

# Annual Report 2010



**Nagamas International Berhad** (111365-U)

隆基马中国际有限公司

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## **Board of Directors**

### **Dato' Ng Kek Kiong**

*(Executive Chairman)*

### **Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman**

*(Non-Independent Non-Executive Director)*

### **Ng Fung Mo**

*(Non-Independent Non-Executive Director)*

### **Liu Xiuqing**

*(Independent Non-Executive Director)*

### **Ian Ghee Eik Kai**

*(Independent Non-Executive Director)*

### **Ng Chee Gong**

*(Executive Director)*

### **Ong Eng Choon**

*(Independent Non-Executive Director)*

### **Yeoh Chong Keat**

*(Non-Independent Non-Executive Director)*

### **Mok Ah Yoke @ Mok Yok Chang**

*(Independent Non-Executive Director)*

## **Company Secretaries**

Lim Fei Chia (MAICSA 7036158)

Rebecca Leong Siew Kwan (MAICSA 7045547)

## **Registered Office**

Suite 11.1A, Level 11, Menara Weld

76 Jalan Raja Chulan

50200 Kuala Lumpur

Telephone : 03-2031 1988

Facsimile : 03-2031 9788

## **Corporate Address**

2nd Floor, Lot 33

Wisma Malaysia-Beijing

Jalan Maharajalela

50150 Kuala Lumpur

Telephone : 03-2141 8818

Facsimile : 03-2144 2868

## **Board Committees**

### **Audit Committee**

Ong Eng Choon (Chairman)

Ian Ghee Eik Kai

Yeoh Chong Keat

Mok Ah Yoke @ Mok Yok Chang

### **Remuneration Committee**

Ian Ghee Eik Kai (Chairman)

Dato' Ng Kek Kiong

Ong Eng Choon

### **Nomination Committee**

Yeoh Chong Keat (Chairman)

Ian Ghee Eik Kai

Ong Eng Choon

### **Auditors**

Tam & Associates (AF1356)

Chartered Accountants

18-5, Block M, Jalan 3/93A

Warisan Cityview, Off Batu 2 ½

Jalan Cheras

56100 Kuala Lumpur

Telephone : 03-9200 8980

Facsimile : 03-9200 5981

### **Share Registrars**

Tricor Investor Services Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone : 03-2264 3883

Facsimile : 03-2282 1886

### **Principal Bankers**

RHB Bank Bhd

Public Bank Bhd

Public Bank (Hong Kong) Ltd

Bank of China (Malaysia) Bhd

### **Stock Exchange Listing**

Main Market of Bursa Malaysia Securities Berhad

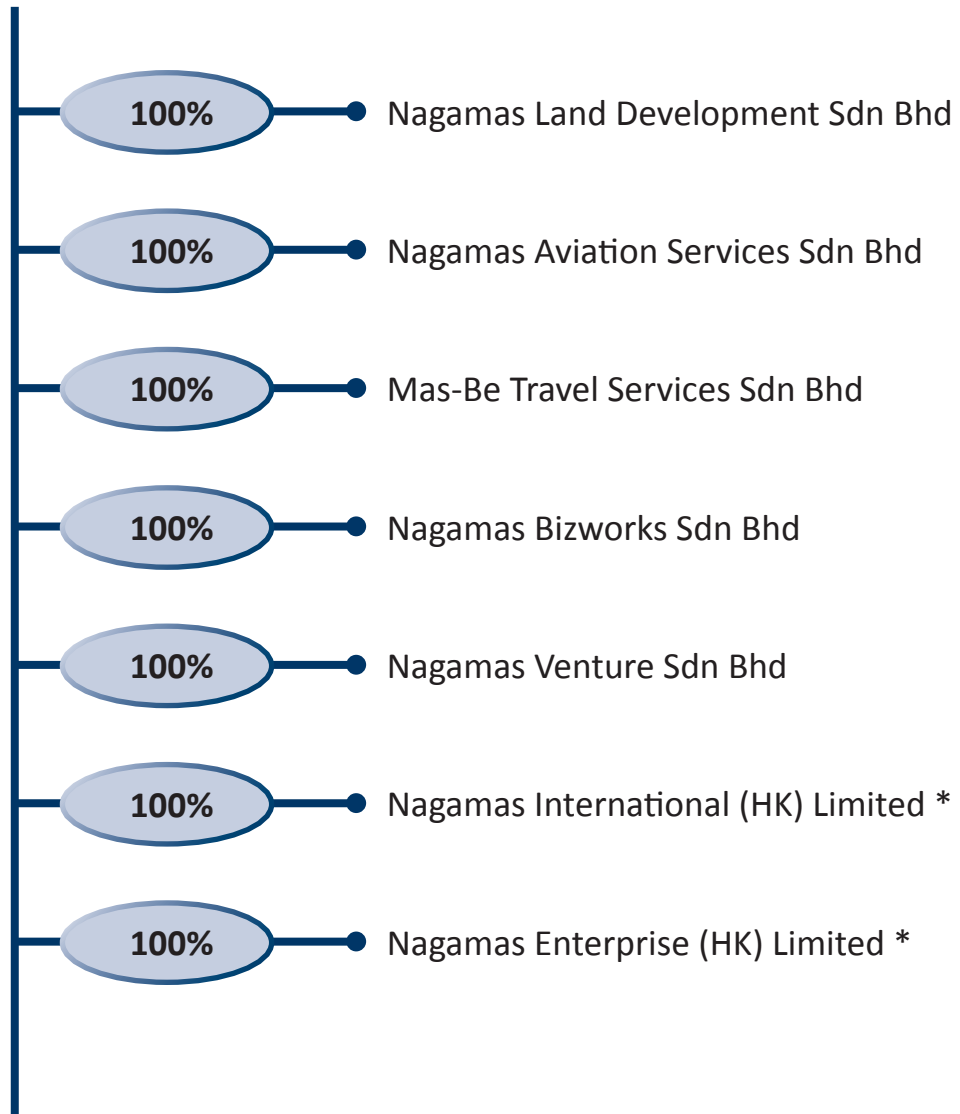
Sector : Trading

Stock Number : 8923

Stock Short Name : Nagamas



**Nagamas International Berhad**



\* Incorporated in Hong Kong

**Dato' Ng Kek Kiong** • *Executive Chairman*

Dato' Ng Kek Kiong, Malaysian, aged 59, was appointed to the Board on December 8, 2006 as Non-Independent Non-Executive Director. Dato' Ng was redesignated as Executive Director on September 7, 2007 and on March 26, 2010 Dato' Ng was redesignated as Executive Chairman of the Company and was appointed as a member to the Remuneration Committee.

Dato' Ng started his career with Singer Sewing Machine Shop. He then joined the Ministry of Housing and Local Government as a New Village Development Officer for the State of Negeri Sembilan. Later, he became the Special Assistant to the then Minister of Housing and Local Government, Tan Sri Dato' Michael Chen Wing Sum.

Dato' Ng ventured into business in the early 80s, and has since been doing business in China for more than 3 decades. Dato' Ng is the founder of Malaysia-Beijing Group of Companies. He has vast experience in other business fields including air cargo, real estate, plantation, and trading.

Dato' Ng is also actively involved in various guilds and associations. Currently, he is the President of Federation of Fui Chiu Association Malaysia, President of Fui Chiu Association Selangor & Kuala Lumpur, Vice President of Malaysia-China Friendship Association, Honorary President of Hakka Association W.P. Kuala Lumpur & Selangor, Board of Governor for SJK (C) Yu Chai Ulu Beranang, Advisor to Malaysia-China Chamber of Commerce, Advisor to Negeri Sembilan Fui Chiu Association, Advisor to National Newspaper Vendors Association, Deputy Director of Chinese International Foreign Trade Council, Council Member of Tourism Malaysia China Market Advisory Council, Member of Boao Forum for Asia, Member of Malaysian Chinese Tourism Association and Member of Malaysia-China Business Council.

Dato' Ng is not a director of any other public companies. He is the father of Mr Ng Chee Gong, who is the Executive Director of the Company. He is not related to any major shareholder save and except the indirect interest of 13,621,225 shares held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

**Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman** • *Non-Independent Non-Executive Director*

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, Malaysian, aged 78, was appointed to the Board on March 26, 2010 as a Non-Independent Non-Executive Director.

Tan Sri Abdul Aziz is a Fellow of Chartered Institute of Transport, United Kingdom, Fellow of Institute of Management Malaysia, Fellow of Institute of Directors Malaysia, Fellow of Institute of Public Relations Malaysia and Fellow of Asian Institute of Management Science.

Tan Sri Abdul Aziz is an advocate and solicitor and partner in the law firm of Nik Saghir & Ismail, Kuala Lumpur. He has more than 35 years experience in managing public and private corporations. He started by serving the government for 15 years, the first 7 years as an administrative officer and for 8 years he was in the judicial and legal service of the Federal Government. He served as Magistrate, President Sessions Court, Federal Counsel and Assistant Parliamentary Draftsman. His last government appointment was as Federal Counsel and Legal Officer of the National Operation Council (NOC) during the Emergency of 1969.

Tan Sri Abdul Aziz subsequently served Malaysian Airlines from its inception in 1971 as company secretary and Director of Legal Affairs. He retired in late 1991 as the Managing Director and Chief Executive Officer, a position he held for 10 years. He was responsible for its vast expansion and had turned MAS into a profitable and leading player in the world of aviation.

Tan Sri Abdul Aziz has presented many papers at seminars and conferences on aviation, airline, management and tourism, in Malaysia and abroad. He is a fellow of several institutes and for several years served as the President of the Chartered Institutes of Transport Malaysia. He served as the President of the International Council of the Chartered Institute of Transport with its headquarters in London for one term. This was the first time an Asian was accorded such a privilege by election.

