statutory	175,128	54,500	175,128	54,500
Loss on deconsolidation	28,635,148	-	-	-
Depreciation	27,650	500,020	27,650	36,000
Employee benefits expense (Note 5)	276,510	1,145,387	211,000	182,947
Fair value adjustment on amount due to a Director	-	(538,785)	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

4. (Loss)/Profit from operations (continued)

	Group		Company	
		Restated		
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit from operations is stated after charging/(crediting):				
Interest income	-	(15,433)	-	-
Impairment of investment in subsidiary	-	-	25,421,600	-
Loss on disposal of asset held for sale	-	26,242	-	-
Gain on disposal of property, plant and equipment	(17,000)	-	(17,000)	-
Net loss on property, plant and equipment written off	50,558	-	50,558	-
Realised loss on foreign exchange	-	64,470	-	-
Rental of premises	1,870	109,460	-	-

There are no documents available to support the following income and expenses:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Disposal consideration of property, plant and equipment	(92,000)	-	(92,000)	-
Administrative expenses:				
Employee benefits	65,510	-	-	-
Other expenses	24,716	-	24,979	-
	90,226	-	24,979	-

5. Employee benefits expense

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Staff cost:				
Salaries, wages, allowances and bonuses	58,547	862,204	-	86,129
Contributions to defined contribution plan	6,873	53,074	-	9,971
Other employees benefits	90	23,709	-	447
Total staff cost	65,510	938,987	-	96,547
Directors' remuneration:				
Directors of the Company *				
Executive:				
Remuneration	-	120,000	-	-
Non-executive:				
Fees	211,000	86,400	211,000	86,400
Total Directors' remuneration	211,000	206,400	211,000	86,400
Total employee benefits	276,510	1,145,387	211,000	182,947

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

5. Employee benefits expense (continued)

* The number of Directors of the Group whose total remuneration during the year fall within the following bands are as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Executive:				
Below RM150,000	1	1	1	-
Non-executive:				
Below RM50,000	4	4	4	4

The total number of employees, inclusive of Executive Directors, of the Group and the Company as at the end of the financial year were 1 and 1 (2012: 16 and 4) respectively.

There is no documentation available to support expenses in relation to employee benefits of the Group amounting to RM65,510 (2012: RM Nil) as disclosed in Note 4 to the financial statements.

6. Finance costs

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Interest expenses on:				
- hire purchase payables	4,625	32,346	4,625	7,423
- amount due to Directors	-	673,422	-	675,691
- amount due to a former Director	116,500	37,300	116,500	5,005
- amount due to a subsidiary	215,294	-	215,294	1,177,208
	336,419	743,072	336,419	1,865,327

There is no documentation available to support the hire purchase payables interest of the Group and the Company amounting to RM4,625 (2012: RM Nil).

7. Tax expense

	Group		Company	
	2013 RM	**Restated 2012 RM**	**2013 RM**	**2012 RM**
Income tax				
- current year	4,244	496,425	-	-
- under/(over) provision in prior year	3,711	(23,448)	-	-
	7,955	472,977	-	-
Deferred taxation (Note 21)				
- current year	-	12,327	-	-
- under provision in prior year	-	8,324	-	-
	-	20,651		
- crystallisation of deferred tax liability on timber extraction rights	-	(323,414)	-	-
	-	(302,763)	-	-
	7,955	170,214	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

7. Tax expense (continued)

Reconciliation of effective tax expense

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Loss before tax	(30,401,839)	(2,499,804)	(27,089,008)	(215,937)
Tax calculated using statutory tax rate at 25%	(7,600,459)	(732,755)	(6,772,252)	(53,984)
Non-deductible expenses	7,608,953	1,376,203	6,776,502	627,734
Non-taxable income	(4,250)	(134,696)	(4,250)	(573,750)
Crystallisation of deferred tax liability on timber extraction rights	-	(431,219)	-	-
	4,244	77,533	-	-
Under provision of deferred tax in prior year	-	8,324	-	-
Under/(Over) provision of tax expenses in prior year	3,711	(23,448)	-	-
	7,955	62,409	-	-

The Group has unutilised tax losses and unabsorbed capital allowances as follows:

	Group	
	2013 RM	**2012 RM**
Unutilised tax losses	53,438,587	55,456,338
Unabsorbed capital allowances	24,777,545	25,682,732
	78,216,132	81,139,070

The availability of the unutilsed tax losses and unabsorbed capital allowances for utilisation will be subject to the restriction by the tax authorities on the change of shareholdings and principal activity of the relevant company.

8. Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary shareholders by the number of ordinary shares outstanding during the financial year calculated as follows:

	Group	
	2013 RM	**2012 RM**
Loss attributable to ordinary shareholders	30,409,794	2,670,018
Number of ordinary shares in issue	55,410,180	55,410,180
Basic loss per ordinary share (sen)	54.88	4.82

Diluted loss per ordinary share are not presented as the Group had no dilutive potential ordinary shares during the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

9. Property, plant and equipment

	Plant, machinery and tools RM	Camp and office equipment RM	Camp and office furniture and fittings RM	Motor Vehicles RM	*Other assets RM	Total RM
Group						
2013						
Cost						
At 1 January	1,332,430	200,347	17,700	1,504,054	64,370	3,118,901
Additions	-	-	-	267,800	-	267,800
Deconsolidation of subsidiaries	(1,332,430)	(200,347)	(17,700)	(971,297)	(64,370)	(2,586,144)
Disposal	-	-	-	(180,000)	-	(180,000)
Written off	-	-	-	(620,557)	-	(620,557)
At 31 December	-	-	-	-	-	-
Accumulated depreciation						
At 1 January	686,896	117,642	10,023	1,189,145	33,960	2,037,666
Charge for the financial year	-	-	-	27,650	-	27,650
Deconsolidation of subsidiaries	(686,896)	(117,642)	(10,023)	(737,388)	(33,960)	(1,585,909)
Disposal	-	-	-	(105,000)	-	(105,000)
Written off	-	-	-	(374,407)	-	(374,407)
At 31 December	-	-	-	-	-	-
Carrying value						
At 31 December	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

9. Property, plant and equipment (continued)

	Plant, machinery and tools RM	Camp and office equipment RM	Camp and office furniture and fittings RM	Motor Vehicles RM	*Other assets RM	Total RM
Group						
2012						
Cost						
At 1 January	1,057,430	187,702	17,700	1,504,054	50,172	2,817,058
Additions	275,000	12,645	-	-	14,198	301,843
At 31 December	1,332,430	200,347	17,700	1,310,339	64,370	3,118,901
Accumulated depreciation						
At 1 January	470,826	78,827	6,484	958,902	22,607	1,537,646
Charge for the financial year	216,070	38,815	3,539	230,243	11,353	500,020
At 31 December	686,896	117,642	10,023	1,189,145	33.960	2,037,666
Carrying value						
At 31 December	645,534	82,705	7,677	314,909	30,410	1,081,235

* Other assets consist of telecommunication items, renovation, electrical installation, other camp and quarters' assets.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

9. Property, plant and equipment (continued)

	Motor vehicles RM	Total RM
Company		
2013		
Cost		
At 1 January	180,000	180,000
Additions	267,800	267,800
Disposals	(180,000)	(180,000)
Written off	(267,800)	(267,800)
At 31 December	-	-
Accumulated depreciation		
At 1 January	99,000	99,000
Charge for the year	27,650	27,650
Disposals	(105,000)	(105,000)
Written off	(21,650)	(21,650)
At 31 December	-	-
Carrying value		
At 31 December	-	-

	Motor vehicles RM	Total RM
Company		
2012		
Cost		
At 1 January / 31 December	180,000	180,000
Accumulated depreciation		
At 1 January	63,000	63,000
Charge for the year	36,000	36,000
At 31 December	99,000	99,000
Carrying value		
At 31 December	81,000	81,000

As at the reporting date, the carrying value of property, plant and equipment of the Group and the Company acquired under hire purchase arrangements was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Motor vehicles	-	244,358	-	81,000
Plant and machinery	-	350,900	-	-
	-	595,258	-	81,000

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

9. Property, plant and equipment (continued)

There are no documents available to support the additions and disposals of property, plant and equipment. As a result, the entire balances in respect of property, plant and equipment have been written off. Disposals of property, plant and equipment occurred before the current management took over.

10. Intangible asset

	Group	
		Restated
	2013	2012
	RM	RM
Timber extraction rights, at cost	82,725,785	82,725,785
Less: Accumulated amortisation	(10,502,120)	(10,502,120)
Less: Deconsolidation of subsidiaries	(72,223,665)	-
At 31 December	-	72,223,665

Timber extraction rights arose from the acquisition of Tamabina Sdn. Bhd. ("TSB"). The fair value of the timber extraction rights of RM82,725,785 on the acquisition date was determined by the Directors of the Company and updated with certain assumptions based on an independent valuation performed by a licensed valuer dated 10 December 2007 in accordance with the number of units of timber logs extractable from the date of valuation. A deferred tax liability on the timber extraction rights of RM20,681,446 was recognised simultaneously with the timber extraction rights.

In the previous year, the Directors have reviewed the carrying amount of the intangible asset by estimating its value-in-use, which was determined by discounting the future cash flows generated from TSB after having taken into account the following key assumptions:

(i) Cash flow projections based on expected operating results and on management's assessment of future trends in the timber division which are based on internal sources of information;

(ii) The salient cost components as stipulated in the Log Extraction and Timber Sale Agreement dated 29 May 2007 entered into by TSB for the extraction and sale of timber logs from the concession area;

(iii) The total available volume of commercial timber located in the concession area; and

(iv) A pre-tax discount rate of 10% was applied in discounting the future cash flows.

11. Investment in subsidiaries

	Company	
	2013	2012
	RM	RM
At cost:		
Unquoted share	37,847,353	37,847,353
Less:		
Accumulated impairment losses	(33,268,900)	(7,847,300)
Compensation received for shortfall in profit guarantee	(4,578,453)	(4,578,453)
	-	25,421,600

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

11. Investment in subsidiaries (continued)

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Percentage of equity held 2013	2012	Principal activity
Nakamichi Malaysia Sdn Bhd.	Malaysia	100%	100%	Inactive during the year
Capetronic Computer (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Tamabina Sdn. Bhd. ("TSB")@	Malaysia	51%	51%	Log extraction and timber sale
Faktor Juta Sdn. Bhd. ("FJSB")@	Malaysia	51%	51%	Dormant

@ The Company owns 51% of the shares in TSB. Lai Yun Fung ("LYF") (i.e. wife to a former Director of the Company, Lo Man Heng) ("LMH") and Lo Shwu Fen ("LSF") (i.e. sister of LMH) collectively own the remaining 49% of the shares in TSB.

Foo Lee Khean was appointed to the Company's Board of Directors ("BOD") on 18 March 2013 whilst See Thoo Chan ("STC") and Darren Solomon Low Jun Ket were appointed to the BOD on 19 March 2013. Prior to the appointment of the new board members, LMH was the Company's sole Executive Director. Although he was removed as the Company's Director on 29 July 2013, he remained the Company's Chief Executive Officer.

LMH is a director of TSB and the Company's corporate representative to TSB. LYF is a Director of TSB.

The Company's new Board of Directors, via STC, had on 12 April 2013 written to LMH requesting for a majority or equal representation by the Company on TSB's board of directors and also requested changes to TSB's bank signatories. However, LMH had declined the request.

Notice pursuant to Section 144 of the Companies Act 1965

After failing to obtain LMH's cooperation, the Company issued a Notice dated 14 June 2013 pursuant to Section 144 of the Companies Act 1965 to TSB requesting an Extraordinary General Meeting ("EGM") to replace LMH and LYF.

On 14 June 2013, LMH and TSB each served a winding up notice against the Company for the claim of the alleged amount due to LMH and TSB as at 31 May 2013 amounting to RM4,404,299 and RM7,380,931 respectively. The winding up petitions against the Company was filed respectively through *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013* and *Petition No. 28NCC-635-07/2013* on 8 July 2013.

On 4 July 2013, TSB gave notice to its members that the EGM would be held on 12 August 2013 to consider the two resolutions proposed by the Company.

However, the EGM was not held as there was insufficient quorum as LYF and LSF did not attend the EGM, nor was any proxy appointed on their behalf. There were no explanations given to explain their non-attendance at the EGM.

In view of that, the Company on 16 August 2013 commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an EGM in the manner pleaded in the Amended Originating Summons dated 24 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all the accounting records to the Company.

On 8 November 2013, the Shah Alam High Court granted an order in terms of the said suit as disclosed further in Note 26 to the financial statements.

TSB and LYF filed an appeal on 11 November 2013 against the Shah Alam High Court Order dated 8 November 2013 (the Appeal) and a notice of motion dated 12 November 2013 to stay the High Court Order dated 8 November 2013 at the Court of Appeal. On 15 November 2013, the Court of Appeal granted an interim stay pending the disposal of the motion proper.

Eventually, the Court of Appeal had on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by TSB and LYF.

On 5 December 2013, the Company filed for ex-parte leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave was granted by the Shah Alam High Court on 10 December 2013 and the application for committal was filed on 11 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

11. Investment in subsidiaries (continued)

@ The application for committal was dismissed by the Shah Alam Court on 5 February 2014 and an appeal against the decision on 5 February 2014 was filed by the Company on 7 February 2014 (committal appeal).

The Company also filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014. However, TSB filed an appeal against this decision on 2 June 2014 (the Order 45 Appeal). The Court of Appeal had on 22 July 2014 allowed:-

(i) The Appeal; and
(ii) The Order 45 Appeal.

Since the Appeal and Order 45 Appeal were allowed, the committal appeal was withdrawn.

The Company had on 21 August 2014 filed an application for leave to appeal to the Federal Court against the Court of Appeal's order dated 22 July 2014. During case management on 16 April 2015, the Company was informed that TSB had been wound up by the High Court of Sabah and Sarawak on 3 February 2015 via a draft order.

A sealed copy of the winding up order was obtained by the Company on 28 April 2015 and an announcement made to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 29 April 2015 pursuant to Paragraph 8.04 and Paragraph 2.1(c) of Practise Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia, which requires a listed issuer to make an announcement where, inter alia, a winding up of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis occurs.

The Company has impaired its investment in TSB amounting to RM25,421,547 and deconsolidated TSB effective 1 January 2013 as a consequence of the shareholder dispute discussed in the foregoing paragraphs and the financial records and information of TSB from 1 January 2013 onwards are not available to the Company.

Effectively, the investment in FJSB amounting to RM51 has also been impaired and deconsolidated effective 1 January 2013 due to the same reason.