Tan Sri Abdul Aziz writes regularly on management issues and was an Adjunct Professor in the Faculty of Management of University Utara Malaysia. He wrote a book entitled "Management Philosophy and Techniques" in 1992.

Tan Sri Abdul Aziz sits on the Board of Majuperak Holdings Bhd and BTM Resources Bhd. He does not have any family relationship with any Director and/or major shareholder of the Company. He has a direct interest of 2,000,000 shares in the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.



## **Ng Fung Mo** • *Non-Independent Non-Executive Director*

Mr Ng Fung Mo, permanent resident of Hong Kong Special Administrative Region, aged 48, was appointed to the Board on December 8, 2006 as an Independent Non-Executive Director. He was redesignated as Executive Director on September 7, 2007 and again redesignated as Non-Independent Non-Executive Director on February 28, 2011. Mr Ng holds a MBA degree (specializing in property development) from the Chong Sun University.

Currently, Mr Ng is an appointed member of the Political Consultative Committee for the city of Huizhou and holds the post of Deputy Chairman of Huiyang District's Association of Real Estate Development. During the past two (2) decades, he has made significant contribution to the property development industry in Huiyang District.

Mr Ng is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder save and except the indirect interest of 13,621,225 shares held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

## **Ng Chee Gong** • *Executive Director*

Mr Ng Chee Gong, Malaysian, aged 34, was appointed to the Board on July 19, 2010 as Executive Director. Mr Ng graduated from Latrobe University, Melbourne, Australia with a degree in Bachelor of Science (double major in Computer Science & Accounting) in 1999 and has more than 10 years experience in the property development and air cargo businesses in both Malaysia and China.

Mr Ng started his career in 2000 as a Director with Bandung Development Sdn Bhd, a property development company based in Negeri Sembilan. In 2002, he was transferred to Malaysia-Beijing Cargo Sdn Bhd as Executive Director and was responsible for the overall operations and management of the company's various air cargo stations in China such as Beijing, Shanghai, Guangzhou, Xiamen, Shenzhen, Qingdao and Xian.

In 2007, he was transferred to Huizhou Longji Real Estate Development Co Ltd as its General Manager. The company is a reputable property developer based in Huizhou, Guangdong, China. In 2009, he joined Nagamas International Berhad and was responsible for developing and expanding the Company's core businesses in property and aviation.

Mr Ng is not a director of any other public companies. He is the son of Dato' Ng Kek Kiong, who is the Executive Chairman and the major shareholder of the Company with the indirect interest of 13,621,225 shares held through MB Longji Sdn Bhd. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

## **Ian Ghee Eik Kai** • *Independent Non-Executive Director*

Mr Ian Ghee Eik Kai, Malaysian, aged 45, was appointed to the Board on November 26, 2008 as a Non-Independent Non-Executive Director. He was redesignated as an Independent Director on November 16, 2009. He is the Chairman of the Remuneration Committee and is also a member of the Audit Committee and Nomination Committee.

Mr Ian Ghee graduated from the University of London with a LLB Degree in 1990. He further pursued and completed his Certificate of Legal Practice in 1992. Mr Ian Ghee chambered in Messrs Paul Chong & Kraal and was called to the Malaysian Bar on September 17, 1993. He subsequently worked in Messrs Ng & Ong as a legal assistant from 1993 to 1999. Currently, he is one of the main partners in Messrs Ian Ghee & Associates. He specializes in civil and corporate litigation, company law and debt collection, industrial disputes, probate matter and conveyancing practice.

Mr Ian Ghee is also a member of Independent Ethics Committee of Sime Darby Medical Centre.

Mr Ian Ghee is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

**Liu Xiuqing** • *Independent Non-Executive Director*

Mr Liu Xiuqing, national of the People's Republic of China, aged 57, was appointed to the Board on October 1, 2007 as an Independent Non-Executive Director. He holds a Bachelor of International Business Administration degree from the Nanjing University.

He started his career with Jiangsu Province Taisen Chiautao Construction Company in 1973 as a Technician and became General Manager of the company in 1990. In 1994, he joined Jiangsu Province Jiangyen City Fifth Construction Engineering Company as its General Manager. Since 2001 till now, Mr Liu has been the President and General Manager of CCIC South Construction Co Ltd, subsidiary of China Construction International Corporation based in Shenzhen, China, a licensed Grade I building and construction contractor specializes in engineering and construction, decoration, steel-structure engineering, mechanical and electrical equipment installation. Under his leadership, the company has grown tremendously and has constructed building projects with built-up area of more than 3 million square meters. He has in total more than 30years experience in the engineering and construction industry in China.

Mr Liu is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

**Yeoh Chong Keat** • *Non-Independent Non-Executive Director*

Mr Yeoh Chong Keat, Malaysian, aged 53, was appointed to the Board on July 19, 2010 as Non-Independent Non-Executive Director. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

Mr Yeoh is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Malaysian Institute of Taxation, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, UK (now PricewaterhouseCoopers, UK). He was formerly the Head of Corporate Services of an international accounting firm in Kuala Lumpur for over 10 years. He has accumulated a wealth of experience in audit, tax, consulting and secretarial work with over 25 years in professional practice.

He founded Archer Corporate Services Sdn Bhd in 1999 and is the President/CEO of Archer which provides corporate secretarial services to public listed companies and large groups of private companies of which he is the Company Secretary.

He is the Chairman of Lien Hoe Corporation Berhad and also a director of Cheetah Holdings Berhad and Tambun Indah Land Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of XOX Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

**Ong Eng Choon** • *Independent Non-Executive Director*

Mr Ong Eng Choon, Malaysian, aged 59, was appointed to the Board on July 19, 2010 as Independent Non-Executive Director and the Chairman of the Audit Committee. He is also a member of the Remuneration Committee and the Nomination Committee.

Mr Ong is an accountant by profession. He graduated from Tunku Abdul Rahman College, Kuala Lumpur on 31 May 1976 with a Diploma in Business Administration and has more than 30 years of tax experience having started with the Inland Revenue Department in 1976 and spent 10 years with Kassim Chan Tax Services Sdn Bhd. He is currently the Managing Director of Taxnet Consultants Sdn Bhd.

He is a Chartered Accountant (Malaysia), a Fellow of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and an Associate Member of Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation).

Currently, he is the external company secretary of Globetronics Technology Berhad, a company listed on the Main Market of Bursa Securities and is also the Independent Non-Executive Director of Chin Well Holdings Berhad, Tek Seng Holdings Berhad, Public Packages Holdings Berhad and Tambun Indah Land Berhad which are listed on the Main Market of Bursa Securities and Elsoft Research Berhad which is listed on the ACE Market of Bursa Securities.

Mr Ong does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.

**Mok Ah Yoke @ Mok Yok Chang** • *Independent Non-Executive Director*

Mr Mok Ah Yoke @ Mok Yok Chang, Malaysian, aged 61, was appointed to the Board on October 27, 2010 as Independent Non-Executive Director. He is also a member of the Audit Committee.

Mr Mok is a registered real estate agent and licensed auctioneer in Malaysia. He started his working career in 1968 and has always been in the field of property consultancy services. His last corporate position was Executive Director of Colliers International Property Consultants Sdn Bhd responsible for building up the estate agency business since 1983. Mr Mok disposed of all his shareholdings in that organization in 1993 to set up Y C Mok & Co, his own real estate agency and real estate investment advisory practice.

Mr Mok is thoroughly familiar with the various applications of property valuation particularly in the corporate sector. His constant contact within a wide network of real estate investors in Malaysia as well as the region has kept him relevant and up to date. In the last 18 years, his practice concentrated on handling exclusive project marketing for a number of successful niche property developments in Malaysia.

With his accumulated experience and full confidence in the local property market condition, Mr Mok identified the development opportunity in the Jaya One Project at Section 13, P.J. in 2004. Together with a few veteran developers, he took up a strategic stake in this property investment and started his property development interest.

Mr Mok does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past 10 years.





On behalf of the Board of Directors of Nagamas International Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ("FY") ended 31 December 2010.

### **Financial Review**

For FY2010, the Group recorded a turnover of RM29.89 million (FY2009 Restated: turnover of RM37.22 million) and an after tax loss of RM24.00 million (FY2009 Restated: after tax loss of RM2.81 million). The drop in turnover and the increase in after tax loss recorded in FY2010 were mainly attributable to the disposal of the Group's entire interest in the Industrial Division which was completed on 8 January 2010. The disposal has resulted in a one-off loss of RM19.75 million. Of the RM19.75 million, RM13.69 million was due to the realization of post-acquisition reserves and the impairment of goodwill and a further loss of RM6.06 million was from the realization of the provision for Inter-Company Debts.

### **Review of Operations**

FY2010 proved to be a very challenging year for the Group because it started its venture into property development, which usually has a gestation period of about 2 to 3 years before the business begins to show any significant results. The aviation business suffered when China's exports and tourism business between Malaysia and China slowed down, thus severely reducing the performance of the Group's air cargo and airline ticketing businesses.

### **Prospects**

In line with the Group's long term strategic vision, the Group plans to continue with its forays into property development focusing on the medium to medium high end mixed development segment in Malaysia and China.

In the area of property planning consultancy and marketing and sales, the Group will assist China's Yongzhou City People's Government vide its special purpose vehicle in its proposed long-term development of the Yongzhou ASEAN Project which encompasses the following sub-projects:

1. Yongzhou International Aviation Logistics Project:
  - 1.1 Yongzhou International LCCT: Renovation and expansion of existing Lingling Airport
  - 1.2 Yongzhou International Halal Hotel
  - 1.3 Yongzhou International Aviation Logistics Base
2. Yongzhou ASEAN Green Free Trade Area Project:
  - 2.1 Administrative Office Area
  - 2.2 Industrial Development Area
  - 2.3 Residential Area
  - 2.4 High-Tech Industrial Park
  - 2.5 Multi-Purpose Modern Storage & Logistics Area
3. Yongzhou Halal Industrial Park Project
4. Tourism Development Area along the Yongzhou's Xiangjiang Riverbank:
  - 4.1 Five-Star Hotel Community
  - 4.2 Southeast Asian Style Garden
  - 4.3 Xiangjiang River Water Recreation Area



## Corporate Social Responsibility

The Group recognizes the importance of Corporate Social Responsibility and during the FY under review, the Group has on several occasions engaged in charitable fund raising and sponsorship activities by contributing to some Chinese Associations in Kuala Lumpur and Selangor that operate conscientiously and are committed to the well being of the needy and less privileged in the community.

## Acknowledgement

On behalf of the Board, I would like to thank our valued shareholders, customers, business associates, financiers, the regulatory authorities and members of the community, for their continued support and trust in our Group. I would also like to record our sincere appreciation to the management team and all employees of the Group for their invaluable contributions and tireless efforts throughout the year.

To my fellow directors, I would like to express my gratitude for their counsel, contributions, support and guidance.

Dato' Ng Kek Kiong  
*Executive Chairman*



The Board of Directors (“the Board”) of Nagamas International Berhad (“the Company” or “Nagamas”) recognises that corporate governance is a continuous process and is therefore committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance (Revised 2007) (the “Code”) in discharging its responsibilities to enhance shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board is of the opinion that aside from any exceptions noted below, the Group has applied the principles set out in Part 1 of the Code and has complied with the Best Practices set out in Part 2 of the Code during the financial year ended 31 December 2010.

## I. THE BOARD

### a. Directors

#### (i) **Composition and Size of Board**

The Board of Nagamas currently comprises one (1) Executive Chairman, one (1) Executive Director, four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The profiles of the members of the Board are provided in this Annual Report.

The Board retains full and effective overall control of the Company, and is responsible for overseeing the conduct and performance of the Group’s businesses and provides oversight for the Group’s internal controls. The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Company practices a clear demarcation of responsibilities and a balance of power and authority. The role of the Executive Chairman are mainly strategic planning and advisory whereas the roles of the Executive Directors are clearly divided and they are responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions.

#### (ii) **Board Balance and Board Effectiveness**

The Board of Nagamas is a balanced Board with a complementary blend of expertise with members drawn from varied backgrounds; bringing with them, in depth and diversity in experience, expertise and perspectives to the Group’s business operations. All the Independent Directors are independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement. Directors are able to act independently and express their views unfettered and free from any influence.

The four (4) Independent Directors of the Company which forms more than one third (1/3) of the Board provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.



## b. Board Meetings

### (i) Procedure

The annual calendar of meetings is agreed at the beginning of each year. As stipulated in the Articles of Association of the Company, the quorum for Board Meeting is three (3). Board Meetings are scheduled in advance at the beginning of the calendar year to enable Directors to plan ahead and fit the year's meetings into their own schedules. In order to enable Directors to discharge their responsibilities effectively, the Board and its committees are supplied with and have access to accurate, relevant, full and timely information. During these meetings, the Board also appraises, where relevant, new investment and business proposals, reviews the management or performance of the business of operating units, and existing investments and any other strategic issues that affect or may affect the Group's business and corporate well-being.

Board Meetings are governed by a structured formal agenda. All major issues included in the agenda are where possible supported by comprehensive background information to enable the Board to make informed decisions. All Directors are provided with an agenda and at each Board meeting. The Executive Directors and where necessary, senior management staff will brief the Board on the Group's activities and operations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of Board Meetings are recorded and signed by the Chairman of the Meeting.

During the financial year ended 31 December 2010, the Board met six (6) times; whereat it deliberated and considered a variety of matters including the Group's financial results, major investment and strategic decisions.

### (ii) Attendance at Board Meetings

The attendance of the Directors at the Board Meetings held during the financial year ended 31 December 2010 are as follows:-

Director	Position	Total meetings attended
Dato' Ng Kek Kiong	Executive Chairman	6/6
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman <i>(Appointed w.e.f. 26/3/2010)</i>	Non-Independent Non-Executive Director	5/5
Ng Fung Mo	Executive Director	6/6
Liu Xiuqing	Independent Non-Executive Director	6/6
Ian Ghee Eik Kai	Independent Non-Executive Director	6/6
Ng Chee Gong <i>(Appointed w.e.f. 19/7/2010)</i>	Executive Director	2/2
Ong Eng Choon <i>(Appointed w.e.f. 19/7/2010)</i>	Independent Non-Executive Director	2/2
Yeoh Chong Keat <i>(Appointed w.e.f. 19/7/2010)</i>	Non-Independent Non-Executive Director	2/2
Mok Ah Yoke @ Mok Yok Chang <i>(Appointed w.e.f. 27/10/2010)</i>	Independent Non-Executive Director	1/1
Dato' Lee Ah Chien @ Lee Ow Kim <i>(Retired on 28/6/2010)</i>	Senior Independent Non-Executive Director	3/3
Wong Soo Thiam <i>(Retired on 28/6/2010)</i>	Independent Non-Executive Director	3/3

The Secretary was present at all the Board Meetings held during the financial year ended 31 December 2010.



**(iii) Supply of Information and Access to Advice**

Directors whether as a full Board or in their individual capacity have full and unrestricted access to all information within the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. 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. Directors are also regularly updated and advised of any new regulations, guidelines or directives issued by Bursa Malaysia Securities Berhad (“Bursa Securities”), Securities Commission and/or other relevant regulatory authorities. The Board may also avail itself of independent professional opinion and advice, whenever necessary, in the course of fulfilling its responsibilities. Additionally, the Board invites Senior Management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

**c. Appointments to the Board**

The Company has established a formal and transparent procedure for appointment of new Directors. The proposed appointment is first considered by the Nomination Committee which takes into account inter alia the necessary skill and experience of the candidate before making a recommendation to the Board.

**d. Re-Election of Directors**

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting (“AGM”) and each Director shall stand for re-election at least once every three (3) years. Directors appointed by the Board are subject to re-election by shareholders at the next AGM held following their appointments.

**e. Directors’ Training**

The Company does not at present have a formal program for the orientation of newly appointed Directors. The Board considers that the activities of the Group at this time are not so complex as to warrant a formal programme. All members of the Board have attended and completed the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Securities.

The Company considers continuous training for Directors as important to enable them to effectively discharge their duties. Directors are encouraged and will continue to attend further educational programmes and seminars regularly to keep abreast of any new developments in the Listing Requirements of Bursa Securities, other relevant legislation and regulations and to enhance their skills and knowledge. During the financial period, the Directors of the Company have attended the following trainings:

Name	Date of training	Subject
Dato’ Ng Kek Kiong	28 – 30 July 2010	The 5th Conference on ASEAN - China People-To-People Friendship Organisations 2010
Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman	-	Did not attend due to heavy work commitments
Ng Fung Mo	8 October 2010	China’s Investment Trend for the next 5 years
Liu Xiuqing	8 October 2010	China’s Investment Trend for the next 5 years
Ian Ghee Eik Kai	-	Did not attend due to heavy work commitments
Ng Chee Gong	20 - 21 October 2010	Mandatory Accreditation Programme for Directors of Public Listed Companies



Name	Date of training	Subject
Ong Eng Choon	30 March 2010	Workshop on Analysis of Recent Tax Cases, Construing Court Decisions & Managing Tax Appeals Efficiently
	15 April 2010	Corporate Governance Guide – Towards Boardroom Excellence
	4 October 2010	Making the Most of Double Tax Agreements
	14-15 October 2010	Financial Reporting Standards (FRS) Workshop 2010
	19 October 2010	2011 Budget Seminar
Yeoh Chong Keat	27 May 2010	High Performance Control System
	28 – 29 June 2010	World-Class Leadership Skills of This 21ST Century
	6 – 7 July 2010	National Tax Conference 2010
	26 October 2010	5th Advent Tax & Business Management Seminar
Mok Ah Yoke @ Mok Yok Chang	26 – 27 January 2011	Mandatory Accreditation Programme for Directors of Public Listed Companies

**f. Directors' Remuneration**

The remuneration of Directors are determined at levels which will enable the Group to attract and retain the Directors needed to run the Group successfully. In the case of Executive Directors, they are to be appropriately rewarded giving due regard to the corporate and individual performance. Directors' fees are paid to Non-Executive Directors and these are subject to approval of shareholders at the AGM. The aggregate remuneration of Executive Directors and Non-Executive Directors and the range of remuneration of Directors in the respective bands for the financial year are provided from page 55 to 56 of this Annual Report.

**II. BOARD COMMITTEES**

The Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. These committees are:-

**Board Committees**

- a. Audit Committee
- b. Nomination Committee
- c. Remuneration Committee

**Key Functions**

- As set out from page 17 to 20
- As set out from page 21 to 22
- As set out from page 23 to 24

**III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS**

**a. Dialogue between Company and Investors**

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to Bursa Securities and the yearly business review is disclosed in the Annual Report. Information is also disseminated in strict adherence to the disclosure requirements of Bursa Securities.

Apart from contacts at general meetings, there is currently no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the Management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the Management is of the opinion that this arrangement has been satisfactory to all parties. Any queries or concerns with regards to the Group may be addressed to the Company, via the Company Secretaries.

**b. Annual General Meeting**

The Company uses the AGM as the primary way of communicating with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at least twenty one (21) days before the date of the meeting. The Board members as well as the Auditors of the Company are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the AGM are submitted to Bursa Securities at the end of the meeting day. Any special business included in the notice of general meeting will be accompanied by an explanatory statement of the effects of a proposed resolution.