The effect of the deconsolidation of TSB and FJSB to the Group is as follows:

	Note	2013 RM
Carrying value:		
Property, plant and equipment	9	1,000,235
Intangible asset	10	72,223,665
Inventories		5,317,934
Trade receivables		230,465
Non-trade receivables, deposits and prepayments		2,801,048
Amount due from holding company		9,682,604
Cash and bank balances		200,832
Trade payables		(6,207,060)
Non-trade payables and accruals		(6,191,498)
Hire purchase payables		(286,801)
Tax payable		(4,490,509)
Deferred tax liabilities	19	(18,133,567)
Non-controlling interest		(27,512,200)
Attributable net assets		28,635,148
Loss on deconsolidation		(28,635,148)
Less: cash and cash equivalents		(200,832)
Net cash outflow on deconsolidation		(200,832)

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

12. Inventories

	Group	
	2013 **RM**	**2012** **RM**
At cost:		
Timber logs	-	5,317,934

13. Trade receivables

The Group's normal trade credit term ranges from 14 to 90 days (2012: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

14. Non-trade receivables, deposits and prepayments

	Group		Company	
	2013 **RM**	**2012** **RM**	**2013** **RM**	**2012** **RM**
Non-trade receivables	11,444	530,166	-	-
Less: Allowance for Impairment loss	-	(242,881)	-	-
	11,444	287,285	-	-
Deposits	181	2,480,290	-	1,491
Prepayments	-	112,204	-	58,585
	11,625	2,879,779	-	60,076

(i) Included in non-trade receivables of the Group is an amount of RMNil (2012: RM83,225) owing from a company which has a common shareholder and Director of a subsidiary company.

(ii) Included in deposits of the Group are deposits amounting to RMNil (2012: RM1,000,000) and RMNil (2012: RM1,448,173) placed with a company as guarantee for payment of log costs and to the Court as a custody for a legal case (as disclosed in Note 26(b)(i) to the financial statements) respectively.

The Directors regard the above amounts as outstanding prior to 31 May 2013, and for which no documentation is available to support the accounting entries.

15. Amount due from subsidiaries

	Company	
	2013 **RM**	**2012** **RM**
Amount due from subsidiaries	34,627,097	34,585,349
Less: Accumulated impairment losses	(34,627,097)	(34,585,349)
	-	-

The amount represent non-trade transactions that are unsecured, interest free and repayable on demand. However, the Directors regard the above amounts as outstanding prior to 31 May 2013 and for no documentation is available to support the accounting entries.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

16. Share capital

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares		RM	RM
Ordinary Shares of RM1.00 each:				
Authorised:				
1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
1 January/31 December	55,410,180	55,410,180	55,410,180	55,410,180

17. Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public.

18. Non-controlling interest

Non-controlling interest in the Group represents that part of the net results of operations, or of net assets, of the subsidiaries attributable to shares and debentures, directly or indirectly other than by the Company or subsidiaries.

19. Non-trade payables and accruals

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Non-current					
Amount due to a former Director		-	966,059	-	-
Less: Fair value adjustment		-	(538,785)	-	-
	(i)	-	427,274	-	-
Current					
Amount due to a Director	(ii)	626,203	-	596,817	-
Non-trade payables	(iii)	12,245,693	4,724,543	12,164,292	11,548,644
Deposits		-	1,667,111	-	-
Accruals	(iv)	622,956	1,602,300	466,849	79,600
		13,494,852	7,993,954	13,227,957	11,628,244

(i) The amount due to Lo Man Heng ("LMH'), a former Director of the Company, by Tamabina Sdn. Bhd. ("TSB") represents interest-free advances repayable within 10 years. The amount is secured by a corporate guarantee by the Company as disclosed in Note 26 to the financial statements. On 3 February 2015, the Court had ordered to wind-up TSB. As a result, the amount due to the former Director has been deconsolidated.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

19. Non-trade payables and accruals (continued)

(ii) The amount due to a Director of the Company and the subsidiary companies represents interest-free advances that are unsecured, interest-free and repayable on demand.

(iii) Included in non-trade payables of;

(a) the Group is an amount due to a company with common shareholders of the Group of RMNil (2012: RM7,478). The amount is unsecured, interest-free and repayable on demand;

(b) the Group and Company is an amount due to LMH of RM4,404,299 (2012: RM1,660,217), which bears interest at the rate of 2% (2012: 2%) per annum above the base lending rate of a local bank, secured by a corporate guarantee from the Company and repayable on demand.

There are no supporting documents available for balances in relation to payments made on behalf of the Group and Company by LMH during the financial year amounting to RM85,148 as the accounting records and information have not been made available by the former management.

In addition, as disclosed in Note 26(a)(i) to the financial statements, on 14 June 2013, LMH served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. This case was dismissed by the court and the appeal on 26 May 2014 has also been dismissed.

Subsequently on 12 August 2014, LMH filed a civil suit against the Company for the claim of the alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 as disclosed in Note 26(a)(ii).

In view of the suit with LMH that was still on-going at the time, the Directors kept the amount outstanding as at 31 May 2013 in the books but ceased to provide the interest subsequent to 31 May 2013;

(c) the Group and Company is an amount due to Directors of subsidiaries that have since been deconsolidated, amounting to RM26,912 (2012: RM2,231,912) and RM26,912 (2012: RM26,912) which represent unsecured advances that are repayable on demand. The Directors disagree that this amount is outstanding as the accounting records and information have not been made available to them by the former management;

(d) the Group and the Company is an amount due to TSB amounting to RM7,380,931 (2012: RMNil) and RM7,380,931 (2012: RM9,682,604) respectively being unsecured advances, bearing interest at the rate of 2% (2012: 2%) per annum above the base lending rate of a local bank and repayable on demand. As disclosed in Note 26(a)(iii) to the financial statements, there is a law suit between TSB and the Company for the amount which is pending disposal;

(e) the Group and the Company is an amount due to Faktor Juta Sdn. Bhd. amounting to RM51 (2012: RMNil) and RM51 (2012: RM51) respectively being unsecured, interest free advances that are repayable on demand; and

(f) the Group and Company are non-trade payables amounting to RM163,800 and RM95,886 respectively which the Directors do not agree as outstanding as the accounting records and information have not been made available to them by the former management.

Additionally, management does not have supporting documents for non-trade payables of the Group and the Company amounting to RM56,249 and RM38,831 respectively, as the relevant accounting records and information have not been made available to them by the former management.

During the financial year, the Group and the Company settled non-trade payables amounting to RM RM19,692 and RM13,050 respectively for which no supporting documents were available as the accounting records and information have not been made available by the former management.

(iv) The management does not have supporting documents for accruals of the Group amounting to RM14,043 as the relevant accounting records and information have not been made available to them by the former management.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

20. Hire purchase payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Minimum hire purchase payments:				
Repayable within one year	-	242,385	-	35,628
Repayable within one to two years	-	116,564	-	44,520
Repayable within two to five years	-	21,752	-	-
	-	380,701	-	80,148
Less: Future finance charges	-	(19,560)	-	(5,809)
Present value of hire purchase liability	-	361,141	-	74,339
Present value of hire purchase liabilities:				
Repayable within one year	-	224,605	-	31,456
Repayable within one to two years	-	115,152	-	42,883
Repayable within two to five years	-	21,384	-	-
	-	361,141	-	74,339
Representing hire purchase liabilities:				
Current portion	-	224,605	-	31,456
Non-current portion	-	136,536	-	42,883
	-	361,141	-	74,339

In the previous year, the hire purchase payables of the Group and Company bear interest at rates between 4.28% to 7.88% and 6.98% per annum respectively.

21. Deferred tax

	Group	
	2013 RM	Restated 2012 RM
At 1 January	18,133,567	18,436,330
Deconsolidation of subsidiaries (Note 11)	(18,133,567)	-
Transferred from/(to) profit or loss (Note 7)	-	20,651
Crystallisation of deferred tax liability on timber extraction Rights (Note 7)	-	(323,414)
At 31 December	-	18,133,567

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

21. Deferred tax (continued)

The components and movements of deferred tax liabilities during the financial year are as follows:

	Property, plant and equipment RM	Timber extraction rights RM	Total RM
At January 2013	77,651	18,055,916	18,133,567
Deconsolidation of subsidiaries	(77,651)	(18,055,916)	(18,133,567)
At 31 December 2013	-	-	-
At January 2012 (restated)	57,000	18,379,330	18,436,330
Transferred from profit or loss	20,651	-	20,651
Crystallisation of deferred tax liability	-	(323,414)	(323,414)
At 31 December 2012 (restated)	77,651	18,055,916	18,133,567

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group 2013 RM	2012 RM
Unutilised tax losses	53,438,587	55,456,338
Unabsorbed capital allowances	24,777,545	25,682,732
	78,216,132	81,139,070

The availability of the unutilsed tax losses and unabsorbed capital allowances for utilisation will be subject to the restriction by the tax authorities on the change in shareholdings and principal activity of the relevant company.

22. Trade payables

The normal trade credit term granted to the Group in the previous year ranged from 14 to 90 days.

Included in trade payables is an amount of RM Nil (2012: RM1,643,497) and RM Nil (2012: RM943,306) relating to accruals of log costs and royalty fees respectively.

23. Provisions

Provisions have been made in respect of certain material litigation as disclosed in Note 26 to the financial statements.

24. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

24. Significant related party transactions (continued)

The aggregate value of transactions with related parties other than those disclosed elsewhere in the financial statements and outstanding balances were as follows:

		Transaction value		Balance due from as at 31 December	
Name of Companies	**Type of transaction**	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
With subsidiaries:					
Nakamichi Malaysia Sdn. Bhd.	Advances	41,748	-	-	-
	Repayments	-	17,164,762		
	Impairment loss	41,748	125,962		
Tamabina Sdn. Bhd.	Advances	(2,086,328)	-	7,380,982	9,682,604
	Dividend received	-	2,295,000		
	Interest charged	(215,294)	(1,177,208)		
	Repayment	-	6,755,355		
With a Director:					
See Thoo Chan	Advances	596,817	-	596,817	-

25. Contingent liabilities

Corporate Guarantee

	Company	
	2013 RM	**Restated 2012 RM**
Corporate guarantees issued in favour of financial institutions for hire purchase facilities given to Tamabina Sdn Bhd ("TSB")	300,553	300,553
Corporate guarantee issued in favour of a former Director for advances given to TSB	966,059	966,059

Interest on amounts under litigation

The Company is exposed to potential payment of interest totaling RM386,083 in respect of the following litigation:

(i) As disclosed in Note 19(iii)(b) and Note 26(a)(ii) to the financial statements, the legal suit brought against the Group and the Company by Lo Man Heng, a former Director of the Company, for an outstanding amount of RM1,660,217 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM82,505.

(ii) As disclosed in Note 19(iii)(d) and Note 26(a)(iii) to the financial statements, the legal suit brought against the Group and the Company by TSB for an outstanding amount of RM7,380,931 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM303,578.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

26. Material Litigation

(a) The Company

(i) *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013, Lo Man Heng v. Nakamichi Corporation Berhad*

On 14 June 2013, a former Director, Lo Man Heng ("LMH"), had served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. The winding up petition was filed on 8 July 2013. Included in this amount is an alleged amount of RM1,660,217 claimed to be due to LMH as at 31 December 2012.

The winding up petition was dismissed and struck out on 25 October 2013.

The Court of Appeal had also dismissed LMH's appeal against the High Court's decision on 26 May 2014.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 19(iii)(b) to the financial statements.

(ii) *Kuala Lumpur High Court Civil Suit No: 22NCVC-377-08/2014, Lo Man Heng v. Nakamichi Corporation Berhad*

On 12 August 2014, LMH filed a civil suit against the Company for a claim of an alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 based on the same matters referred to in (i) above.

The trial of action has been fixed on 11 and 12 January 2016.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 19(iii)(b) to the financial statements.

(iii) *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-635-07/2013, Tamabina Sdn Bhd v. Nakamichi Corporation Berhad*

On 14 June 2013, Tamabina Sdn. Bhd. ("TSB") served a winding up notice against the Company for a claim of an alleged amount due to TSB as at 31 May 2013 amounting to RM7,380,931. The winding up petition was filed on 8 July 2013.

The winding up petition was stayed by the High Court pending the disposal of the Civil Suit No. 22NCC-519-08/2013 (referred to in (v) below).

Notwithstanding, the amount alleged to be outstanding above has been included in other payables of the Group and the Company as disclosed in Note 19(iii)(d) to the financial statements respectively.

(iv) *Kuala Lumpur High Court Civil Suit No. 22NCC-433-06/2013, Lo Man Heng v. Nakamichi Corporation Berhad and 2 others*

On 19 June 2013, LMH filed a claim against the Company and its two shareholders, See Thoo Chan ("STC") and Goh Kheng Peow, in the Kuala Lumpur High Court Civil Suit No. 22NCC-433-06/2013 from removing him as a Director of the Company at the 19th Annual General meeting ("AGM") of the Company. The Court had on 26 June 2013 disallowed the motion for the removal of LMH at the AGM of the Company.

(v) *Kuala Lumpur High Court Civil Suit No. No. 22NCC-519-08/2013, Nakamichi Corporation Berhad v. Lo Man Heng and 4 others*

On 5 August 2013 the Company filed a Writ and Statement of Claim in Kuala Lumpur High Court Civil Suit No. 22NCC-519-08/2013 against LMH, TSB, and 3 others mainly for the following:

a. Damages against LMH for his breach of fiduciary duties and conflict of interest in the Company;
b. Claim of Profit Guarantee against 2 parties to the Company;
c. Damages against LMH and TSB for conspiring to cost loss to the Company by issuing winding-up notices at the same time;
d. Damages for interference with and/or causing trespass to the Company's documents against LMH and the former Chief Financial Officer;

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

26. Material Litigation (continued)

(a) The Company (continued)

(v) On 5 August 2013 the Company filed a Writ and Statement of Claim in Kuala Lumpur High Court Civil Suit No. 22NCC-519-08/2013 against LMH, TSB, and 3 others mainly for the following: (continued)

e. The return of all documents of the Company under the control of LMH and former Chief Financial Officer immediately; and
f. Damages against LMH for inducing and/or causing the former Chief Financial Officer to breach his term of employment with the Company.

The High Court delivered the Judgment on 30 March 2015 in favor of the Company wherein the following reliefs were allowed;

a. A declaration that LMH had breached his fiduciary duties towards the Company;
b. Two defendants to the suit to pay RM10,218,598 to the Company being the profit guarantee as at 30 June 2012 arising from the acquisition of TSB;
c. Two defendants to the suit to pay RM8,993,493 to the Company, being the profit guarantee as at 30 June 2011 arising from the acquisition of TSB;
d. The Company is at liberty to file an application to the court asking LMH and former Chief Financial Officer to furnish the documents based on a list provided by the Company.
e. Costs of RM150,000 to the Company to be paid jointly or severally by LMH.