**IV. ACCOUNTABILITY AND AUDIT****a. Financial Reporting**

The Directors have the responsibility to present a balanced and fair assessment of the Group's position and prospects in the Annual Reports to shareholders and quarterly reports to Bursa Securities. The Audit Committee assists in reviewing the information for disclosure to ensure accuracy, adequacy and completeness. The Board is also responsible to ensure that the accounting records of the Group are properly kept.

**b. Internal Control**

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Internal Control Statement of the Group is set out from page 14 to page 15 of this Annual Report.

**c. Relationship with the Auditors**

The Company has always and would continue to maintain a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report from page 17 to page 20 of this Annual Report.

**RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS**

The Directors of the Company are required to ensure that the financial statements of each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2010, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

The Directors have responsibility for ensuring that the Group keeps sufficient accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.



## **INTRODUCTION**

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities requires the Board of Directors of the Company to make a statement in this Annual Report about the state of internal control in the Company as a Group. The Board is pleased to provide the following Statement on Internal Control which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies”.

## **BOARD RESPONSIBILITY**

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Company’s assets. The review of the Group’s system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **KEY ELEMENTS OF INTERNAL CONTROL**

### **CONTROL ENVIRONMENT AND CONTROL ACTIVITIES**

- Organization structure with defined lines of responsibility, authority and accountability;
- Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and managing business operations;
- Designated staff are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group’s system of internal control;
- Policies and procedures for key business processes are formalized and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business requirements.

### **MONITORING AND COMMUNICATION**

- Regular Board and management meetings are held where information is provided to the Board and management covering financial performances and operations;
- Periodic visits to operating subsidiaries by members of the Board and senior management whenever appropriate.
- Periodic review of business processes to assess the effectiveness of internal controls by the independent internal auditor. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.
- Management accounts and reports are prepared regularly for monitoring of actual performance.

### **RISK MANAGEMENT**

Risk management forms an integral part of the Group’s business operations. The process of identifying, evaluating, monitoring and managing significant risks is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the periodic operations and management meetings.



**INTERNAL AUDIT FUNCTION**

The Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm to undertake its internal audit function. The independent consulting firm acts as internal auditor and reports directly to the Audit Committee. During the financial year, the internal auditor reviewed key business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continue to operate satisfactorily and effectively within the Group.

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings. For the financial year ended 31 December 2010, the total costs incurred for the outsourced internal audit function is RM23,000 inclusive of reimbursable expenses and service tax.



**1. MATERIAL CONTRACTS**

There were no material contracts of the Company or its subsidiaries involving the directors’ and/or major shareholders’ interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

**2. SHARE BUY-BACK**

During the financial year, the Company did not have a scheme to buy back its own shares.

**3. OPTIONS OR CONVERTIBLE SECURITIES**

The Company did not issue any options or convertible securities during the financial year.

**4. DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any depository receipt programme during the financial year.

**5. SANCTIONS AND/OR PENALTIES**

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management by the relevant regulatory bodies.

**6. NON-AUDIT FEE**

The was no non-audit fees paid to the External Auditors during the financial year.

**7. VARIATION IN RESULTS**

There was no material variance between the Group’s audited results for the financial year ended 31 December 2010 from the unaudited results previously announced.

**8. LIST OF PROPERTIES**

The Group does not own any property as at the end of the financial year.

**9. REVALUATION POLICY ON LANDED PROPERTY**

The Group had not adopted any revaluation policy in relation to landed properties.

**10. PROFIT GUARANTEE**

There was no profit guarantee given by the Company during the financial year.

**11. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF A REVENUE OR TRADING NATURE**

During the financial year, the RRPT entered into by the Group were as follows:

Company in the Nagamas Group involved	Transacting Party	Nature of Transaction	Related Party and Nature of Interests	Actual value transacted during the financial year (RM’000)
Mas-Be Travel Services Sdn Bhd	Malaysia-Beijing Travel Services Sdn Bhd (“MBTS”)	Ticketing Purchase Outsourcing	Dato’ Ng Kek Kiong, being the director and major shareholder of Nagamas, is also a director and substantial shareholder of MBTS  Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman, being the Director and shareholder of Nagamas, is a substantial shareholder of MBTS	The actual value transacted up to 31.12.2010 was RM2,461,583



The Audit Committee of Nagamas International Berhad is pleased to present the following report for the financial year ended 31 December 2010.

### MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC” or “Committee”) consists of four (4) members, majority of whom are Independent Non-Executive Directors. The members of the AC are: -

Director	Position
Ong Eng Choon (Chairman) <i>(Appointed w.e.f. 19/7/2010)</i>	Independent Non-Executive Director
Ian Ghee Eik Kai	Independent Non-Executive Director
Yeoh Chong Keat <i>(Appointed w.e.f. 19/7/2010)</i>	Non-Independent Non-Executive Director
Mok Ah Yoke @ Mok Yok Chang <i>(Appointed w.e.f. 16/11/2010)</i>	Independent Non-Executive Director
Dato’ Lee Ah Chien @ Lee Ow Kim (Chairman) <i>(Retired on 28/6/2010)</i>	Senior Independent Non-Executive Director
Wong Soo Thiam <i>(Retired on 28/6/2010)</i>	Independent Non-Executive Director

### TERMS OF REFERENCE

#### 1. Constitution

The Board of Directors have constituted and established a committee of the Board to be known as the Audit Committee.

#### 2. Composition

- The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants; or if not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 (“said Schedule”) or he must be a member of one (1) of the associations of accountants specified in Part II of the said Schedule; or has a degree/masters/doctorate in accounting or finance and at least three (3) years’ post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years’ post qualification experience in accounting or finance; or at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their numbers who shall be an
- In the event of any vacancy in the Committee resulting in the non-compliance of subparagraph 15.09(1) of the Listing Requirements of Bursa Securities, the Board shall fill the vacancy within three (3) months from the date of the vacancy.



- (f) The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### **3. Authority**

- (a) The Committee is authorised by the Board to review and/or investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- (c) The Committee shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.
- (d) The Committee shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the External Auditors or the Internal Auditors or both, to discuss problems and reservations and any other matter the External Auditors or Internal Auditors may wish to bring up to the attention of the Committee.
- (e) The Committee is not authorised to implement its recommendations on behalf of the Board but report its recommendations back to the Board for its consideration and implementation. Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee is authorised to promptly report such matters to the Exchange.

### **4. Functions of the Committee shall be amongst others:-**

- (a) To consider the audit fee of the External Auditors, any questions of resignation or dismissal of the External Auditors and appointment of new External Auditors to replace outgoing auditor, and whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and to recommend the nomination of a person or persons as External Auditors;
- (b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (c) To act as an intermediary between Management or other employees, and the External Auditors;
- (d) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
  - (i) any changes in or implementations of major accounting policies and practices;
  - (ii) significant adjustments arising from audits;
  - (iii) significant and unusual events;
  - (iv) litigation that could affect results materially;
  - (v) the going concern assumption; and
  - (vi) compliance with accounting standards regulatory and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);
- (f) To review matters arising from the audit with the External Auditors including any report or management letter and Management's response;
- (g) To do the following where an internal audit function exists:-
  - (i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme, process and results of the internal audit programme, process and/or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;



- (iii) to ensure the internal audit function of the Company reports directly to the Committee;
  - (iv) review any appraisal or assessment of the performance of the internal audit function;
  - (v) to review the independence of the internal audit function;
  - (vi) approve any appointment or termination of Internal Auditors; and
  - (vii) provide the Internal Auditors an opportunity to submit reasons for resigning.
- (h) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - (i) To consider any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
  - (j) To consider the major findings of internal investigations and Management's response;
  - (k) To prepare the annual Committee report to the Board which includes the composition of the Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit function and summary activities of internal audit function for inclusion in the Annual Report;
  - (l) To review the Board's statement on compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;
  - (m) To carry out such other functions as may be agreed to by the Committee and the Board.

## 5. **Meetings & Minutes**

- (a) The Committee shall meet at least four (4) times annually. However, at least once a year, the Committee shall meet with the External Auditors without the Executive Directors being present.
- (b) A quorum shall be two (2) members, majority of whom must be Independent Directors.
- (c) Other than in circumstances which the Chairman considers inappropriate, the Chief Accountant and/ or Chief of Finance and the representatives of the External Auditors and Internal Auditors shall attend all meetings of the Committee to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the attention of the Committee. The Committee may, as and when necessary, invite other members of the Board and members of Senior Management to attend the meetings.
- (d) The Company Secretary shall be the Secretary of the Committee and will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and its minutes tabled and noted by the Board.

### **Meetings held during the financial year ended 31 December 2010**

The Committee met five (5) times during the financial year ended 31 December 2010 and the details of attendance are as follows:-

Name	Total Meetings Attended
Ian Ghee Eik Kai	5/5
Yeoh Chong Keat	2/2
Ong Eng Choon	2/2
Mok Ah Yoke @ Mok Yok Chang	NA
Dato' Lee Ah Chien @ Lee Ow Kim	3/3
Wong Soo Thiam	2/3

NA: Not applicable, as Mr Mok was appointed as AC member on 16 November 2010.

Other Board members, Director of Corporate Affairs, Chief Administrative Office, Finance Manager and representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretaries in attendance.



## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

During the financial year, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;
- Reviewed and assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the financial year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports.
- Reviewed the Audit Plan and timetable with the External Auditors.
- Reviewed report of the Internal Auditors on the Company and its subsidiaries.
- Reviewed the assistance provided by Management to the External Auditors during the course of their audit.
- Reviewed the audit fees for the External Auditors in respect of their audit of the Group and the Company
- Considered and recommended the re-appointment of the External Auditors to the shareholders for approval.
- Review the recurrent related party transactions.



The Nomination Committee of Nagamas International Berhad is pleased to present the following report for the financial year ended 31 December 2010.

## COMPOSITION OF NOMINATION COMMITTEE

The Nomination Committee (“NC” or “Committee”) consists of three (3) members, all of whom are Non-Executive Directors. The members of the NC are: -

Director	Position
Yeoh Chong Keat (Chairman) <i>(Appointed w.e.f. 19/7/2010)</i>	Non-Independent Non-Executive Director
Ian Ghee Eik Kai	Independent Non-Executive Director
Ong Eng Choon <i>(Appointed w.e.f. 19/7/2010)</i>	Independent Non-Executive Director

Dato’ Lee Ah Chien @ Lee Ow Kim and Mr Wong Soo Thiam retired at the Company’s Twenty-Sixth Annual General Meeting held on 28 June 2010 and consequently, ceased as members of the NC.

Mr Yeoh Chong Keat was appointed as Chairman of NC on 19 July 2010 in place of Mr Ian Ghee Eik Kai who remains as a member of the NC.

The NC met on 27 April 2011 after the close of the financial year 2010, at which all members were present.

## TERMS OF REFERENCE

### 1. Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

### 2. Composition

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below two (2), the Board of Directors shall within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number.

### 3. Functions

The functions of the Committee shall be:-

- Proposing new nominees for appointment to the Board of Directors and reappointment of retiring Directors.
- Assessing Directors on an on-going basis, the effectiveness of the Board as a whole, the committees of the Board and the ability of each individual Director to contribute to the effective decision making of the Board.
- Recommend to the Board, Directors to fill the seats on other Board committees.



- (d) Review annually the size of the Board and review the mix of skills and experience and other qualities of the Board members for the Board to function completely and effectively.
- (e) Orientating and educating new Directors as to the nature of the business, current issues within the Company and the corporate strategies, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- (f) Consider and recommend the Directors for re-election at each AGM.

#### **4. Reporting Procedures**

- (a) The actual decision as to who shall be appointed to the Board should be the responsibility of the full Board after considering the recommendations of the Committee.
- (b) Reporting to the full Board from time to time its recommendations for consideration and implementation.

#### **5. Activities of NC**

The Nomination Committee met on 27 April 2011 after the close of the financial year ended 31 December 2010 to review the size and composition of the Board as well as to assess the effectiveness and performance of the Board, the directors and the Board sub-committees.

The Committee also deliberated and determined which directors would stand for re-election and re-appointment at the Company's forthcoming Annual General Meeting.





The Remuneration Committee of Nagamas International Berhad is pleased to present the following report for the financial year ended 31 December 2010.

## COMPOSITION OF REMUNERATION COMMITTEE

The Remuneration Committee (“RC” or “Committee”) consists of three (3) members, mainly Independent Non-Executive Directors. The members of the RC are:-

Director	Position
Ian Ghee Eik Kai (Chairman)	Independent Non-Executive Director
Dato’ Ng Kek Kiong	Executive Chairman
Ong Eng Choon <i>(Appointed w.e.f. 19/7/2010)</i>	Independent Non-Executive Director

Mr Ian Ghee Eik Kai was re-designated as Chairman of RC on 19 July 2010 in place of Dato’ Lee Ah Chien @ Lee Ow Kim who retired at the Company’s Twenty-Sixth Annual General Meeting held on 28 June 2010.

The NC met on 27 April 2011 after the close of the financial year 2010, at which all members were present.

## TERMS OF REFERENCE

### 1. Constitution

The Board has established a Committee of the Board to be known as the Remuneration Committee.

### 2. Composition

- The Committee shall be appointed by the Board from amongst its Directors of the Company which fulfils the following requirements:-
  - The Committee shall compose not less than three (3) members.
  - The members of the Committee shall consist mainly of Non-Executive Directors.
- The members of the Committee shall elect a Chairman from among their number who is not an Executive Director or employee of the Company or any related corporation.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person’s expertise may be required having regard to the subject matter to be discussed.

### 3. Objective

Remuneration for a Director should be determined so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management staff.

### 4. Meetings

- The Chairman of the Committee may request for a meeting as and when deemed necessary. A quorum shall be two (2) members.
- Notice of a meeting may be given in writing or by any other means of communication.



## 5. Functions

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Director and Senior Management of the Group.

The functions of the Committee shall include:-

- (a) Recommend to the Board the framework of executive remuneration and its cost, and the remuneration package for each Executive Director and Senior Management, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
- (b) To reimburse reasonable expenses incurred by the Directors and Senior Management in the course of their duties.
- (c) To review and determine the bonus scheme for the Executive Directors and Senior Management depending on various performance measurements of the Group.
- (d) To review and determine other benefits in kind for the Executive Directors and Senior Management.
- (e) To review annually the Executive Directors' and Senior Management's service contracts (if any).

## 6. Reporting Procedures

- (a) The remuneration of Directors and Senior Management shall be the ultimate responsibility of the full Board after considering the recommendations of the Committee.
- (b) Executive Directors and Senior Management do not participate in discussion of their own remuneration.

## 7. Activities of RC

The RC met on 27 April 2011 after the close of the financial year 2010 to review amongst others, the Service Contracts of the Executive Directors, performance bonus for Executive Directors for financial year 2010, salary adjustments of Executive Directors for financial year 2011 and the Directors' fees for financial year 2011.



## GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2010

Revenue	Loss Before Taxation	Loss After Taxation	Shareholders' Funds	Loss Per Share
RM29,897,127	RM23,920,980	RM24,006,980	RM17,888,816	47.2 sen

## FIVE YEARS' FINANCIAL PERFORMANCE

### Revenue

RM

Apr 2006 - Mar 2007	67,764,278
Apr 2007 - Mar 2008	81,716,789
Apr 2008 - Dec 2008	78,646,829
Jan 2009 - Dec 2009	109,266,343
Jan 2010 - Dec 2010	29,897,127

### Profit/(Loss) Before Taxation

RM

Apr 2006 - Mar 2007	14,250,335
Apr 2007 - Mar 2008	4,549,531
Apr 2008 - Dec 2008	663,090
Jan 2009 - Dec 2009	(1,168,731)
Jan 2010 - Dec 2010	(23,920,980)

### Shareholders' Funds

RM

31 Mar 2007	15,541,624
31 Mar 2008	44,013,711
31 Dec 2008	44,760,089
31 Dec 2009	42,429,932
31 Dec 2010	17,888,816

### Earnings/(Loss) Per Share (Sen)

SEN

Apr 2006 - Mar 2007	26.0
Apr 2007 - Mar 2008	7.5
Apr 2008 - Dec 2008	0.9
Jan 2009 - Dec 2009	(4.2)
Jan 2010 - Dec 2010	(47.2)



The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2010.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in investment holding and providing management services to its subsidiary companies.

The principal activities of the subsidiary companies are property development, tour and travel agency and provision of management services for air cargo transportation business.

There have been no significant change in the nature of these activities during the financial year except that the Group ceased manufacturing and sales of industrial products as a result of the disposals of subsidiary companies in the industrial division as disclosed in Note 28 to the financial statements.

**FINANCIAL RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Net loss after taxation	24,006,980 =====	3,628,751 =====

**DIVIDEND**

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 December 2010.

**RESERVES AND PROVISIONS**

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

**BAD AND DOUBTFUL DEBTS**

Before the statements of comprehensive income and statements of financial position were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

**CURRENT ASSETS**

Before the statements of comprehensive income and statements of financial position were made out, the directors took reasonable steps to ensure that any current assets which values as shown in the accounting records of the Group and the Company were unlikely to be realised in the ordinary course of business had been written down to an amount which they might be expected so to be realised.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and the Company misleading.



### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which would secure the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent liability or other liability 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 the Company to meet their obligations when they fall due.

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

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

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

### DIRECTORS

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

Dato' Ng Kek Kiong	
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	
Ian Ghee Eik Kai	
Liu Xiuqing	
Ng Fung Mo	
Ng Chee Gong	(Appointed on 19.07.10)
Ong Eng Choon	(Appointed on 19.07.10)
Yeoh Chong Keat	(Appointed on 19.07.10)
Mok Ah Yoke @ Mok Yok Chang	(Appointed on 27.10.10)
Dato' Lee Ah Chien @ Lee Ow Kim	(Retired on 28.06.10)
Wong Soo Thiam	(Retired on 28.06.10)

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman retires pursuant to Article 95 of the Company's Articles of Association and Section 129 of the Companies Act, 1965 and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.



### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for items disclosed in Note 28 to the financial statements.

### ISSUE OF SHARES

There was no share issued during the financial year.

### DIRECTORS' INTEREST IN SHARES

According to the register of directors' shareholdings, particulars of interests of directors in office at the end of the financial year in shares in the Company were as follow:-

	<u>Number of ordinary shares of RM1 each</u>			<u>Balance at 31.12.10</u>
	<u>Balance at 01.01.10</u>	<u>Bought</u>	<u>Sold</u>	
<b>Direct Interest</b>				
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	2,000,000	-	-	2,000,000
Indirect Interest held through body corporate				
Dato' Ng Kek Kiong	13,621,225	-	-	13,621,225
Ng Fung Mo	13,621,225	-	-	13,621,225

By virtue of their interests of more than 15% in the shares in the Company, Dato' Ng Kek Kiong and Ng Fung Mo were deemed to be interested in the shares in all the subsidiary companies to the extent that the Company has an interest.

None of the other directors had any interest in the Company and its related corporation during the financial year.