On 22 April 2015, LMH and two defendants to the suit filed an appeal pursuant to the Judgement dated 30 March 2015 on the case above in Court of Appeal Civil Appeal No. W-02(NCC)(W)-687-04/2015.

The matter is fixed for case management at the Court of Appeal on 18 February 2016.

(vi) *Shah Alam High Court Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party*

On 16 August 2013, the Company commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an Extraordinary General Meeting in the manner pleaded in the Amended Originating Summons dated 29 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all future managements accounts to the Company.

On 8 November 2013, the High Court of Malaya at Shah Alam allowed the Company's claim via *Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party*.

TSB and one other party ("Appellants") filed an appeal at the Court of Appeal on 11 November 2013 (the Appeal). The Appellants also filed a Notice of Motion dated 12 November 2013 at the Court of Appeal to stay the High Court Order of 8 November 2013. Eventually, the Court of Appeal on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by the Appellants.

On 5 December 2013, the Company filed for leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave of application was granted by the Shah Alam High Court and the application proper was filed on 11 December 2013.

The committal proceedings were dismissed by the Shah Alam Court on 5 February 2014 and an Appeal against the decision was filed on 7 February 2014 (Committal appeal).

The Company filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014 and an appeal against this decision was filed on 2 June 2014 (Order 45 appeal).

The Court of Appeal had on 22 July 2014 allowed:

a. The Appellants' Appeal against the Shah Alam High Court Order dated 8 November 2013 (the Appeal);
b. The Appellants' Appeal against decision of Shah Alam High Court in allowing the Company's application under Rule 45 of the Rules of Court 2012 (Oder 45 Appeal).

Since the Appeal and Order 45 Appeal were allowed, the Committal Appeal was withdrawn.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

26. Material Litigation (continued)

(a) The Company (continued)

(i) Federal Court ("FC") Civil Application No. 8(f)-411 & 412-08/2014 Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party

The Company had on 21 August 2014 filed an application for leave to appeal to the FC against the Court of Appeal's order dated 22 July 2014.

Bursa Malaysia Securities Berhad and the Securities Commission of Malaysia had on 15 October 2014 and 19 January 2015 respectively filed their application to intervene in the FC Leave Applications as they had averred in its intervener application that it has an interest to be heard by the FC as it involves points of public interest which may assist the FC.

The Grounds of Judgment of the Court of Appeal Order have yet to be made available for the purposes of FC Leave Applications.

(b) Tamabina Sdn. Bhd. ("TSB")

(i) Ko Kung Siong (trading under the name and style of KKS Timber Trading)

TSB had on 4 October 2010 received a Writ of Summons Suit No. S-22-59 and Statement of Claim dated 17 September 2010 and 14 September 2010 respectively, from KKS Timber Trading ("KKS") filed through their solicitors, Messrs Ngui & Associates ("the Action") in the High Court of Sabah and Sarawak at Sandakan ("Court"). The Action arose from the claim by KKS against TSB for non-payment for logging work performed by KKS at Coupe YS1/07(3) at the Pinangah Forest Reserve in the Yayasan Sabah Concession Area.

A judgement was obtained against TSB on 30 November 2011.

TSB was adjudged by the High Court to pay KKS:

- RM1,448,173.07, being the unpaid balance owed for the logging works performed or in the alternative for remedy of quantum meruit;
- Interest at the rate of 8% per annum on the unpaid balance calculated from 27 July 2010 to the date of judgement;
- Interest at 8% per annum on the judgement sum from the date of judgement to the date of full settlement; and
- Cost, on solicitors-clients basis.

TSB had applied to the Sandakan High Court and on 27 February 2012, and was granted a stay of execution and enforcement of the aforesaid judgement obtained by KKS. However, the stay of execution order granted by the Sandakan High Court pending the appeal by TSB to the Court of Appeal was overruled by the Court of Appeal and KKS had on 28 September 2012 served a Statutory Demand (pursuant to Section 218(1)(e) of the Companies Act, 1965 in Malaysia) on TSB.

TSB had then filed an Ex-Parte Notice of Motion for Stay ("Motion for Stay") at the Court of Appeal Registry at Putrajaya over the above order.

On 28 November 2012, the Court of Appeal by consent granted an Order staying all execution and/or enforcement of the above judgement granted by the High Court at Sandakan on 30 November 2011 in Civil Suit No. S22-59 of 2010 against TSB pending the hearing and full and final disposal of the Civil Appeal no. S-02-457-02 of 2012 pursuant to TSB's application of Motion for Stay.

A court order was issued for the winding-up of TSB on 3 February 2015.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

26. Material Litigation (continued)

(b) Tamabina Sdn. Bhd. (“TSB”) (continued)

(ii) Kini Abadi Sdn. Bhd.

TSB has on 21 March 2013 received a letter from Messrs. William Liaw, Chan & Co, solicitors for Kini Abadi Sdn. Bhd. (“KASB”) informing TSB that the Court had entered in default of appearance, a judgement sum including interest totaling RM396,744 as at 21 March 2013 (“Judgement Sum”). The Solicitors had in their letter demanded that the Judgement Sum be paid to them as Solicitors of KASB within seven (7) days from the date of their letter. The claim by KASB against TSB arose from non-payment for freight/transportation services performed by KASB for TSB. The Judgement Sum includes the following:

- RM393,136, being the unpaid balance owed;
- Discretionary interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1965 on the unpaid balance calculated from 15 January 2013 to the date of judgement;
- Statutory interest at 5% per annum on the judgement sum from the date of judgement to the date of full settlement;
- Costs; and
- Such other relief as the Court deems fit.

The Plaintiff appealed to set aside the judgement. In the event TSB losses the case, the expected losses after tax and non-controlling interest to the Group arising from the Action is RM182,453 before any interest and legal costs. An amount of RM210,681 has been provided for under trade payables in the financial statements of the Group.

There is no further information available on the material litigation affecting TSB.

A court order was issued for the winding-up of TSB on 3 February 2015 and which was announced on 28 April 2015. TSB has since been deconsolidated during the financial year.

(c) Nakamichi Malaysia Sdn. Bhd. (“NMSB”)

(i) DELL Security Services Sdn Bhd (“DELL”)

On 26 December 2014, NMSB received a legal notice from the solicitors of DELL demanding outstanding fees on security services provided by DELL to NMSB for the period from 30 November 2009 to 31 March 2011 amounting to RM14,619.

The Directors have provided for this amount in the Group’s financial statements.

(ii) Kumpulan Wang Simpanan Pekerja (“KWSP”)

KWSP filed a legal suit against NMSB and the former Directors of NMSB in the Magistrate’s court in Kuala Lumpur, Summon No. A27NCV-908-03/2015 for outstanding amounts due to KWSP of RM15,119.

On 27 April 2015, KWSP allowed NMSB to repay the outstanding amounts in six monthly instalments starting from 20 May 2015 to 20 October 2015.

The Directors have provided an amount of RM16,119 including RM1,000 for cost of litigation in the Group’s financial statements.

(iii) Armour Security Systems (M) Sdn. Bhd. (“Armour”)

On 25 May 2015, NMSB received a legal notice from the solicitors of Armour informing NMSB that the Magistrate’s Court in Kuala Lumpur had entered in default of appearance with judgement sum including interest and cost of litigation totalling RM69,809 (“Judgement Sum”) for Summon No. A72NCVC-1531-04/2015 dated 13 May 2015. The solicitors had in the said notice demanded that the Judgement Sum be paid to the solicitors within fourteen days from the date of the notice.

The Directors have provided for the Judgement Sum in the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

27. Operating segments

The Group discloses operating segments in accordance to MFRS 8 Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

For management purposes, the Group is organised into business units based on their product and services, and has two reportable operating segments as follows:

(i) Investment holding: Investment holding, providing corporate and financial support to the Group and dormant Company.

(ii) Timber: Extraction and sale of timber logs

Performance of each segment is measured primarily on each segment's profit/(loss) after tax ("Segment Profit/(Loss)"), which is included in the internal management reports that are reviewed by the Group's Executive Directors. Segment Profit/(Loss) is used to measure performance as management believes that such information is more relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

All the Group's assets are allocated to reportable segments other than intangible asset, current tax assets and deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than current tax liabilities and deferred tax liabilities.

	Investment Holding RM	Timber RM	Inter - Segment Elimination RM	Group RM
2013				
Revenue				
Revenue from external customers	-	-	-	-
Inter-segment revenue	-	-	-	-
Total revenue	-	-	-	-
Segment loss after taxation	-	-	-	-
Income/(Expenses) included in the measure of segment loss are:				
Loss on deconsolidation	-	-	(37,843,665)	(37,843,665)
Depreciation	(27,650)	-	-	(27,650)
Finance costs	(336,419)	-	-	(336,419)
Current tax expense	(7,955)	-	-	(7,955)
Gain on disposals of asset held for sale	17,000	-	-	17,000
Assets				
Segment assets	12,765	-	-	12,765
				12,765
Liabilities				
Segment liabilities	13,595,39	-	-	13,595,39
Tax liabilities				4,244
				13,599,643

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

27. Operating segments (continued)

	Investment Holding RM	Timber RM	Inter - Segment Elimination RM	Group RM
2012				
Revenue				
Revenue from external customers	-	9,972,871	-	9,972,871
Inter-segment revenue	2,295,000	-	(2,295,000)	-
Total revenue	2,295,000	9,972,871	(2,295,000)	9,972,871
Segment loss after taxation	(2,915,049)	(78,383)	-	(2,993,432)
Income/(Expenses) included in the measure of segment loss are:				
Amortisation of intangible assets	(1,724,875)	-	-	(1,724,875)
Crystallisation of deferred tax liability on timber extraction rights	431,219	-	-	431,219
Deferred tax expense	-	(20,651)	-	(20,651)
Depreciation	(36,000)	(464,020)	-	(500,020)
Finance costs	(718,149)	(24,923)	-	(743,072)
Current tax expense	-	(472,977)	-	(472,977)
Interest income	-	1,177,209	(1,177,209)	-
Loss on disposals of asset held for sale	(26,242)	-	-	(26,242)
Assets				
Additions to non-current assets other than financial instruments and deferred tax assets	-	301,843	-	301,843
Segment assets	171,954	19,235,555	(9,682,553)	9,724,956
Intangible asset				96,298,219
				106,023,175
Liabilities				
Segment liabilities	7,420,852	17,251,130	(9,682,553)	14,989,429
Tax liabilities				4,490,509
Deferred tax liabilities				24,152,205
				43,632,143

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers are all in Malaysia. The carrying amount of assets and capital expenditure by geographical segment are as follows:

	Segment Assets		Capital Expenditure	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	12,765	106,023,174	72,208	301,843

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

27. Operating segments (continued)

Major customer

Major customer is defined as a single external customer where sales to such a customer amounts to ten percent or more of the Group's total revenue. A group of entities known to the Group to be under common control shall be considered a single customer, and a government and entities known to the Group to be under the control of that government shall be considered a single customer.

Revenue from major customers of the Group, all of whom are from the timber segment, during the year, amounted to RM Nil (2012: RM8,290,735).The timber segment was deconsolidated during the financial year.

28. Financial instruments

Categories of financial instruments

The Group and the Company have categorised its financial assets as loans and receivables and financial liabilities as other financial liabilities measured at amortised cost.

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade 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 non-trade 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 has no major concentrate of credit risk in their trade receivables.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

28. Financial instruments (continued)

(b) Interest rate risk

The Group and the Company primary interest rate risk relates to interest bearing non-trade payables and borrowings.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

Effective interest rates and repricing analysis

The following table shows information on the Group's and the Company's exposure to interest rate risk.

	Effective interest rate per annum %	Less than one year RM	Between one and five years RM	Total RM
Group				
2012				
Fixed rate instruments				
Financial liabilities				
Hire purchase payables	4.28 – 7.88	224,605	136,536	361,141
Floating rate instruments				
Financial liabilities				
Amount due to a former Director	8.6	1,660,217	-	1,660,217
Amount due to a Director of subsidiaries	8.6	26,912	-	26,912
		1,687,129	-	1,687,129
Company				
2012				
Fixed rate instruments				
Financial liabilities				
Hire purchase payables	6.98	31,456	42,883	74,339
Floating rate instruments				
Financial liabilities				
Amount due to a former Director	8.6	1,660,217	-	1,660,217
Amount due to a Director of subsidiaries	8.6	26,912	-	26,912
Amount due to a subsidiary	8.6	9,682,604	-	9,682,604
		11,369,733	-	11,369,733

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

28. Financial instruments (continued)

(b) Interest rate risk (continued)

Interest rate risk sensitivity analysis

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

	Group		Company	
	2013 RM Increase/ (Decrease) RM	2012 RM Increase/ (Decrease) RM	2013 RM Increase/ (Decrease) RM	2012 RM Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 10 basis points	-	(16,871)	-	(113,697)
Decrease of 10 basis points	-	16,871	-	113,697
Effects on equity				
Increase of 10 basis points	-	(16,871)	-	(113,697)
Decrease of 10 basis points	-	16,871	-	113,697

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances.

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

	Carrying Amount RM	Within 1 Year RM	1 - 10 Years RM
Group			
2013			
Non-trade payables and accruals	13,494,852	13,494,852	-
2012			
Trade payables	6,207,060	6,207,060	-
Non-trade payables and accruals	8,421,228	7,993,954	427,274
Hire purchase payables	361,141	224,605	136,536
Total	14,989,429	14,425,619	563,810
Company			
2013			
Non-trade payables and accruals	13,227,958	13,227,958	-
2012			
Non-trade payables and accruals	11,628,244	11,628,244	-
Hire purchase payables	74,339	31,456	42,883
Total	11,702,583	11,659,700	42,883

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

29. Fair value

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

30. Capital management

The Group and the Company have presently no formal policy on capital management.

Under the requirements of Bursa Malaysia Practise Note 17 ("PN17"), the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has not complied with this requirement and as disclosed on Note 34 to the financial statements, the Company has yet to make an announcement on its regulation plans as an affected issuer under PN17.

Save for the above, there are no other external capital requirements imposed on the Group and the Company.

31. Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group and Company	
	2013	2012
	RM	RM
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	-	260,000

32. Contingent asset

Profit Guarantee

In connection with the acquisition of Tamabina Sdn. Bhd. ("TSB") by the Company and pursuant to the Agreements and Supplemental Agreements thereafter, the Vendors of TSB had provided a Profit Guarantee of RM12 million per annum for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012.

In accordance with Clause 5.4 of the Sale and Purchase Agreement dated 17 December 2007, in determining the amount to be paid by the Vendors pursuant to the Vendor's obligations under the Profit Guarantee, the audited accounts of TSB shall be conclusive save for manifest errors and shall be binding on the parties hereto.

At the date of this report, the special audited accounts of TSB for the financial year ended 30 June 2012 have not been signed and as such, the Company has not made the claim against the Vendors for its share in the shortfall in the Profit Guarantee.