### AUDITORS

The auditors, Tam & Associates, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman  
Director

Dato' Ng Kek Kiong  
Director

Kuala Lumpur  
Date : 27 April 2011

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

We, Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman and Dato' Ng Kek Kiong, being two of the directors of NAGAMAS INTERNATIONAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2010 and of the financial performances and the cash flows of the Group and the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman  
Director

Dato' Ng Kek Kiong  
Director

Kuala Lumpur  
Date : 27 April 2011

**DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Dato' Ng Kek Kiong, being the director primarily responsible for the financial management of NAGAMAS INTERNATIONAL BERHAD, do solemnly and sincerely declare that the accompanying financial statements 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.

Dato' Ng Kek Kiong

Subscribed and solemnly declared by the abovenamed Dato' Ng Kek Kiong at Kuala Lumpur in Wilayah Persekutuan on 27 April 2011, before me.

COMMISSIONER FOR OATHS

Mohd Radzi Bin Yasin  
No. W 327  
Persurujaya Sumpah  
Malaysia

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NAGAMAS INTERNATIONAL BERHAD (111365 U)****Report on the Financial Statements**

We have audited the financial statements of NAGAMAS INTERNATIONAL BERHAD which comprise the statements of financial position as at 31 December 2010 of the Group and the Company, and the statements of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 52.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2010 and of its financial performances and cash flows for the year then ended.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NAGAMAS INTERNATIONAL BERHAD (111365 U)****Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which is indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Our audit report of the financial statements of the subsidiary companies other than those disclosed in Note 7 did not contain any qualification or any adverse comment under Section 174 (3) of the Act.

**Other Matters**

The supplementary information set out in Note 32 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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 Loss in the Content 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.

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

TAM & ASSOCIATES  
No. AF-1356  
Chartered Accountants

TAM KOK MENG  
No. 1875/02/12 (J/PH)  
Partner of the firm

Kuala Lumpur  
Date: 27 April 2011



	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-current assets</b>					
Property, plant and equipment	4	120,820	5,000,767	120,820	141,325
Goodwill	5	69,455	1,625,932	-	-
Prepaid lease payments	6	-	243,728	-	-
Investment in subsidiary companies	7	-	-	13,327,804	21,723,790
Other investments	8	-	474,650	-	-
		<u>190,275</u>	<u>7,345,077</u>	<u>13,448,624</u>	<u>21,865,115</u>
<b>Current assets</b>					
Property development costs	9	3,692,192	591,940	-	-
Inventories	10	-	14,344,411	-	-
Trade receivables	11	1,999,307	18,225,370	-	-
Other receivables, deposits and prepayments	12	12,681,248	11,090,127	3,335,949	368,148
Amount due from subsidiary companies	13	-	-	4,192,150	2,783,193
Tax recoverable		39,637	454,355	39,637	39,637
Fixed deposits with licensed banks		-	7,049,961	-	-
Cash and bank balances		652,237	5,073,291	273,106	339,968
		<u>19,064,621</u>	<u>56,829,455</u>	<u>7,840,842</u>	<u>3,530,946</u>
<b>Total Assets</b>		<u>19,254,896</u>	<u>64,174,532</u>	<u>21,289,466</u>	<u>25,396,061</u>
<b>Equity</b>					
Share capital	14	50,895,000	50,895,000	50,895,000	50,895,000
Reserves	15	(33,006,184)	(8,465,068)	(30,829,124)	(27,200,373)
<b>Total equity attributable to owners of the Company</b>		<u>17,888,816</u>	<u>42,429,932</u>	<u>20,065,876</u>	<u>23,694,627</u>
<b>Current liabilities</b>					
Trade payables	16	418,378	7,345,523	-	-
Progress billings		744,213	-	-	-
Other payables and accruals	17	203,489	14,278,435	138,607	374,667
Amount due to subsidiary companies	13	-	-	1,084,983	1,326,767
Tax payable		-	77,642	-	-
		<u>1,366,080</u>	<u>21,701,600</u>	<u>1,223,590</u>	<u>1,701,434</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	-	43,000	-	-
<b>Total liabilities</b>		<u>1,366,080</u>	<u>21,744,600</u>	<u>1,223,590</u>	<u>1,701,434</u>
<b>Total equity and liabilities</b>		<u>19,254,896</u>	<u>64,174,532</u>	<u>21,289,466</u>	<u>25,396,061</u>

The accompanying notes form an integral part of this statement.



31 December 2010

	Note	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
<b>Continuing operations</b>					
Revenue	19	29,897,127	37,229,062	555,000	415,502
Cost of sales		(28,631,791)	(36,693,537)	-	-
Gross profit		1,265,336	535,525	555,000	415,502
Other income	20	861,652	59,035	3,717,544	30,473
Administrative expenses		(26,047,968)	(3,430,650)	(7,815,295)	(2,918,760)
Loss before taxation	21	(23,920,980)	(2,836,090)	(3,542,751)	(2,472,785)
Taxation	23	(86,000)	22,800	(86,000)	22,800
Loss from continuing operations		(24,006,980)	(2,813,290)	(3,628,751)	(2,449,985)
<b>Discontinued operations</b>					
Profit from discontinued operation, net of tax	24	-	665,811	-	-
Loss for the year attributable to the owners of the Company		(24,006,980)	(2,147,479)	(3,628,751)	(2,449,985)
<b>Other comprehensive loss</b>					
Foreign currency translation reserves		(534,136)	(182,678)		
Total comprehensive loss for the year attributable to the owners of the Company		(24,541,116)	(2,330,157)		
Loss per share for the year attributable to the owners of the Company	25	(47.17)	(4.22)		
Loss per share from continuing operations attributable to the owners of Company (sen)	25	(47.17)	(5.53)		
Earnings per share from discontinuing operations, attributable to the owners of the Company (sen)	25	-	1.31		

The accompanying notes form an integral part of this statement.

# Consolidated Statement Of Changes In Equity For The Year Ended

31 December 2010



	Share capital RM	Foreign currency translation reserve RM	Accumulated losses RM	Attributable to owners of the Company RM
Balance as at 01.01.10	50,895,000	(179,916)	(8,285,152)	42,429,932
Total comprehensive loss for the year	-	(534,136)	(24,006,980)	(24,541,116)
Balance as at 31.12.10	<u>50,895,000</u>	<u>(714,052)</u>	<u>(32,292,132)</u>	<u>17,888,816</u>
Balance as at 01.01.09	50,895,000	2,762	(6,137,673)	44,760,089
Total comprehensive loss for the year	-	(182,678)	(2,147,479)	(2,330,157)
Balance as at 31.12.09	<u>50,895,000</u>	<u>(179,916)</u>	<u>(8,285,152)</u>	<u>42,429,932</u>

The accompanying notes form an integral part of this statement.

## Statement Of Changes In Equity For The Year Ended

31 December 2010

	Share capital RM	Accumulated losses RM	Total RM
Balance as at 01.01.10	50,895,000	(27,200,373)	23,694,627
Comprehensive loss for the year	-	(3,628,751)	(3,628,751)
Balance as at 31.12.10	<u>50,895,000</u>	<u>(30,829,124)</u>	<u>20,065,876</u>
Balance as at 01.01.09	50,895,000	(24,750,388)	26,144,612
Comprehensive loss for the year	-	(2,449,985)	(2,449,985)
Balance as at 31.12.09	<u>50,895,000</u>	<u>(27,200,373)</u>	<u>23,694,627</u>

The accompanying notes form an integral part of this statement.



31 December 2010

	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
<b>Cash flows from operating activities</b>				
Loss before taxation from continuing operations	(23,920,980)	(2,836,090)	(3,542,751)	(2,472,785)
Profit before taxation from discontinued operations (Note 24)	-	1,667,359	-	-
Loss before taxation, total	(23,920,980)	(1,168,731)	(3,542,751)	(2,472,785)
Adjustment for:-				
Allowance for impairment loss on trade receivables	914,352	434,421	-	-
Allowance for doubtful debts written back	-	(138,629)	-	-
Amortisation of short term leasehold land	-	22,299	-	-
Bad debts written off	-	1,310,453	-	1,090,000
Depreciation	66,091	486,044	66,091	31,579
(Gain) / loss on disposal of property, plant and equipment	(626,819)	3,257	(626,819)	3,257
Impairment loss on investment	-	11,000	-	-
Interest expenses	-	59,888	-	-
Interest income	(23,231)	(164,824)	(23,225)	(30,473)
Inventories written off	-	220,051	-	-
Investment written off	-	95,000	-	-
Loss on disposal of subsidiary companies	13,691,186	-	5,027,879	-
Property, plant and equipment written off	-	863,588	-	77,934
Operating (loss) / profit before working capital changes	(9,899,401)	2,033,817	901,175	(1,300,488)
Increase in development properties costs	(3,100,252)	(591,940)	-	-
Increase in inventories	-	(744,797)	-	-
Increase in receivables	(38,155,670)	(2,228,047)	(4,376,759)	(1,859,474)
Increase / (decrease) in payables	44,047,283	5,617,409	(477,844)	1,174,044
Cash (utilised in) / generated from operations	(7,108,040)	4,086,442	(3,953,428)	(1,985,918)
Interest paid	-	(59,888)	-	-
Interest received	23,231	164,824	23,225	30,473
Tax paid	(86,000)	(807,273)	(86,000)	-
Net cash (utilised in) / generated from operating activities	(7,170,809)	3,384,105	(4,016,203)	(1,955,445)

# Consolidated Statement Of Changes In Equity For The Year Ended

31 December 2010



	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired (Note 27)	-	(224,999)	-	(230,002)
Investment in subsidiary companies	-	-	3,368,108	-
Disposal of subsidiary companies (Note 28)	(1,008,712)	-	-	-
Placement of fixed deposits	-	(1,256,719)	-	-
Purchase of property, plant and equipment (Note 26)	(7,397)	(218,529)	(3,718,767)	(13,910)
Proceeds from disposal of property, plant and equipment	4,300,000	5,000	4,300,000	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from / (utilised in) investing activities	3,283,891	(1,695,247)	3,949,341	(238,912)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>				
Repayment of hire purchase payables	-	(126,345)	-	-
Decrease in bill payables	-	(3,010,381)	-	-
Uplift of fixed deposits	-	-	-	1,925,111
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (utilised in) / generated from financing activities	-	(3,136,726)	-	1,925,111
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(3,886,918)	(1,447,868)	(66,862)	(269,246)
<b>Effect of translation differences</b>	(534,136)	(198,715)	-	-
<b>Cash and cash equivalents at beginning of year</b>	5,073,291	6,719,874	339,968	609,214
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	652,237	5,073,291	273,106	339,968
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents consist of:				
Cash and bank balances	652,237	5,073,291	273,106	339,968
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of this statement.



## 1. GENERAL

The Company is a limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in investment holding and providing management services to its subsidiary companies.

The principal activities of the subsidiary companies are property development, tour and travel agency and provision of management services for air cargo transportation business.

There have been no significant change in the nature of these activities during the financial year except that the Group ceased manufacturing and sales of industrial products as a result of the disposals of subsidiary companies in the industrial division as disclosed in Note 28 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2011.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

### 2.2 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7	Financial Instruments: Disclosures Amendments to FRS 7 Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 107	Amendment to FRS 107 Statement of Cash Flows
FRS 118	Amendment to FRS 118 Revenue
FRS 132	Amendment to FRS 132 Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

#### FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk including sensitivity analysis to market risk.

The Group and the Company has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.



### FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 31 to the financial statements.

### FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit and loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital as disclosed in Note 33.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

## 2.3 Standards and interpretations issued but not yet effective

The following new FRSs and interpretations and amendments to certain standards and interpretations were issued by Malaysian Accounting Standards Board but are not yet effective, and, therefore, have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 3	Business Combinations	1 July 2010
FRS 5	Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 127	Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
FRS 138	Amendments to FRS 138 Intangible Assets	1 July 2010
IC Int. 9	Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Int.12	Service Concession Arrangements	1 July 2010
IC Int.16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int.17	Distributions of Non-cash Assets to Owners	1 July 2010
FRS 132	Amendments to FRS 132 Classification of Right Issues	1 March 2010
FRS 7	Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
FRS 101	Amendment to FRS 101 Presentation of Financial Statements	1 January 2011
FRS 139	Amendment to FRS 139 Financial Instruments: Recognition and Measurement	1 January 2011

The directors have not yet had an opportunity to consider the potential impact of the adoption of the above new standards and amendments.





## 2.4 Basis of consolidation

### 2.4.1 Subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 31 December 2010.

A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the company so as to obtain benefits there from. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting rights of the company.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions, balances and resulting unrealised gains are eliminated on consolidation.

The excess of the purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The deficiency of the purchase price over the fair value of the net assets of the subsidiary companies at the date of acquisition is allocated over non-monetary assets in proportion to their fair value.

## 2.5 Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Group and the Company operates (its functional currency). The functional currency of the Group and the Company and presentation currency for the financial statements is Ringgit Malaysia ("RM").

Transactions in currencies other than the Group's and the Company's functional currency are recognised at exchange rates ruling at transaction dates. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated at exchange rates ruling at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

## 2.6 Property, plant and equipment and depreciation

2.6.1 Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.7. Depreciation is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.



2.6.2 The principal annual depreciation rates are as follows:

Buildings	2%
Furniture, fixtures, fittings and equipment	10% - 20%
Plant and equipment	10% - 20%
Motor vehicles	20%
Store equipment	10%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the statements of comprehensive income.

## 2.7 Impairment of assets

At the balance sheet date, the Group and the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

## 2.8 Investments in subsidiary companies

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 impairment losses.

## 2.9 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the loans and receivables category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### 2.9.1 Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.



### 2.9.2 Decognition of financial assets

The Group and the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 2.10 Financial liabilities and equity instruments issued by the Group and the Company

### 2.10.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

### 2.10.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

### 2.10.3 Financial liabilities

Financial liabilities are classified as financial liabilities other than at fair value through profit or loss ('FVTPL').

### 2.10.4 Financial liabilities other than at FVTPL

Financial liabilities other than at FVTPL including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities other than at FVTPL are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 2.10.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## 2.11 Employee benefits

### 2.11.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Group and 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.



#### 2.11.2 Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the comprehensive income as incurred.

#### 2.12 Revenue recognition

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

2.12.1 Revenue from administrative, management and aviation services are recognised upon performance of services.

2.12.2 Property development revenue is recognised based on the percentage of completion method. The stage of completion of the property development activities is measured in accordance with the accounting policy set out in 2.13.

#### 2.13 Property development costs

Property development costs comprise costs associated with land acquisition and all costs that are directly attributable to property development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a property development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the percentage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the year in which they are incurred.

When it is probable that total costs will exceed total revenue, expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings under current assets and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is classified as progress billings under current liabilities.

#### 2.14 Income tax

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of net profit or loss for the year.

On statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, tax losses and tax credits can be utilised.



Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the statement of financial position date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or different period, directly to equity.

#### 2.15 Segment information

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### 3.1 Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed annually, and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by the factors mentioned above. A reduction in the estimates of useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The carrying amount of the Group's property, plant and equipment at the statement of financial position date is disclosed in Note 4.

#### 3.2 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This required an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated.



Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at the statement of financial position date is disclosed in Note 5.

3.3 Recognition of revenue of property development projects

Significant judgement is required in determining the percentage of completion of the development projects, the extent of the development project costs incurred, the estimated total revenue and total costs and the recoverability of the costs of development projects. In making these judgements, management relies on past experience and the work of specialists.

## 4. PROPERTY, PLANT AND EQUIPMENT

2010 Group	Freehold land RM	Freehold building RM	Short term leasehold building RM	Furniture, fixtures, fittings and office equipment RM	Plant and equipment RM	Motor vehicles RM	Store equipment RM	Total RM
<b>Cost</b>								
As at 01.01.10	391,993	139,511	5,469,625	2,106,728	8,539,876	390,418	10,490	17,048,641
Additions	-	-	3,711,370	7,397	-	-	-	3,718,767
Disposal of subsidiary companies	(391,993)	(139,511)	(5,469,625)	(1,913,203)	(8,539,876)	(390,418)	(10,490)	(16,855,116)
Disposal	-	-	(3,711,370)	-	-	-	-	(3,711,370)
As at 31.12.10	-	-	-	200,922	-	-	-	200,922
<b>Accumulated depreciation</b>								
As at 01.01.10	-	80,833	2,001,983	1,655,906	8,081,965	222,747	4,440	12,047,874
Charges	-	-	38,189	27,902	-	-	-	66,091
Disposal of subsidiary companies	-	(80,833)	(2,001,983)	(1,603,706)	(8,081,965)	(222,747)	(4,440)	(11,995,674)
Disposal	-	-	(38,189)	-	-	-	-	(38,189)
As at 31.12.10	-	-	-	80,102	-	-	-	80,102
<b>Net book value as at 31.12.10</b>	-	-	-	120,820	-	-	-	120,820



2009 Group	Freehold land RM	Freehold building RM	Short term leasehold building RM	Furniture, fixtures, fittings and office equipment RM	Plant and equipment RM	Motor vehicles RM	Store equipment RM	Total RM
<b>Cost</b>								
As at 01.01.09	442,532	209,428	5,469,625	3,241,575	8,757,113	390,418	10,490	18,521,181
Additions	-	-	-	58,425	160,104	-	-	218,529
Translation adjustments	4,801	2,066	-	11,294	2,649	-	-	20,810
Disposals	-	-	-	(9,909)	-	-	-	(9,909)
Written off	(55,340)	(71,983)	-	(1,194,657)	(379,990)	-	-	(1,701,970)
As at 31.12.09	391,993	139,511	5,469,625	2,106,728	8,539,876	390,418	10,490	17,048,641
<b>Accumulated depreciation</b>								
As at 01.01.09	-	82,641	1,892,586	2,129,105	8,109,221	180,147	3,391	12,397,091
Charges	-	4,858	109,397	179,595	148,545	42,600	1,049	486,044
Translation adjustments	-	934	-	1,883	1,956	-	-	4,773
Disposals	-	-	-	(1,652)	-	-	-	(1,652)
Written off	-	(7,600)	-	(653,025)	(177,757)	-	-	(838,382)
As at 31.12.09	-	80,833	2,001,983	1,655,906	8,081,965	222,747	4,440	12,047,874
<b>Net book value as at 31.12.09</b>	391,993	58,678	3,467,642	450,822	457,911	167,671	6,050	5,000,767