The Company's share of the shortfall in Profit Guarantee based on its share of equity interest is estimated to be approximately RM4.875 million and will be taken as a credit to the Consolidated Statement of Profit or Loss and Other Comprehensive Income at such time when it has become virtually certain that an inflow of economic benefits will arise.

As at 30 March 2015, the Kuala Lumpur High Court had ruled that the Vendors of TSB, Lai Yung Fung and Lo Shwu Fen are to however pay the Company RM10,218,598 being the profit guarantee as at 30 June 2012 and RM8,993,493 being the profit guarantee as at 30 June 2011 as disclosed in Note 26(a)(v).

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

33. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and presented 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.

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total accumulated losses				
- Realised	(107,448,977)	(83,905,116)	(107,088,972)	(79,999,964)
- Unrealised	-	(18,133,567)	-	-
	(107,448,977)	(102,038,683)	(107,088,972)	(79,999,964)
Less: Consolidation adjustment	-	24,999,500	-	-
	(107,448,977)	(77,039,183)	(107,088,972)	(79,999,964)

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

34. Significant events

The Company proposed a resolution to remove a former Director, Lo Man Heng ("LMH") in the Company's Annual General Meeting ("AGM") held on 28 June 2013 but this resolution was dropped in the AGM as the Kuala Lumpur High Court had on 24 June 2013 allowed LMH's claim against the Company and a party for an ad-interim injunction. Subsequently, LMH was removed in the Company's Extraordinary General Meeting ("EGM") held on 29 July 2013.

In the previous financial year, the financial information and records were managed under LMH, and as a result of his removal, the existing Directors have had no access to the financial records since.

LMH and Tamabina Sdn. Bhd. ("TSB") filed a winding up petition against the Company for the amounts claimed to be owing to them as at 31 May 2013 of RM4.4 million and RM7.4 million respectively on 8 July 2013. LMH's claims have been dismissed by the court on 23 October 2013 and TSB's claim put on hold on 21 November 2013 until the expiry of Case No. 22NCC-519-08/2013 between the Company with LMH and 4 others without any charges.

The Directors of the Company had exercised efforts to procure the financial records of TSB in order to prepare the financial statements of the Group. See Thoo Chan ("STC") and Goh Kheng Peow ("GKP") executed their rights as the major shareholders of the Company holding 51% of the voting rights in TSB and requested LMH and Lai Yun Fung ("LYF") to hold an EGM of TSB to remove LMH and LYF as Directors of TSB and to appoint STC and GKP as Directors of TSB in their place. The EGM was fixed on 12 August 2013 but adjourned to 23 September 2013 due to lack of quorum. The Company filed an action against TSB on 16 August 2013 and obtained an Ex-Parte Notice dated 22 August 2013 from the court to convene the EGM, which was then held on 29 August 2013, but TSB filed a Notice of Application to set aside the Ex-Parte Notice. Court judgement was subsequently passed and an appeal filed by TSB and the Company. Based on the latest judgement, TSB's appeal was allowed on 22 July 2014.

On 28 June 2013, Deloitte Corporate Solutions Sdn Bhd was appointed as Special Auditor to conduct a review in relation to the basis of the claims made by LMH and TSB against the Company via the respective notices pursuant to Section 218 of the Companies Act 1965 dated 14 June 2013; and the appropriateness of the accounting treatment in the financial statements of the Company for the financial year ending 30 June 2011 in regard to the shortfall in the guaranteed profit of approximately RM9 million arising from the acquisition of 51% of the equity in TSB.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

34. Significant events (continued)

On 9 September 2013, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had suspended the Company's shares from trading, as the Company failed to submit its Quarterly Report for the period ended 30 June 2013 to Bursa Malaysia for public release within the stipulated timeframe i.e. 31 August 2013 pursuant to Paragraph 9.22(1) of Bursa Malaysia's Main Market Listing Requirements ("Listing Requirements").

On 3 February 2015, a court order was issued for the winding-up of TSB and in accordance with the Listing Requirements in relation to Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company was an affected issuer under PN17.

The Company is required to submit and implement a regularisation plan within twelve months from 29 April 2015. At the date of this report, the Company has yet to make an announcement on its regulation plans.

The Directors report that they do not have all accounting records and information of the Group and the Company prior to 31 May 2013 as the records were not made available to them by the former management. The Directors believe that they have made appropriate disclosures in the respective notes to the financial statements. The Directors will perform a proof of liabilities subsequently.

35. Prior year adjustment

Intangible assets

The external auditors had conducted a review of the opening balances in accordance with *ISA 710 – Comparative Information – Corresponding figures and Comparative Financial Statements*. Based on the findings of the review, deferred tax liabilities arising from the fair value adjustment made to the Timber Extraction Rights ("TER"), which should have been recognised as part of the net assets acquired for determining the goodwill on combination, had been wrongly included as the carrying value of Intangible Assets since 9 June 2009 being the date of acquisition.

As such, the carrying value of the TER was overstated as at 31 December 2012. As a result of this overstatement, deferred tax and non-controlling interest balances have also been overstated.

The following adjustments arising therefrom have been adjusted as prior period adjustments in accordance with the requirements of *MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors* as a correction of errors.

The summary of these adjustments are set out below:

Consolidated Statement of Financial Position as at 31 December 2012 and 1 January 2012	As previously reported RM	Adjustment RM	As restated RM
Represented by:			
Accumulated losses			
- at 1 January 2012	64,935,115	9,373,458	74,308,573
- at 31 December 2012	67,830,666	9,208,517	77,039,183
Intangible asset			
- at 1 January 2012	98,023,094	(24,505,773)	73,517,321
- at 31 December 2012	96,298,219	(24,074,554)	72,223,665
Deferred tax			
- at 1 January 2012	(24,562,773)	6,126,443	(18,436,330)
- at 31 December 2012	(24,152,205)	6,018,638	(18,133,567)
Non-controlling interest			
- at 1 January 2012	(38,662,431)	9,005,872	(29,656,559)
- at 31 December 2012	(36,359,599)	8,847,399	(27,512,200)

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

35. Prior year adjustment (continued)

Consolidated Statement of Changes in Equity as at 31 December 2012	**As previously reported RM**	**Adjustment RM**	**As restated RM**
Represented by:			
Accumulated losses			
- at 1 January 2012	64,935,115	9,373,458	74,308,573

Consolidated Statement of Profit or Loss and Other Comprehensive Income as at 31 December 2012	**As previously reported RM**	**Adjustment RM**	**As restated RM**
Administrative expenses	2,859,058	(431,219)	2,427,839
Tax expense	62,409	107,805	170,214
Loss/(Gain) attributable to:			
Owners of the Company	2,895,551	(164,941)	2,730,610
Non-controlling interest	97,881	(158,473)	(60,592)
Loss and other comprehensive loss for the financial year	2,993,432	(323,414)	2,670,018

Consolidated Statement of cash flows for the financial year ended 31 December	**As previously reported RM**	**Adjustment RM**	**As restated RM**
Loss before tax	(2,931,023)	(431,219)	(2,499,804)
Amortisation of intangible asset	1,724,875	(431,219)	1,293,656

36. Comparative figures

The following comparatives as at 31 December 2012 have been reclassified to conform with the current year's presentation.

	As restated RM	**As previously reported RM**
Statement of Financial Position		
Non-trade payables and accruals	11,628,244	1,945,640
Amount due to subsidiaries	-	9,682,604

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2013 (Continued)

37. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company. The principal activities of its subsidiaries are as disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 11 to the financial statements.

The registered office is located at No 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business is located at No. 13, 5th Floor, Block C1, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 30 December 2015.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	See Thoo Chan (Non-Independent Non-Executive Chairman) Goh Tai Wai (Independent Non-Executive Director) Mak Siew Wei (Independent Non-Executive Director) Darren Solomon Low Jun Ket (Executive Director)
SECRETARY	Wong Keo Rou (MAICSA: 7021435) Jenny Wong Chew Boey (MAICSA: 7006120)
AUDITORS	PKF AF 0911 Chartered Accountants
AUDIT COMMITTEE	Goh Tai Wai (Independent Non-Executive Director) Mak Siew Wei (Independent Non-Executive Director)
REGISTERED OFFICE	No 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: 03-62011120 Fax: 03-62013121
REGISTRAR AND SHARE TRANSFER OFFICE	Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Tel: 03-2783 9299 Fax: 03-2783 9222
BANKERS	RHB Bank Berhad Maybank Berhad
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company's subsidiaries are disclosed in Note 10 to the financial statements.

There has been no significant change in the nature of these principle activities during the financial year except as disclosed in Note 10 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year	258,851	243,751

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the current financial year ended 31 December 2014.

Directors

The Directors who have held office since the date of the last report are:

See Thoo Chan
Darren Solomon Low Jun Ket
Mak Siew Wei
Goh Tai Wai

DIRECTORS' REPORT (Continued)

Directors' interests in shares

The shareholdings in the Company and related corporations of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
The Company	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
See Thoo Chan				
- direct interest	7,119,100	-	-	7,919,100
- indirect interest #	10,333,600	-	-	10,336,600

\# Deemed interested by virtue of the interest of her spouse, Goh Kheng Peow.

\# Deemed interested by virtue of the interest of her son, Keane Goh Yan Han.

By virtue of See Thoo Chan's interest in the shares of the Company, she is also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in the ordinary shares of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by 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 other than as disclosed in Note 18 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted by the Company to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (Continued)

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the writing off of bad debts and the amount of the allowance for doubtful debts inadequate in the financial statements of the Group and of the Company to any substantial extent; or

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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 and which secures the liabilities of any other person; or

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

No contingent liability 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 its obligations as and when they fall due.

In the opinion of the Directors, except for the material litigation as disclosed in Note 20 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Significant events

The significant events have been disclosed in Note 27 to the financial statements.

Auditors

The auditors, Messrs PKF, do not seek for re-appointment to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

Kuala Lumpur

4 January 2016

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 96 to 138 are drawn up in accordance with the Companies Act, 1965 in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of financial position of the Group and the Company as at 31 December 2014 and of their financial performance and of their cash flows for the financial year ended on that date.

The supplementary information as set out in Note 26 to the financial statements 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.

Signed on behalf of the Board in accordance with a resolution of the Directors,

SEE THOO CHAN

DARREN SOLOMON LOW JUN KET

Kuala Lumpur

4 January 2016

STATUTORY DECLARATION
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965 IN MALAYSIA

I, SEE THOO CHAN, being the Director primarily responsible for the financial management of NAKAMICHI CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 96 to 138 are in my opinion 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 the)
above named at Kuala Lumpur in Wilayah)
Persekutuan on 4 January 2016)

SEE THOO CHAN

Before me,

KAPT (B) AFFANDI BIN AHMAD
LICENSE NO.: W 678
COMMISSIONER FOR OATH

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD

Report on the Financial Statements

We have audited the accompanying financial statements of NAKAMICHI CORPORATION BERHAD, which comprise the Statements of Financial Position as at 31 December 2014 of the Group and of the Company, 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 ended on that date, and a summary of significant accounting policies and other explanatory notes as set out on pages 96 to 138.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer Opinion

1. Potential material misstatements in opening balances

   The financial statements of the Group and the Company for the financial year ended 31 December 2013 were expressed with a Disclaimer Opinion as we were unable to obtain sufficient appropriate audit evidence to verify the existence and accuracy of;

   (a) the disposal consideration received by the Group and the Company for a motor vehicle amounting to RM92,000;
   (b) administrative expenses incurred by the Group and the Company amounting to RM90,226 and RM24,979 respectively;
   (c) finance costs of the Group and of the Company amounting to RM4,625 and RM4,625 respectively;
   (d) non-trade receivables, deposits and prepayments of the Group amounting to RM11,625, including their recoverability;
   (e) payments made on behalf of the Group and the Company by Lo Man Heng, a former Director of the Company, amounting to RM85,148, accounted for as advances;
   (f) non-trade payable balances of the Group and the Company amounting to RM56,249 and RM38,831 respectively, and repayment made in respect of non-trade payables of the Group and the Company amounting to RM19,692 and RM13,050 respectively;
   (g) accruals of the Group amounting to RM14,043 provided for during the year;
   (h) amounts previously accounted for as outstanding by the Group and the Company to a Director of the subsidiaries, Tamabina Sdn. Bhd. ("TSB") and Faktor Juta Sdn. Bhd. ("FJSB"), that have both since been deconsolidated, amounting to RM26,912; and
   (i) amounts previously accounted for as outstanding in non-trade payable balances of RM163,800 and RM95,886 by the Group and the Company respectively.

   In addition, the Group deconsolidated the subsidiaries, TSB and FJSB, effective 1 January 2013. However, the Company effectively lost control over TSB and FJSB subsequent to the removal of a former Director of the Company from the Board on 29 July 2013. The Directors have not been able to obtain the financial information of TSB and FJSB from 1 January 2013 to 29 July 2013 for the purpose of consolidation. We were therefore unable to determine the effect of consolidation adjustment(s) if any to the financial performance and cash flows of the Group for the financial year ended 31 December 2013.

   In view of the above, we were unable to satisfy ourselves that the opening balances do not contain misstatements that may materially affect the financial performance, cash flows, and financial position of the Group and the Company for the financial year ended 31 December 2014. Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the financial performance, cash flows and financial position of the Group and the Company for the financial year ended 31 December 2014.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Continued)

Basis for Disclaimer Opinion (continued)

2. Material uncertainty relating to the going concern basis

   In addition, we draw attention to Note 1(c) to the financial statements, which discloses that the financial statements are prepared on the going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business. However, as at the reporting date, notwithstanding the matters raised in the preceding paragraphs, the Group and the Company registered a deficit in shareholders' funds of RM13,845,729 and RM13,470,624 and net current liabilities of RM13,845,729 and RM13,470,624. The Group and the Company also incurred a net loss of RM258,851 and RM243,751 during the financial year ended 31 December 2014, thereby indicating the existence of the material uncertainty which casts significant doubt about the Group's and the Company's ability to continue as going concerns.

   Further to this, on 3 February 2015, a court order was issued for the winding-up of TSB. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to guidelines under Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company had triggered the criteria of PN17 and is an affected issuer under the guidelines. The Company is therefore required to submit a regularisation plan within twelve months from 29 April 2015. In the event the Company fails to submit a regularisation plan by this date, and obtain the relevant approval from Bursa Malaysia, or fails to successfully implement the plan to regularise its financial condition, the Company's shares may be delisted from Bursa Malaysia.

   At the date of this report, the Group and the Company do not have any significant operations and the Directors have not formalised a regularisation plan for the Group and the Company. As there is insufficient information for us to evaluate the appropriateness of the ability of the Group and the Company to continue as going concerns, we are accordingly unable to determine the reasonableness of the Directors' assumption that the Group and the Company are going concerns.

   Any adjustments or additional disclosures found to be necessary in respect of the above matters, including any related tax impact, will have a consequential significant effect on the financial position of the Group and the Company as at 31 December 2014 and the financial performance and cash flows of the Group and the Company for the year then ended and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant subsequent events related to the Group and the Company.

   Disclaimer Opinion

   Because of the significance of the matters as discussed in the Basis for Disclaimer Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 (the "Act") 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 not been properly kept in accordance with the provisions of the Act. These breaches include the following:

   1. Section 143 of the Act requires that an Annual General Meeting ("AGM") be held once in every calendar year and not more than fifteen months after the holding of the last preceding AGM. The Company is in breach of this requirement as the Company has not held an AGM in the previous calendar year and within fifteen months after the last preceding AGM held on 28 June 2013.

   2. Section 167(1) of the Act requires every company and its Directors and managers to keep such accounting and other records as will sufficiently explain the transactions and financial position of the company and to enable true and fair profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time, and cause those records to be kept in such manner as to enable them to be conveniently and properly audited. The Company is in breach of this requirement as the Company has not maintained sufficient accounting records to sufficiently explain the transactions and financial position of the Group and Company to enable true and fair profit and loss accounts and balance sheets in such manner as to enable them to be conveniently and properly audited.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Continued)

3. Section 167(2) of the Act requires that every company retain the records referred to in Section 167(1) for seven years after the completion of the transactions or operations to which they respectively relate. The Company is in breach of this requirement as the Company does not have the accounting records of the Group and Company prior to 31 May 2013 after the removal of a former Director as disclosed in Note 11 to the financial statements.

4. Section 169 of the Act requires the Directors of every company, once at least in every calendar year at an interval of not more than fifteen months, to lay before the company at its AGM, a profit and loss account for the period since the preceding account made up to a date not more than six months before the date of the meeting. The Group and the Company are in breach of this requirement as the Company has not laid before the Company at an AGM its profit and loss account for the period since the last AGM on 28 June 2013.

(b) We have not obtained sufficient information to satisfy ourselves 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 consolidated financial statements and we have not received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the remaining subsidiaries have been expressed with a Disclaimer Opinion on the basis that the auditors were unable to obtain sufficient appropriate evidence to satisfy themselves under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information set out in Note 33 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the format prescribed by 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.

PKF	BRIAN WONG WYE PONG
AF 0911	2610/04/17(J)
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur

4 January 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Revenue		-	-
Other income		227,022	17,000
Loss on deconsolidation		-	(28,635,148)
Administrative expenses		(485,873)	(1,447,272)
Loss from operations	3	(258,851)	(30,065,420)
Finance costs	5	-	(336,419)
Loss before tax		(258,851)	(30,401,839)
Tax expense	6	-	(7,955)
Loss and other comprehensive loss for the year		(258,851)	(30,409,794)
Loss attributable to:			
Owners of the Company		(258,851)	(30,409,794)
Loss for the financial year		(258,851)	(30,409,794)
Total comprehensive loss attributable to:			
Owners of the Company		(258,851)	(30,409,794)
Total comprehensive loss for the year		(258,851)	(30,409,794)
Basic loss per ordinary share (sen)	7	(0.47)	(54.88)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Company	
		2014	**2013**
	Note	**RM**	**RM**
Revenue		-	-
Other operating income		227,022	17,000
Administrative expenses		(470,773)	(26,769,589)
Loss from operations	3	(243,751)	(26,752,589)
Finance costs	5	-	(336,419)
Loss before tax		(243,751)	(27,089,008)
Tax expense	6	-	-
Loss and other comprehensive loss for the financial year		(243,751)	(27,089,008)
Loss attributable to:			
Owners of the Company		(243,751)	(27,089,008)
Loss for the financial year		(243,751)	(27,089,008)
Total comprehensive loss attributable to:			
Owners of the Company		(243,751)	(27,089,008)
Total comprehensive loss for the year		(243,751)	(27,089,008)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	-	-
Intangible asset	9	-	-
		-	-
Current assets			
Non-trade receivables, deposits and prepayments	11	11,625	11,625
Cash and bank balances		1,140	1,140
		12,765	12,765
TOTAL ASSETS		12,765	12,765
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	55,410,180	55,410,180
Share premium	14	38,451,919	38,451,919
Accumulated losses		(107,707,828)	(107,448,977)
Total equity		(13,845,729)	(13,586,878)
LIABILITIES			
Current liabilities			
Non-trade payables and accruals	15	13,753,703	13,494,852
Tax payables		4,244	4,244
Provision	16	100,547	100,547
Total liabilities		13,858,494	13,599,643
TOTAL EQUITY AND LIABILITIES		12,765	12,765

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	-	-
Investment in subsidiaries	10	-	-
		-	-
Current assets			
Non-trade receivables, deposits and prepayments	11	-	-
Amount due from subsidiaries	12	-	-
Cash and bank balances		1,084	1,084
		1,084	1,084
TOTAL ASSETS		1,084	1,084
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	55,410,180	55,410,180
Share premium	14	38,451,919	38,451,919
Accumulated losses		(107,332,723)	(107,088,972)
Total equity		(13,470,624)	(13,226,873)
LIABILITIES			
Current liabilities			
Non-trade payables and accruals	15	13,471,708	13,227,957
Total liabilities		13,471,708	13,227,957
TOTAL EQUITY AND LIABILITIES		1,084	1,084

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to the owners of the Company						
	Non-Distributable			Distributable			
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total RM
At 1 January 2013	55,410,180	38,451,919	-	(77,039,183)	16,822,916	27,512,200	44,335,116
Loss on deconsolidation	-	-	-	-	-	(27,512,200)	(27,512,200)
Loss and other comprehensive loss for the financial year	-	-	-	(30,409,794)	(30,409,794)	-	(30,409,794)
At 31 December 2013	55,410,180	38,451,919	-	(107,448,977)	(13,586,878)	-	(13,586,878)
Loss and other comprehensive loss for the financial year	-	-	-	(258,851)	(258,851)	-	(485,386)
At 31 December 2014	55,410,180	38,451,919	-	(107,707,828)	(13,845,729)	-	(13,845,729)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	← Attributable to the owners of the Company			→
		Non-Distributable	Distributable	
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2013	55,410,180	38,451,919	(79,999,964)	13,862,135
Loss and other comprehensive loss for the financial year	-	-	(27,089,008)	(27,089,008)
At 31 December 2013	55,410,180	38,451,919	(107,088,972)	(13,226,873)
Loss and other comprehensive loss for the financial year	-	-	(243,751)	(243,751)
At 31 December 2014	55,410,180	38,451,919	(107,332,723)	(13,470,624)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Loss before tax		(258,851)	(30,401,839)
Adjustments for:			
Reversal of amount due to a former Director		(227,022)	-
Depreciation		-	27,650
Loss on deconsolidation	10	-	28,635,148
Net loss on property, plant and equipment written off	(i)	-	50,558
Interest expense		-	336,419
Gain on disposal of property, plant and equipment		-	(17,000)
Operating loss before working capital changes		(485,873)	(1,369,064)
Increase in receivables		-	67,106
Increase in payables		459,933	725,068
Cash used in from operations		(25,940)	(576,890)
Tax paid		-	(3,711)
Net cash used in operating activities		(25,940)	(580,601)
Cash flows from investing activities			
Net cash outflow from deconsolidation of subsidiaries	10	-	(200,832)
Proceeds from disposal of property, plant and equipment		-	92,000
Purchase of property, plant and equipment	(ii)	-	(72,208)
Net cash used in investing activities		-	(181,040)
Cash flows from financing activities			
Interest paid		-	(4,625)
Advances from a Director		25,940	626,203
Repayment of hire purchase payables		-	(74,340)
Dividend paid to non-controlling interests		-	-
Net cash from financing activities		25,940	551,863
Net decrease in cash and cash equivalents		-	(214,403)
Cash and cash equivalents at 1 January		1,140	215,543
Cash and cash equivalents at 31 December	(iii)	1,140	1,140

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

Notes:

(i) *Net loss on property, plant and equipment written off*

	2014 RM	2013 RM
Property, plant and equipment written off	-	246,150
Less: Hire purchase liabilities assume by a former Director of the Company	-	(195,592)
Net loss on property, plant and equipment written off	-	50,558

(ii) *Purchase of property, plant and equipment*

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2014 RM	2013 RM
Purchase of property, plant and equipment	-	267,800
Less: Hire purchase arrangements	-	(195,592)
Cash payment on purchase of property, plant and equipment	-	72,208

(iii) *Cash and cash equivalents*

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Loss before tax		(243,751)	(27,089,008)
Adjustments for:			
Reversal of amount due to a former Director		(227,022)	-
Allowance for impairment loss on amount due from a subsidiary		-	41,748
Impairment on investment in subsidiaries		-	25,421,600
Depreciation		-	27,650
Net loss on property, plant and equipment written off	(i)	-	50,558
Gain on disposal of property, plant and equipment		-	(17,000)
Interest expense		-	336,419
Operating loss before working capital changes		(470,773)	(1,228,033)
Decrease in receivables		-	60,076
Increase in payables		446,252	671,102
Net cash used in operating activities		(24,521)	(496,855)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	92,000
Purchase of property, plant and equipment	(ii)	-	(72,208)
Net cash from investing activities		-	19,792
Cash flows from financing activities			
Advances to subsidiaries		-	(41,748)
Advances from a Director		24,521	596,817
Interest paid		-	(4,625)
Repayment of hire purchase payables		-	(74,339)
Net cash from financing activities		24,521	476,105
Net decrease in cash and cash equivalents		-	(958)
Cash and cash equivalents at 1 January		1,084	2,042
Cash and cash equivalents at 31 December	(iii)	1,084	1,084

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (Continued)

Notes:

(i) Net loss on property, plant and equipment written off

	2014 RM	2013 RM
Property, plant and equipment written off	-	246,150
Less: Hire purchase liabilities assumed by a former Director of the Company	-	(195,592)
Net loss on property, plant and equipment written off	-	50,558

(ii) Purchase of property, plant and equipment

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2014 RM	2013 RM
Purchase of property, plant and equipment	-	267,800
Less: Hire purchase arrangements	-	(195,592)
Cash payment on purchase of property, plant and equipment	-	72,208

(iii) Cash and cash equivalents

Cash and cash equivalents included in the Statement of Cash Flows comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

(a) Standards issued and effective

On 1 January 2014, the following new and amended MFRSs and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2014
• Amendments to MFRS 12, Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
• Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities	1 January 2014
• Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 119: Defined benefit plans: Employee Contributions	1 July 2014
• Annual improvements to MFRSs 2010 – 2012 cycle	
- MFRS 2, Share-based payment	1 July 2014
- MFRS 3, Business combinations	1 July 2014
- MFRS 8, Operating Segments	1 July 2014
- MFRS 116, Property, plant and equipment	1 July 2014
- MFRS 124, Related party disclosures	1 July 2014
- MFRS 138, Intangible assets	1 July 2014
• Annual improvements to MFRSs 2011 – 2013 cycle, amendments to	
- MFRS 3, Business combinations	1 July 2014
- MFRS 13, Fair value measurement	1 July 2014
- MFRS 140, Investment property	1 July 2014
• Annual improvements to MFRSs 2012– 2014 cycle	
- MFRS 5, Non-Current Assets Held for Sales and Discontinued Operations	1 January 2016
- MFRS 7, Financial Instruments: Disclosure	1 January 2016
- MFRS 119, Employee Benefits	1 January 2016
- MFRS 134, Interim Financial Reporting	1 January 2016
- MFRS 9, Financial Instruments	1 January 2018
- MFRS 14, Regulator deferral accounts	1 January 2016
- MFRS 15, Revenue from Contract with Customers	1 January 2017
• Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2016
• Amendments to MFRS 11, Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendment to MFRS 116, Property, Plant and Equipment: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendment to MFRS 116, Property, Plant and Equipment: Agriculture : Bearer Plants	1 January 2016
• Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	**Effective for annual periods beginning on or after**
• Amendments to MFRS 127, Separate Financial Statements: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to MFRS 10, Consolidated Financial Statements: Sale or Contribution of Assets between an investor and it Associate or Joint Venture	1 January 2016
• Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates: Investment Entities – Applying the Consolidation Exception	1 January 2016
• Amendment to MFRS 138 Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The Directors expect that the adoption of the amendments and IC Interpretations above will have no material impact on the financial statements.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business. However, as at the reporting date, the Group and the Company have deficit in shareholders' funds of RM13,845,729 and RM13,470,624 and the Group's and the Company's current liabilities exceeded its current assets by RM13,845,729 and RM13,470,624. The Group and the Company also incurred a loss of RM258,851 and RM243,751 for the financial year ended 31 December 2014 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Further to this, as announced on 29 April 2015, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in relation to Practice Note No. 17 ("PN17"), the Company had on 29 April 2015 announced that the Company was an affected issuer as a court order was issued for the winding-up of Tamabina Sdn Bhd, a subsidiary of the Company. The Company is required to submit a regularisation plan within twelve months from 29 April 2015, obtain the relevant approval from Bursa Malaysia, and successfully implement the plan to regularise its financial condition. Failure to do so may result in the Company's shares being delisted from Bursa Malaysia.

As at the date of this report, the Directors have yet to make an announcement on the Group's and Company's regularisation plan. The ability of the Group and the Company to continue as going concerns are dependent on the approval of the regularisation plan by Bursa Malaysia, the successful implementation of the regularisation plan, as well as the ability of the Group and the Company to operate profitably in the foreseeable future.

As the Directors intend to formalise a regularisation plan for the Group and the Company, they have however considered the application of the going concern basis in the preparation of the financial statements to be appropriate. In the event that the going concern assumption is no longer valid, the Group and the Company may not be able to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at the amounts which could differ significantly from the amounts which are currently recorded in the statement of financial position. Additional liabilities that may include provisions and contingencies may also need to be recognised and disclosed in the financial statements. In addition, the Group and the Company may have to reclassify the non-current assets and liabilities as current assets and liabilities, respectively.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

1. Basis of preparation (continued)

(d) 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 and of the Company'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) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and 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 year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant 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 and the Company anticipates that the residual values of its property, plant 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.

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

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

(v) 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.

(v) Impairment of Trade and Non-trade 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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(vi) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(vii) Carrying Value of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and of the Company's test for impairment of investments in subsidiaries.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiary are accounted for by applying the acquisition method.

The Group has changed its accounting policy with respect to accounting for business combinations.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

From 1 January 2011, the Group has applied Revised MFRS 3, Business Combinations, in accounting for business combinations.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

Acquisitions between 1 January 2006 to 1 January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(iv) Transactions with Non-controlling interests

Transactions with Non-controlling interests are accounted for using the entity concept method, whereby, transactions with Non-controlling interests are accounted for as transactions with owners.

On acquisition of Non-controlling interest, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to Non-controlling interests is recognised directly in equity.

(v) Loss of control

The Group applied Revised MFRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(b) Employee benefits expense

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution.

(c) Borrowing costs

Borrowings are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(d) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(d) Tax expense (continued)

(ii) Deferred tax (continued)

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 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 profit or loss 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.

(e) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGUs")).

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(ii) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation of other property, plant and equipment is calculated on the straight-line basis at the following annual rates based on their estimated useful lives:

Plant, machinery and tools	10% - 33 1/3%
Camp and office equipment	20%
Camp and office furniture and fittings	10% - 20%
Motor vehicles	20% - 25%
Other assets	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

(g) Intangible assets

(i) Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(g) Intangible assets (continued)

(i) Goodwill on consolidation (continued)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(a) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with and indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(h) Timber extraction rights

Timber extraction rights represent the exclusive rights of a subsidiary to extract, purchase and sales of commercial timber logs extractable from a designated timber concession area located at Pinangah Forest Reserve, Sabah. Timber extraction rights are stated at its acquisition costs and/or its fair value upon acquisition of the said subsidiary, less accumulated amortisation and impairment losses. Amortisation is provided on a unit of production basis of the financial year so as to write off the costs in proportion to the depletion of the total volume of extractable logs. Timber extraction rights are reviewed annually or more frequently if the events or changes in circumstances indicate the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(i) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determines the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and non-trade payables and amount due from subsidiary company.

Trade and non-trade payables, amount due from subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

2. Summary of significant accounting policies (continued)

(k) Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

(n) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the Note 21 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(o) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

3. Loss from operations

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss from operations is stated after charging/(crediting):				
Allowance for impairment loss on amount due from a subsidiary	-	-	-	41,748
Auditors' remuneration:				
- statutory	74,000	74,000	70,000	70,000
- non statutory	20,535	175,128	20,535	175,128
Loss on deconsolidation	-	28,635,148	-	-
Depreciation	-	27,650	-	27,650
Employee benefits expense (Note 4)	300,000	276,510	300,000	211,000
Impairment of investment in subsidiary	-	-	-	25,421,600
Gain on disposal of property, plant and equipment	-	(17,000)	-	(17,000)
Loss from operations is stated after charging/(crediting):				
Net loss on property, plant and equipment written off	-	50,558	-	50,558
Rental of premises	-	1,870	-	-
Reversal of amount due to a former Director	(227,022)	-	(227,022)	-

There are no documents available to support the following income and expenses:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Disposal consideration of property, plant and equipment	-	(92,000)	-	(92,000)
Administrative expenses:				
Employee benefits	-	65,510	-	-
Other expenses	-	24,716	-	24,979
	-	90,226	-	24,979

4. Employee benefits expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Staff cost:				
Salaries, wages, allowances and bonuses	-	58,547	-	-
Contributions to defined contribution plan	-	6,873	-	-
Other employees benefits	-	90	-	-
Total staff cost	-	65,510	-	-
Directors' remuneration:				
Directors of the Company *				
Non-executive:				
Fees	300,000	211,000	300,000	211,000
Total Directors' remuneration	300,000	211,000	300,000	211,000
Total employee benefits	300,000	276,510	300,000	211,000

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

4. Employee benefits expense (continued)

* The number of Directors of the Group whose total remuneration during the year fall within the following bands are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive:				
Below RM50,000	1	1	1	1
Non-executive:				
Below RM50,000	3	4	5	4

The total number of employees, inclusive of executive Directors, of the Group and the Company as at the end of the financial year was 1 and 1 (2013: 1 and 1) respectively.

In previous year, there is no documentation available to support expenses in relation to employee benefits of the Group amounting to RM65,510 as disclosed in Note 3 to the financial statements.

5. Finance costs

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expenses on:				
- hire purchase payables	-	4,625	-	4,625
- amount due to a former Director	-	116,500	-	116,500
- amount due to a subsidiary	-	215,294	-	215,294
	-	336,419	-	336,419

In previous year, there is no documentation available to support the hire purchase payables interest of the Group and the Company amounting to RM4,625

6. Tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax				
- current year	-	4,244	-	-
- under provision in prior year	-	3,711	-	-
	-	7,955	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

6. Tax expense (continued)

Reconciliation of effective tax expense

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Loss before tax	-	(30,401,839)	-	(27,089,008)
Tax calculated using statutory tax rate at 25%	-	(7,600,459)	-	(6,772,252)
Non-deductible expenses	-	7,608,953	-	6,776,502
Non-taxable income	-	(4,250)	-	(4,250)
	-	4,244	-	-
Under provision of tax expenses in prior year	-	3,711	-	-
	-	7,955	-	-

The Group has unutilised tax losses and unabsorbed capital allowances as follows:

	Group	
	2014 RM	**2013 RM**
Unutilised tax losses	53,438,587	53,438,587
Unabsorbed capital allowances	24,777,545	24,777,545
	78,216,132	78,216,132

The availability of unutilsed tax losses and unabsorbed capital allowances for utilisation will be subject to the relevant restriction by the tax authorities on changes to shareholding and principal activity of the Group and Company.

7. Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary shareholders by the number of ordinary shares outstanding during the financial year calculated as follows:

	Group	
	2014 RM	**2013 RM**
Loss attributable to ordinary shareholders	258,851	30,409,794
Number of ordinary shares in issue	55,410,180	55,410,180
Basic loss per ordinary share (sen)	0.47	54.88

Diluted earnings per ordinary share are not presented as the Group had no dilutive potential ordinary shares during the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

8. **Property, plant and equipment**

	Plant, machinery and tools RM	Camp and office equipment RM	Camp and office furniture and fittings RM	Motor Vehicles RM	Other assets RM	Total RM
Group						
2013						
Cost						
At 1 January	1,332,430	200,347	17,700	1,504,054	64,370	3,118,901
Additions	-	-	-	267,800	-	267,800
Deconsolidation of subsidiaries	(1,332,430)	(200,347)	(17,700)	(971,297)	(64,370)	(2,586,144)
Disposal	-	-	-	(180,000)	-	(180,000)
Written off	-	-	-	(620,557)	-	(620,557)
At 31 December	-	-	-	-	-	-
Accumulated depreciation						
At 1 January	686,896	117,642	10,023	1,189,145	33,960	2,037,666
Charge for the financial year	-	-	-	27,650	-	27,650
Deconsolidation of subsidiaries	(686,896)	(117,642)	(10,023)	(737,388)	(33,960)	(1,585,909)
Disposal	-	-	-	(105,000)	-	(105,000)
Written off	-	-	-	(374,407)	-	(374,407)
At 31 December	-	-	-	-	-	-
Carrying value						
At 31 December	-	-	-	-	-	-

* Other assets consist of telecommunication items, renovation, electrical installation, other camp and quarters' assets.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

8. Property, plant and equipment (continued)

	Motor vehicles RM	Total RM
Company		
2013		
Cost		
At 1 January	180,000	180,000
Additions	267,800	267,800
Disposals	(180,000)	(180,000)
Written off	(267,800)	(267,800)
At 31 December	-	-
Accumulated depreciation		
At 1 January	99,000	99,000
Charge for the year	27,650	27,650
Disposals	(105,000)	(105,000)
Written off	(21,650)	(21,650)
At 31 December	-	-
Carrying value		
At 31 December	-	-

In the previous year, there are no documents available to support the additions and disposals of property, plant and equipment. As a result, the entire balances in respect of property, plant and equipment have been written off. Disposals of property, plant and equipment occurred before the current management took over.

9. Intangible asset

	Group 2014 RM	Group 2013 RM
Timber extraction rights, at cost	-	82,725,785
Less: Accumulated amortization	-	(10,502,120)
Less: Deconsolidation of subsidiaries	-	(72,223,665)
At 31 December	-	-

Timber extraction rights arose from the acquisition of Tamabina Sdn. Bhd.. The fair value of the timber extraction rights of RM82,725,785 on the acquisition date was determined by the Directors of the Company and updated with certain assumptions based on an independent valuation performed by a licensed valuer dated 10 December 2007 in accordance with the number of units of timber logs extractable from the date of valuation. A deferred tax liability on the timber extraction rights of RM20,681,446 was recognised simultaneously with the timber extraction rights.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

10. Investment in subsidiaries

	Company	
	2014	**2013**
	RM	**RM**
At cost:		
Unquoted share	-	37,847,353
Less:		
Accumulated impairment losses	-	(33,268,900)
Compensation receivable for shortfall in profit guarantee	-	(4,578,453)
	-	-

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Percentage of equity held 2014	2013	Principal activity
Nakamichi Malaysia Sdn Bhd.*	Malaysia	100%	100%	Inactive during the year
Capetronic Computer (Malaysia) Sdn. Bhd.#	Malaysia	100%	100%	Dormant
Tamabina Sdn. Bhd. ("TSB")@	Malaysia	51%	51%	Log extraction and timber sale
Faktor Juta Sdn. Bhd. ("FJSB")@	Malaysia	51%	51%	Dormant

@ The Company owns 51% of the shares in TSB. Lai Yun Fung (i.e. wife to a former Director of the Company, Lo Man Heng) ("LMH") and Lo Shwu Fen (i.e. sister of LMH) collectively own the remaining 49% of the shares in TSB.

Foo Lee Khean was appointed to the Company's Board of Directors ("BOD") on 18 March 2013 whilst See Thoo Chan ("STC") and Darren Low were appointed to the BOD on 19 March 2013. Prior to the appointment of the new board members, LMH was the Company's sole Executive Director. Although he was removed as the Company's Director on 29 July 2013, he remained the Company's Chief Executive Officer.

LMH is a director of TSB and the Company's corporate representative to TSB. LYF is a Director of TSB.

The Company's new Board of Directors, via STC, had on 12 April 2013, written to LMH requesting for a majority or equal representation by the Company on TSB's board of directors and also requested changes to TSB's bank signatories. However, LMH had declined the request.

Notice pursuant to Section 144 of the Companies Act 1965

After failing to obtain LMH's cooperation, the Company issued a Notice dated 14 June 2013 pursuant to Section 144 of the Companies Act 1965 to TSB requesting an Extraordinary General Meeting ("EGM") to replace LMH and Lai Yun Fung.

On 14 June 2013, LMH and TSB each served a winding up notice against the Company for the claim of the alleged amount due to LMH and TSB as at 31 May 2013 amounting to RM4,404,299 and RM7,380,931 respectively. The winding up petitions against the Company was filed respectively through *Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013* and *Petition No. 28NCC-635-07/2013* on 8 July 2013.

On 4 July 2013, TSB gave notice to its members that the EGM would be held on 12 August 2013 to consider the two resolutions proposed by NCB. The said notice was signed by LMH.

However, the EGM was not held as there was insufficient quorum as Lai Yun Fung and Lo Shwu Fen did not attend the EGM, nor was any proxy appointed on their behalf. There were no explanations given to explain their non-attendance at the EGM.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

10. Investment in subsidiaries (continued)

@ In view of that, The Company on 16 August 2013 commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an EGM in the manner pleaded in the Amended Originating Summons dated 24 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all the accounting records to the Company.

On 8 November 2013, the Shah Alam High Court granted an order in terms of the said suit as disclosed further in Note 20 to the financial statements.

TSB and Lai Yun Fung filed an appeal on 11 November 2013 against the Shah Alam High Court Order dated 8 November 2013 (the Appeal) and a notice of motion dated 12 November 2013 to stay the High Court Order dated 8 November 2013 at the Court of Appeal. On 15 November 2013, the Court of Appeal granted an interim stay pending the disposal of the motion proper.

Eventually, the Court of Appeal had on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by TSB and Lai Yun Fung.

On 5 December 2013, the Company filed for ex-parte leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave was granted by the Shah Alam High Court on 10 December 2013 and the application for committal was filed on 11 December 2013.

The application for committal was dismissed by the Shah Alam Court on 5 February 2014 and an appeal against the decision on 5 February 2014 was filed by the Company on 7 February 2014 (committal appeal).

The Company also filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014. However, TSB filed an appeal against this decision on 2 June 2014 (the Order 45 Appeal). The Court of Appeal had on 22 July 2014 allowed:-

(i) The Appeal; and
(ii) The Order 45 Appeal.

Since the Appeal and Order 45 Appeal were allowed, the committal appeal was withdrawn.

The Company had on 21 August 2014 filed an application for leave to appeal to the Federal Court against the Court of Appeal's order dated 22 July 2014. During case management on 16 April 2015, the Company was informed that TSB had been wound up by the High Court of Sabah and Sarawak on 3 February 2015 via a draft order.

A sealed copy of the winding up order was obtained by the Company on 28 April 2015 and an announcement made to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 29 April 2015 pursuant to Paragraph 8.04 and Paragraph 2.1(c) of Practise Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia, which requires a listed issuer to make an announcement where, inter alia, a winding up of of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis occurs.

The Company has impaired its investment in TSB amounting to RM25,421,549 and deconsolidated TSB effective 1 January 2013 as the financial records and information of TSB from 1 January 2013 onwards were not available to the Company.

Effectively, the investment in FJSB amounting to RM51 has also been impaired and deconsolidated effective 1 January 2013 due to the same reason.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

10. Investment in subsidiaries (continued)

@ The effect of the deconsolidation of TSB and FJSB to the Group is as follows:

	Note	2013 RM
Carrying value:		
Property, plant and equipment	9	1,000,235
Intangible asset	10	72,223,665
Inventories		5,317,934
Trade receivables		230,465
Non-trade receivables, deposits and prepayments		2,801,048
Amount due from holding company		9,682,604
Cash and bank balances		200,832
Trade payables		(6,207,060)
Non-trade payables and accruals		(6,191,498)
Hire purchase payables		(286,801)
Tax payable		(4,490,509)
Deferred tax liabilities	19	(18,133,567)
Non-controlling interest		(27,512,200)
Attributable net assets		28,635,148
Loss on deconsolidation		(28,635.148)
Less: cash and cash equivalents		(200,832)
Net cash outflow on deconsolidation		(200,832)

11. Non-trade receivables, deposits and prepayments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-trade receivables	11,444	11,444	-	-
Less: Allowance for Impairment loss	-	-	-	-
	11,444	11,444	-	-
Deposits	181	181	-	-
Prepayments	-	-	-	-
	11,625	11,625	-	-

The Directors regard the above amounts as outstanding prior to 31 May 2013, and for which no documentation is available to support the accounting entries.

12. Amount due from subsidiaries

	Company	
	2014 RM	2013 RM
Amount due from subsidiaries	34,627,097	34,627,097
Less: Accumulated impairment losses	(34,627,097)	(34,627,097)
	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

12. Amount due from subsidiaries (continued)

The amount due from subsidiaries represents non-trade transactions that are unsecured, interest free and repayable on demand. However, the Directors regard the above amounts as outstanding prior to 31 May 2013 and for which no documentation is available to support the accounting entries.

13. Share capital

	2014	2013	2014	2013
	Number of ordinary shares		RM	RM
Ordinary Shares of RM1.00 each:				
Authorised:				
1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
1 January/31 December	55,410,180	55,410,180	55,410,180	55,410,180

14. Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public.

15. Non-trade payables and accruals

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Amount due to a Director	(i)	652,143	626,203	621,338	596,817
Non-trade payables	(ii)	12,092,758	12,245,693	12,007,761	12,164,292
Accruals	(iii)	1,008,802	622,956	842,609	466,849
		13,753,703	13,494,852	13,471,708	13,227,957

(i) The amount due to a Director of the Group and the Company represents interest-free advances that are unsecured, interest-free and repayable on demand.

(ii) Included in non-trade payables of;

(a) the Group and Company is an amount due to LMH of RM1,660,217 (2013: RM4,404,299), which bears interest at the rate of 2% (2012: 2%) per annum above the base lending rate of a local bank, secured by a corporate guarantee from the Company and repayable on demand.

In previous year, there are no supporting documents available for balances in relation to payments made on behalf of the Group and Company by LMH during the financial year amounting to RM85,148 as the accounting records and information have not been made available by the former management.

In addition, as disclosed in Note 20(a)(i) to the financial statements, on 14 June 2013, LMH served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. This case was dismissed by the court and the appeal on 26 May 2014 has also been dismissed.

Subsequently on 12 August 2014, LMH filed a civil suit against the Company for the claim of the alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 as disclosed in Note 20(a)(ii).

In view of the suit with LMH that was still on-going at the time, the Directors kept the amount outstanding as at 31 May 2013 in the books but ceased to provide the interest subsequent to 31 May 2013.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

15. Non-trade payables and accruals (continued)

(ii) Included in non-trade payables of (continued);

(b) the Group and Company is an amount due to Directors of subsidiaries that have since been deconsolidated, amounting to RM26,912 (2013: RM26,912) which represent unsecured advances that are repayable on demand. The Directors disagree that this amount is outstanding as the accounting records and supporting information have not been made available to them by the previous management;

(c) the Group and the Company is an amount due to TSB amounting to RM9,897,992 (RM7,380,931) being unsecured advances, bearing interest at the rate of 2% (2012: 2%) per annum above the base lending rate of a local bank and repayable on demand. As disclosed in Note 20(a)(iii) to the financial statements, there is a law suit between TSB and the Company for the amount which is pending disposal.

(d) the Group and the Company is an amount due to Faktor Juta Sdn. Bhd. amounting to RM51 (2012: RM51) representing unsecured, interest free advances that are repayable on demand; and

(e) the Group and Company are non-trade payables amounting to RM163,800 and RM95,886 respectively which the Directors do not agree as outstanding as the accounting records and information have not been made available to them by the former management.

Additionally, management does not have supporting documents for non-trade payables of the Group and the Company amounting to RM56,249 and RM38,831 respectively, as the relevant accounting records and information have not been made available to them by the former management.

In the previous financial year, the Group and the Company non-trade payables amounting to RM13,050 and RM10,692 respectively for which no supporting documents were available as the accounting records and information have not been made available by the former management.

(iii) The management does not have supporting documents for accruals of the Group amounting to RM14,043 (2013: RM14,043) as the relevant accounting records and information have not been made available to them by the previous management.

16. Provisions

Provisions have been made in respect of certain material litigation as disclosed in Note 20 to the financial statements.

17. Deferred tax

	Group	
	2014 RM	**2013 RM**
At 1 January	-	18,133,567
Deconsolidation of subsidiaries (Note 10)	-	(18,133,567)
At 31 December	-	-

The components and movements of deferred tax liabilities during the financial year are as follows:

	Property, plant and equipment RM	**Timber extraction rights RM**	**Total RM**
At January 2013	77,651	18,055,916	18,133,567
Deconsolidation of subsidiaries	(77,651)	(18,055,916)	(18,133,567)
At 31 December 2013	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

17. Deferred tax (continued)

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Unutilised tax losses	53,549,200	53,438,587
Unabsorbed capital allowances	24,777,545	24,777,545
	78,326,745	78,216,132

The availability of unutilsed tax losses and unabsorbed capital allowances for utilisation will be subject to the relevant restriction by the tax authorities on changes to shareholdings and principal activity of the Group and Company.

18. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The aggregate value of transactions with related parties other than those disclosed elsewhere in the financial statements and outstanding balances were as follows:

		Transaction value		Balance due from as at 31 December	
Name of Companies	**Type of transaction**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
With subsidiaries:					
Nakamichi Malaysia Sdn. Bhd.	Advances	-	41,748	-	-
	Repayments	-	-	-	-
	Impairment loss	-	41,748	-	
Tamabina Sdn. Bhd.	Reversal of repayment	2,517,010	-	9,897,992	7,380,982
	Advances	-	(2,086,328)		
	Interest charged	-	(215,294)		
With a Director:					
See Thoo Chan	Advances	24,520	596,817	621,338	596,817

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

19. Contingent liabilities

Corporate Guarantee

	Company	
	2014 RM	**2013 RM**
Corporate guarantees issued in favour of financial institutions for hire purchase facilities given to Tamabina Sdn Bhd ("TSB")	300,553	300,553
Corporate guarantee issued in favour of a former Director for advances given to TSB	966,059	966,059

Interest on amounts under litigation

The Company is exposed to potential payment of interest totaling RM1,047,941 (2013: RM386,083) in respect of the following litigation:

(i) As disclosed in Note 15(ii)(a) and Note 20(a)(ii) to the financial statements, the legal suit brought against the Group and the Company by a former Director, Lo Man Heng of the Company for an outstanding amount of RM1,660,217 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM223,943 (2013: RM82,505).

(ii) As disclosed in Note 15(ii)(c) and Note 20(a)(iii) to the financial statements, the legal suit brought against the Group and the Company by TSB for an outstanding amount of RM7,380,931 is still on-going. This outstanding amount bears interest at the rate of 2% per annum above the base lending rate of a local bank and is repayable on demand but no further accrual of interest was made by the Group and the Company subsequent to 31 May 2013. The potential interest that may be claimed amounts to RM823,998 (2013: RM303,578).

20. Material Litigation

(a) The Company

(i) Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013, Lo Man Heng v. Nakamichi Corporation Berhad

On 14 June 2013, a former Director, Lo Man Heng ("LMH"), had served a winding up notice against the Company for a personal claim of an alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. The winding up petition was filed on 8 July 2013. Included in this amount is an alleged amount of RM1,660,217 claimed to be due to LMH as at 31 December 2012.

The winding up petition was dismissed and struck out on 25 October 2013.

The Court of Appeal had also dismissed LMH's appeal against the High Court's decision on 26 May 2014.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 15(ii)(a) to the financial statements.

(ii) Kuala Lumpur High Court Civil Suit No: 22NCVC-377-08/2014, Lo Man Heng v. Nakamichi Corporation Berhad

On 12 August 2014, LMH filed a civil suit against the Company for a claim of an alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 based on the same matters referred to in (i) above.

The trial of action has been fixed on 11 and 12 January 2016.

Notwithstanding, the amount alleged to be outstanding above has been included in other payables as disclosed in Note 15(ii)(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

20. Material Litigation (continued)

(a) The Company (continued)

(iii) Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-635-07/2013, Tamabina Sdn Bhd v. Nakamichi Corporation Berhad

On 14 June 2013, Tamabina Sdn. Bhd. ("TSB") served a winding up notice against the Company for a claim of an alleged amount due to TSB as at 31 May 2013 amounting to RM7,380,931. The winding up petition was filed on 8 July 2013.

The winding up petition was stayed by the High Court pending the disposal of the Civil Suit No. 22NCC-519-08/2013 (referred to in (v) below).

Notwithstanding, the amount alleged to be outstanding above has been included in other payables of the Group and the Company as disclosed in Note 15(ii)(c) to the financial statements respectively.

(iv) Kuala Lumpur High Court Civil Suit No. 22NCC-433-06/2013, Lo Man Heng v. Nakamichi Corporation Berhad and 2 others

On 19 June 2013, LMH filed a claim against the Company and its two shareholders, See Too Chan ("STC") and Goh Kheng Peow, in the Kuala Lumpur High Court Civil Suit No. 22NCC-433-06/2013 from removing him as a Director of the Company at the 19th Annual General meeting ("AGM") of the Company. The Court had on 26 June 2013 disallowed the motion for the removal of LMH at the AGM of the Company.

(v) Kuala Lumpur High Court Civil Suit No. No. 22NCC-519-08/2013, Nakamichi Corporation Berhad v. Lo Man Heng and 4 others

On 5 August 2013 the Company filed a Writ and Statement of Claim in Kuala Lumpur High Court Civil Suit No. 22NCC-519-08/2013 against LMH, TSB, and 3 others mainly for the following:

a. Damages against LMH for his breach of fiduciary duties and conflict of interest in the Company;
b. Claim of Profit Guarantee against 2 parties to the Company;
c. Damages against LMH and TSB for conspiring to cost loss to the Company by issuing winding-up notices at the same time;
d. Damages for interference with and/or causing trespass to the Company's documents against LMH and the former Chief Financial Officer;
e. The return of all documents of the Company under the control of LMH and former Chief Financial Officer immediately; and
f. Damages against LMH for inducing and/or causing the former Chief Financial Officer to breach his term of employment with the Company.

The High Court delivered the Judgment on 30 March 2015 in favor of the Company wherein the following reliefs were allowed;

a. A declaration that LMH had breached his fiduciary duties towards the Company;
b. Two defendants to the suit to pay RM10,218,598 to the Company being the profit guarantee as at 30 June 2012 arising from the acquisition of TSB;
c. Two defendants to the suit to pay RM8,993,493 to the Company, being the profit guarantee as at 30 June 2011 arising from the acquisition of TSB;
d. The Company is at liberty to file an application to the court asking LMH and former Chief Financial Officer to furnish the documents based on a list provided by the Company.
e. Costs of RM150,000.00 to the Company to be paid jointly or severally by LMH.

On 22 April 2015, LMH and two defendants to the suit filed an appeal pursuant to the Judgement dated 30 March 2015 on the case above in Court of Appeal Civil Appeal No. W-02(NCC)(W)-687-04/2015.

The matter is fixed for case management at the Court of Appeal on 18 February 2016.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

20. Material Litigation (continued)

(a) The Company (continued)

(vi) Shah Alam High Court Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party

On 16 August 2013, the Company commenced a suit in Shah Alam High Court Originating Summons No. 24-1187-08/2013 *inter alia* to compel TSB to call and hold an Extraordinary General Meeting in the manner pleaded in the Amended Originating Summons dated 29 October 2013 and also to compel TSB to furnish its management accounts as at 30 June 2013 and all future managements accounts to the Company.

On 8 November 2013, the High Court of Malaya at Shah Alam allowed the Company's claim via *Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party*.

TSB and one other party ("Appellants") filed an appeal at the Court of Appeal on 11 November 2013 (the Appeal). The Appellants also filed a Notice of Motion dated 12 November 2013 at the Court of Appeal to stay the High Court Order of 8 November 2013. Eventually, the Court of Appeal on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by the Appellants.

On 5 December 2013, the Company filed for leave for committal proceedings against the Directors of TSB for non-compliance of the said order. Ex-parte leave of application was granted by the Shah Alam High Court and the application proper was filed on 11 December 2013.

The committal proceedings were dismissed by the Shah Alam Court on 5 February 2014 and an Appeal against the decision was filed on 7 February 2014 (Committal appeal).

The Company filed an application under Order 45 of the Rules of Court 2012 on 11 February 2014 to compel the compliance of the said Order. The High Court allowed the Company's application on 28 May 2014 and an appeal against this decision was filed on 2 June 2014 (Order 45 appeal).

The Court of Appeal had on 22 July 2014 allowed:

a. The Appellants' Appeal against the Shah Alam High Court Order dated 8 November 2013 (the Appeal);
b. The Appellants' Appeal against decision of Shah Alam High Court in allowing the Company's application under Rule 45 of the Rules of Court 2012 (Oder 45 Appeal).

Since the Appeal and Order 45 Appeal were allowed, the Committal Appeal was withdrawn.

(vii) Federal Court ("FC") Civil Application No. 8(f)-411 & 412-08/2014 Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and one other party

The Company had on 21 August 2014 filed an application for leave to appeal to the FC against the Court of Appeal's order dated 22 July 2014.

Bursa Malaysia Securities Berhad and the Securities Commission of Malaysia had on 15 October 2014 and 19 January 2015 respectively filed their application to intervene in the FC Leave Applications as they had averred in its intervener application that it has an interest to be heard by the FC as it involves points of public interest which may assist the FC.

The Grounds of Judgment of the Court of Appeal Order have yet to be made available for the purposes of FC Leave Applications.

(b) Tamabina Sdn. Bhd. ("TSB")

(i) Ko Kung Siong (trading under the name and style of KKS Timber Trading)

TSB had on 4 October 2010 received a Writ of Summons Suit No. S-22-59 and Statement of Claim dated 17 September 2010 and 14 September 2010 respectively, from KKS Timber Trading ("KKS") filed through their solicitors, Messrs Ngui & Associates ("the Action") in the High Court of Sabah and Sarawak at Sandakan ("Court"). The Action arose from the claim by KKS against TSB for non-payment for logging work performed by KKS at Coupe YS1/07(3) at the Pinangah Forest Reserve in the Yayasan Sabah Concession Area.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

20. Material Litigation (continued)

(b) Tamabina Sdn. Bhd. ("TSB") (continued)

(i) Ko Kung Siong (trading under the name and style of KKS Timber Trading) (continued)

A judgement was obtained against TSB on 30 November 2011.

TSB was adjudged by the High Court to pay KKS:

- RM1,448,173.07, being the unpaid balance owed for the logging works performed or in the alternative for remedy of quantum meruit;
- Interest at the rate of 8% per annum on the unpaid balance calculated from 27 July 2010 to the date of judgement;
- Interest at 8% per annum on the judgement sum from the date of judgement to the date of full settlement; and
- Cost, on solicitors-clients basis.

TSB had applied to the Sandakan High Court and on 27 February 2012, and was granted a stay of execution and enforcement of the aforesaid judgement obtained by KKS. However, the stay of execution order granted by the Sandakan High Court pending the appeal by TSB to the Court of Appeal was overruled by the Court of Appeal and KKS had on 28 September 2012 served a Statutory Demand (pursuant to Section 218(1)(e) of the Companies Act, 1965 in Malaysia) on TSB.

TSB had then filed an Ex-Parte Notice of Motion for Stay ("Motion for Stay") at the Court of Appeal Registry at Putrajaya over the above order.

On 28 November 2012, the Court of Appeal by consent granted an Order staying all execution and/or enforcement of the above judgement granted by the High Court at Sandakan on 30 November 2011 in Civil Suit No. S22-59 of 2010 againstTSB pending the hearing and full and final disposal of the Civil Appeal no. S-02-457-02 of 2012 pursuant to TSB's application of Motion for Stay.

A court order was issued for the winding-up of TSB on 3 February 2015.

(ii) Kini Abadi Sdn. Bhd.

TSB has on 21 March 2013 received a letter from Messrs. William Liaw, Chan & Co, solicitors for Kini Abadi Sdn. Bhd. ("KASB") informing TSB that the Court had entered in default of appearance, a judgement sum including interest totaling RM396,744 as at 21 March 2013 ("Judgement Sum"). The Solicitors had in their letter demanded that the Judgement Sum be paid to them as Solicitors of KASB within seven (7) days from the date of their letter. The claim by KASB against TSB arose from non-payment for freight/transportation services performed by KASB for TSB. The Judgement Sum includes the following:

- RM393,136, being the unpaid balance owed;
- Discretionary interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1965 on the unpaid balance calculated from 15 January 2013 to the date of judgement;
- Statutory interest at 5% per annum on the judgement sum from the date of judgement to the date of full settlement;
- Costs; and
- Such other relief as the Court deems fit.

The Plaintiff appealed to set aside the judgement. In the event TSB losses the case, the expected losses after tax and non-controlling interest to the Group arising from the Action is RM182,453 before any interest and legal costs. An amount of RM210,681 has been provided for under trade payables in the financial statements of the Group.

There is no further information available on the material litigation affecting TSB.

A court order was issued for the winding-up of TSB on 3 February 2015 and which was announced on 28 April 2015. TSB has since been deconsolidated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

20. Material Litigation (continued)

(c) Nakamichi Malaysia Sdn. Bhd. (“NMSB”)

(i) DELL Security Services Sdn Bhd (“DELL”)

On 26 December 2014, NMSB received a legal notice from the solicitors of DELL demanding outstanding fees on security services provided by DELL to NMSB for the period from 30 November 2009 to 31 March 2011 amounting to RM14,619.

The Directors have provided for this amount in the Group’s financial statements.

(ii) Kumpulan Wang Simpanan Pekerja (“KWSP”)

KWSP filed a legal suit against NMSB and the former Directors of NMSB in the Magistrate’s court in Kuala Lumpur, Summon No. A27NCV-908-03/2015 for outstanding amounts due to KWSP of RM15,119.

On 27 April 2015, KWSP allowed NMSB to repay the outstanding amounts in six monthly instalments starting from 20 May 2015 to 20 October 2015.

The Directors have provided an amount of RM16,119 including RM1,000 for cost of litigation in the Group’s financial statements.

(iii) Armour Security Systems (M) Sdn. Bhd. (“Armour”)

On 25 May 2015, NMSB received a legal notice from the solicitors of Armour informing NMSB that the Magistrate’s Court in Kuala Lumpur had entered in default of appearance with judgement sum including interest and cost of litigation totalling RM69,809 (“Judgement Sum”) for Summon No. A72NCVC-1531-04/2015 dated 13 May 2015. The solicitors had in the said notice demanded that the Judgement Sum be paid to the solicitors within fourteen days from the date of the notice.

The Directors have provided for the Judgement Sum in the Group’s financial statements.

21. Operating segments

Business segments

The Group is dormant currently and the business segment is investment holding: Investment holding, providing corporate and financial support to the Group and dormant Company.

Geographical segments

The activity of the Group are mainly carried out in Malaysia and no operation in other countries.

Major customer

The Group is currently dormant and revenue generated.

22. Financial instruments

Categories of financial instruments

The Group and the Company have categorized its financial assets as loans and receivables and financial liabilities as other financial liabilities measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

22. Financial instruments (continued)

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade 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 non-trade 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 has no major concentrate of credit risk in their trade receivables.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

(b) Interest rate risk

The Group primary interest rate risk relates to interest bearing non-trade payables.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier.

Subsequent to Financial Year 2013, the Group does not has any interest bearing borrowings.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

22. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances.

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

	Carrying Amount RM	Within 1 Year RM	1 - 10 Years RM
Group			
2014			
Non-trade payables and accruals	13,753,703	13,753,703	-
2013			
Non-trade payables and accruals	13,494,852	13,494,852	-
Company			
2014			
Non-trade payables and accruals	13,471,708	13,471,708	-
Company			
2013			
Non-trade payables and accruals	13,227,958	13,227,958	-

23. Fair value

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

24. Capital management

The Group and the Company have presently no formal policy on capital management.

Under the requirements of Practise Note 17 (“PN17”) of the listing rules of Bursa Malaysia Securites Berhad, the Group is required to maintain a consolidated shareholders’ equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has not complied with this requirement and as disclosed on Note 34 to the financial statements, the Company has yet to make an announcement on its regulation plans as an affected issuer under PN17.

Save for the above, there are no other external capital requirements imposed on the Group and the Company.

25. Contingent asset

Profit Guarantee

In connection with the acquisition of Tamabina Sdn. Bhd. (“TSB”) by the Company and pursuant to the Agreements and Supplemental Agreements thereafter, the Vendors of TSB had provided a Profit Guarantee of RM12 million per annum for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012.

In accordance with Clause 5.4 of the Sale and Purchase Agreement dated 17 December 2007, in determining the amount to be paid by the Vendors pursuant to the Vendor’s obligations under the Profit Guarantee, the audited accounts of TSB shall be conclusive save for manifest errors and shall be binding on the parties hereto.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

25. Contingent asset (continued)

Profit Guarantee (continued)

At the date of this report, the special audited accounts of TSB for the financial year ended 30 June 2012 have not been signed and as such, the Company has not made the claim against the Vendors for its share in the shortfall in the Profit Guarantee.

The Company's share of the shortfall in Profit Guarantee based on its share of equity interest is estimated to be approximately RM4.875 million and will be taken as a credit to the Consolidated Statement of Profit or Loss and Other Comprehensive Income at such time when it has become virtually certain that an inflow of economic benefits will arise.

As at 30 March 2015, the Kuala Lumpur High Court had ruled that the Vendors of TSB, Lai Yung Fung and Lo Shwu Fen are to however pay the Company RM10,218,598 being the profit guarantee as at 30 June 2012 and RM8,993,493 being the profit guarantee as at 30 June 2011 as disclosed in Note 26(a)(iv).

26. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and presented 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.

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total accumulated losses				
- Realised	107,707,828	107,448,977	107,332,723	107,088,972
- Unrealised	-	-	-	-
	107,707,828	107,448,977	107,332,723	107,088,972

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

27. Significant events

The Company proposed a resolution to remove a former Director, Lo Man Heng ("LMH") in the Company's Annual General Meeting ("AGM") held on 28 June 2013 but this resolution was dropped in the AGM as the Kuala Lumpur High Court had on 24 June 2013 allowed LMH's claim against the Company and a party for an ad-interim injunction. Subsequently, LMH was removed in the Company's Extraordinary General Meeting ("EGM") held on 2 July 2013.

In the previous financial year, the financial information and records were managed under LMH, and as a result of his removal, the existing Directors have had no access to the financial records since.

LMH and Tamabina Sdn. Bhd. ("TSB") filed a winding up petition against the Company for the amounts claimed to be owing to them as at 31 May 2013 of RM4.4 million and RM7.4 million respectively on 8 July 2013. LMH's claims have been dismissed by the court on 23 October 2013 and TSB's claim put on hold on 21 November 2013 until the expiry of Case No. 22NCC-519-08/2013 between the Company with LMH and 4 others without any charges.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

27. Significant events (continued)

The Directors of the Company have exercised efforts to procure the financial records of TSB in order to prepare the financial statements of the Group. See Thoo Chan ("STC") and Goh Kheng Peow ("GKP") executed their rights as the major shareholders of the Company holding 51% of the voting rights in TSB and requested LMH and Lai Yun Fung ("LYF") to hold an EGM of TSB to remove LMH and LYF as Directors of TSB and to appoint STC and GKP as Directors of TSB in their place. The EGM was fixed on 12 August 2013 but adjourned to 23 September 2013 due to lack of quorum. The Company filed an action against TSB on 16 August 2013 and obtained an Ex-Parte Notice dated 22 August 2013 from the court to convene the EGM, which was then held on 29 August 2013, but TSB filed a Notice of Application to set aside the Ex-Parte Notice. Court judgement was subsequently passed and an appeal filed by TSB and the Company. Based on the latest judgement, TSB's appeal was allowed on 22 July 2014.

On 28 June 2013, Messrs. Deloitte Corporate Solutions Sdn Bhd was appointed as Special Auditor to conduct a review in relation to the basis of the claims made by LMH and TSB against the Company via the respective Notices pursuant to Section 218 of the Companies Act 1965 dated 14 June 2013; and the appropriateness of the accounting treatment in the financial statements of the Company for the financial year ending 30 June 2011 in regard to the shortfall in the guaranteed profit of approximately RM9 million arising from the acquisition of 51% of the equity in TSB.

On 9 September 2013, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had suspended the Company's shares from trading, as the Company failed to submit its Quarterly Report for the period ended 30 June 2013 to Bursa Malaysia for public release within the stipulated timeframe i.e. 31 August 2013 pursuant to Paragraph 9.22(1) of Bursa Malaysia's Main Market Listing Requirements ("Listing Requirements").

On 3 February 2015, a court order was issued for the winding-up of TSB and in accordance with the Listing Requirements in relation to Practice Note No. 17 ("PN17"), the Company had on 26 April 2015 announced that the Company was an affected issuer under PN17.

The Company is required to submit and implement a regularisation plan within twelve months from 26 April 2015. At the date of this report, the Company has yet to make an announcement on its regulation plans.

The Directors report that they do not have all accounting records and information of the Group and the Company prior to 31 May 2013 as the records were not made available to them by the former management. The Directors believe that they have made appropriate disclosures in the respective notes to the financial statements. The Directors will perform a proof of liabilities subsequently.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014 (Continued)

28. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company. The principal activities of its subsidiaries are as disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 11 to the financial statements.

The registered office is located at No 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business is located at No. 13, 5th Floor, Block C1, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 4 January 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 17 FEBRUARY 2016

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-up Capital	:	RM55,410,180.00 divided into 55,410,180 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
17	Less than 100	338	*
475	100 to 1,000	405,794	0.73
1,752	1,001 to 10,000	4,459,568	8.05
119	10,001 to 100,000	3,469,300	6.26
39	100,001 to less than 5% of issued shares	32,215,680	58.14
3	5% and above of the issued shares	14,859,500	26.82
2,405	**TOTAL**	**55,410,180**	**100**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for See Thoo Chan*	5,674,100	10.24
2.	Chan Sow Pheng	4,650,000	8.39
3.	Goh Kheng Peow	4,535,400	8.19
4.	Low Geok Eng	2,730,000	4.93
5.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for BSI SA (BSI BK SG-NR)*	2,579,280	4.65
6.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kheng Peow*	2,291,000	4.13
7.	Topwish Potential Sdn Bhd	2,250,000	4.10
8.	Wong Yoke Kuen	2,068,900	3.73
9.	Goh Kheng Peow	2,000,000	3.61
10.	Veto Capital Sdn Bhd	1,814,500	3.27
11.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Lo Man Heng (MQ0389)*	1,600,000	2.89
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dorothy Ng Siew May (8026639)*	1,500,000	2.71
13.	See Thoo Chan	1,445,000	2.61
14.	Goh Kheng Peow	1,229,600	2.22
15.	Low Gay Kheng	1,032,900	1.86
16.	Cara Kaya Sdn Bhd	1,000,000	1.80
17.	Lim Haw Sek	1,000,000	1.80
18.	Gan Yok Leng	969,700	1.75
19.	Lo Man Heng	905,000	1.63
20.	See Thoo Chan	800,000	1.44

ANALYSIS OF SHAREHOLDINGS
AS AT 17 FEBRUARY 2016 (Continued)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (continued)

	Name of Shareholders	No. of Shares Held	Percentage (%)
21.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yoke Kuen*	575,100	1.04
22.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cara Kaya Sdn Bhd*	518,000	0.93
23.	Maybank Nominees (Asing) Sdn Bhd *Nomura Singapore Limited for Hon Tak Kwong (270839)*	398,700	0.72
24.	Yap Loo Mien	350,700	0.63
25.	Tan Hee Mee	285,200	0.51
26.	Goh Kheng Peow	277,600	0.50
27.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Lai Theng*	229,800	0.41
28.	Yeoh Phek Leng	225,400	0.41
29.	Tasec Nominees (Asing) Sdn Bhd *TA Securities (HK) Ltd for Ko Chun Shun Johnson*	224,000	0.40
30.	Low Gay Teong	213,900	0.39
	TOTAL	45,373,780	81.89

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	**DIRECT**	**%**	**INDIRECT**	**%**
1. Goh Kheng Peow	10,333,600	18.65	7,919,100 #	14.29
2. See Thoo Chan	7,919,100	14.29	10,333,600 ^	18.65
3. Chan Sow Pheng	4,650,000	8.39	-	-

Notes:-

Deemed interest by virtue of his relationship with See Thoo Chan, his spouse
^ Deemed interest by virtue of her relationship with Goh Kheng Peow, her spouse

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	NO. OF SHARES HELD			
NAME OF DIRECTORS	**DIRECT**	**%**	**INDIRECT**	**%**
1. See Thoo Chan	7,919,100	14.29	10,333,600 ^	18.65
2. Darren Solomon Low Jun Ket	-	-	-	-
3. Goh Tai Wai	-	-	-	-
4. Mak Siew Wei	-	-	-	-

NAKAMICHI CORPORATION BERHAD (301384-H)
(Incorporated in Malaysia)

CDS Account No.				-				-									
No. of Shares Held																	

FORM OF PROXY

I/We ______________________________ (NRIC No./Passport No./Co No ______________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

being a member/members of **NAKAMICHI CORPORATION BERHAD**, hereby appoint ____________________

______________________________ (NRIC No./Passport No. ______________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him ______________________________ (NRIC No./Passport No. ______________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting ('20th AGM') of the Company to be held at Boardroom, 2nd Floor, No. 3 Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 23 March 2016** at **11.00 a.m**. and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1.	Received the Financial Statements and Reports		
2.	Re-election of Mak Siew Wei		
3.	Re-election of Goh Tai Wai		
4.	Appointment of Auditors		
5.	Authority to issue shares under Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ……………… day of …………….……………….. 2016.

………………………………………
Signature(s) of member(s)

Notes:-

1. Only depositors whose names appear in the Record of Depositors as at 15 March 2016 shall be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but 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.
5. 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.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
stamp

The Company Secretaries
NAKAMICHI CORPORATION BERHAD (301384-H)
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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