2010 Company	Leasehold land and building RM	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Total RM
<b>Cost</b>					
As at 01.01.10	-	184,715	3,800	5,010	193,525
Additions	3,711,370	7,397	-	-	3,718,767
Disposals	(3,711,370)	-	-	-	(3,711,370)
As at 31.12.10	<u>-</u>	<u>192,112</u>	<u>3,800</u>	<u>5,010</u>	<u>200,922</u>
Accumulated depreciation					
As at 01.01.10	-	51,687	221	292	52,200
Charges	38,189	27,021	380	501	66,091
Disposals	(38,189)	-	-	-	(38,189)
As at 31.12.10	<u>-</u>	<u>78,708</u>	<u>601</u>	<u>793</u>	<u>80,102</u>
Net book value as at 31.12.10	<u>-</u>	<u>113,404</u>	<u>3,199</u>	<u>4,217</u>	<u>120,820</u>
2009 Company		Furniture and office equipment RM	Electrical installation RM	Renovation RM	Total RM
<b>Cost</b>					
As at 01.01.09		207,404	17,792	57,653	282,849
Additions		5,100	3,800	5,010	13,910
Disposals		(9,909)	-	-	(9,909)
Write off		(17,880)	(17,792)	(57,653)	(93,325)
As at 31.12.09		<u>184,715</u>	<u>3,800</u>	<u>5,010</u>	<u>193,525</u>
Accumulated depreciation					
As at 01.01.09		28,993	2,075	6,596	37,664
Charges		27,293	1,111	3,175	31,579
Disposals		(1,652)	-	-	(1,652)
Write off		(2,947)	(2,965)	(9,479)	(15,391)
As at 31.12.09		<u>51,687</u>	<u>221</u>	<u>292</u>	<u>52,200</u>
Net book value as at 31.12.09		<u>133,028</u>	<u>3,579</u>	<u>4,718</u>	<u>141,325</u>



## 5. GOODWILL

	Group	
	2010 RM	2009 RM
Net book value		
As at 1 January	1,625,932	1,582,316
Acquisition of subsidiary companies	-	43,616
Disposal of subsidiary companies	(1,556,477)	-
As at 31 December	<u>69,455</u>	<u>1,625,932</u>
As at 31 December		
Cost	69,455	2,126,822
Accumulated impairment	-	(500,890)
Net book value	<u>69,455</u>	<u>1,625,932</u>

The recoverable amount of the investment in subsidiary companies and goodwill were determined by discounting the future cash flows projected based on actual operating results and management's assessment of future trends in the respective industries of the subsidiary companies. No impairment loss is recognised during the year as the recoverable amount is higher than the carrying amount.

## 6. PREPAID LEASE PAYMENTS

	Group	
	2010 RM	2009 RM
Net book value		
As at 1 January	243,728	266,027
Amortisation	-	(22,299)
Disposal of subsidiary companies	(243,728)	-
As at 31 December	<u>-</u>	<u>243,728</u>
As at 31 December		
Cost	-	305,054
Accumulated amortisation	-	(61,326)
Net book value	<u>-</u>	<u>243,728</u>

## 7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010 RM	2009 RM
Unquoted shares at cost	13,327,804	34,697,810
Dividends paid out of pre-acquisition reserves	-	(1,730,141)
Accumulated impairment	-	(11,243,879)
Total	<u>13,327,804</u>	<u>21,723,790</u>



The subsidiary companies as at 31 December 2010: -

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Equity holdings</u>		<u>Principal activities</u>
		<u>2010</u>	<u>2009</u>	
Nagamas Land Development Sdn Bhd	Malaysia	100%	100%	Property development
^ Mas-Be Travel Services Sdn Bhd	Malaysia	100%	100%	Tour and travel agency
^ Nagamas Aviation Services Sdn Bhd	Malaysia	100%	100%	Provision of management services for air cargo transportation business
* Nagamas Enterprise (HK) Ltd	Hong Kong	100%	100%	Agency of air cargo transportation
* Nagamas International (HK) Ltd	Hong Kong	100%	100%	Property development and provision of marketing services
Nagamas Bizworks Sdn Bhd	Malaysia	100%	-	Providing public relation consulting services and deal with agents, corporate, local authorities and government, and other related public relation consulting works
Nagamas Venture Sdn Bhd	Malaysia	100%	-	Investment holding
*# Tenco Industries Sdn Bhd	Malaysia	-	100%	Sales and marketing of hardware related products
*# Wilron Products Sdn Bhd	Malaysia	-	100%	Manufacturing of industrial adhesives, industrial chemicals, aerosol products and decorative paints
*# Ferndale Direct Sdn Bhd	Malaysia	-	100%	Sales and marketing of air conditioning and refrigeration parts and supplies
*# Tenco Construction Sdn Bhd	Malaysia	-	100%	Inactive
*# Tenco Westech Industries Pte Ltd	Republic of Singapore	-	100%	Sales and marketing of industrial chemicals, industrial adhesives, equipment, building products and aerosol products
*# Ridgemonde Chemicals & Resins Sdn Bhd	Malaysia	-	100%	Polymerisation of synthetic latex for the paint, adhesive, wood and textile industries
*# Quality Coatings Sdn Bhd	Malaysia	-	100%	Inactive
*# Iso Kimia (M) Sdn Bhd	Malaysia	-	100%	Inactive



<u>Name of company</u>	<u>Place of incorporation</u>	<u>Equity holdings</u>		<u>Principal activities</u>
		<u>2010</u>	<u>2009</u>	
*# Westech Chemicals Sdn Bhd	Malaysia	-	100%	Sales and marketing of fluorochemicals
*# Vivaplus Paints Sdn Bhd	Malaysia	-	100%	Inactive
*# Continental Series Sdn Bhd	Malaysia	-	100%	Provision of management services
*# Tenco Westech Industries Incorporated	Canada	-	100%	Sales and marketing of synthetic resins and industrial adhesive

\* These subsidiary companies are audited by firms other than Tam & Associates.

^ The audit reports of these subsidiary companies contain emphasis of matter relating to the appropriateness of going concern basis of accounting used in the preparation of their financial statements which presumes continued financial support to be given by the Company.

# Consist of former subsidiary companies under industrial division which were disposed as disclosed in Note 28 to the financial statements.

## 8. OTHER INVESTMENTS

	<b>Group</b>	
	<b>2010 RM</b>	<b>2009 RM</b>
<b>Outside Malaysia</b>		
Unquoted shares at cost	-	439,650
<b>In Malaysia</b>		
Transferable club membership at cost	-	46,000
Accumulated impairment		(11,000)
	-	474,650



## 9. PROPERTY DEVELOPMENT COSTS

	Group	
	2010	2009
	RM	RM
As at 1 January		
- development costs	591,940	-
Costs incurred during the year		
- freehold land	4,073,000	-
- development costs	993,252	591,940
	5,658,192	591,940
Cost recognised in statement of comprehensive income during the year	(1,966,000)	-
	3,692,192	591,940
Analysed as follows:		
- land	4,073,000	-
- development costs	1,585,192	591,940
- cost recognised in statement of comprehensive income during the year	(1,966,000)	-
	3,692,192	591,940

## 10. INVENTORIES

	Group	
	2010	2009
	RM	RM
At cost:		
Raw materials	-	3,190,359
Finished goods	-	10,585,026
Work in progress	-	159,012
Packing materials	-	410,014
	-	14,344,411
	-	14,344,411

## 11. TRADE RECEIVABLES

	Group	
	2010	2009
	RM	RM
Trade receivables	2,913,659	19,389,067
Allowance for impairment	(914,352)	(1,163,697)
	1,999,307	18,225,370
	1,999,307	18,225,370



Included in trade receivables is an amount of RM787,708 (2009: RM540,547) owing by a company in which a director of the Company has substantial interest as disclosed in Note 29.

The credit terms of trade receivables range from 30 to 90 days.

Allowance for impairment loss is considered on a debtor by debtor basis and in compliance with the Group's credit control and accounting policy. All debtors under financial difficulties are fully provided as disclosed in Note 33.

The net allowance for impairment loss has been recognised in the following line item in statement of comprehensive income.

		Group	
	Note	2010 RM	2009 RM
Administrative expenses	21	914,352	1,163,697

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	1,057,345	13,675,715	616,951	224,150
Allowance for doubtful debts	-	(13,141,500)	-	-
	1,057,345	534,215	616,951	224,150
Deposits paid on the acquisition of land	-	407,300	-	-
Deposits paid for proposed projects	2,575,000	-	2,575,000	-
Other deposits	845,787	698,939	143,998	143,998
Prepayment for properties under construction	8,176,337	8,968,048	-	-
Other prepayments	26,779	481,625	-	-
	12,681,248	11,090,127	3,335,949	368,148

Included in other receivables and deposits are amounts of RM145,730 (2009: RM139,146) and RM5,500 (2009: RM5,500) respectively due from a corporation in which a director of the Company has substantial interest as disclosed in Note 29. The amounts are unsecured, interest free and have no fixed terms of repayment.

## 13. AMOUNT DUE FROM / TO SUBSIDIARY COMPANIES

The amount due from / to the subsidiary companies are unsecured, interest free and has no fixed terms of repayment.



#### 14. SHARE CAPITAL

	Company			
	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
As at 1 January and 31 December	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:				
As at 1 January and 31 December	<u>50,895,000</u>	<u>50,895,000</u>	<u>50,895,000</u>	<u>50,895,000</u>

#### 15. RESERVES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Foreign currency translation	714,052	179,916	-	-
Accumulated losses	32,292,132	8,285,152	30,829,124	27,200,373
	<u>33,006,184</u>	<u>8,465,068</u>	<u>30,829,124</u>	<u>27,200,373</u>

##### Foreign currency translation

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the subsidiary companies with functional currencies other than RM.

#### 16. TRADE PAYABLES

Included in trade payables is an amount of RM418,378 (2009: RM334,229) owing to a company in which a director of the Company has substantial interest as disclosed in Note 29.

The credit terms of trade payables range from 30 to 60 days. The Group has financial risk management policies to ensure payables are settled within the credit period.

#### 17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Accruals	138,607	157,186	138,607	157,186
Other payables	64,882	14,121,249	-	217,481
	<u>203,489</u>	<u>14,278,435</u>	<u>138,607</u>	<u>374,667</u>

**18. DEFERRED TAX LIABILITIES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
As at 1 January	43,000	49,197	-	22,800
Recognised in income statement	-	(6,197)	-	(22,800)
Disposal of subsidiary companies	(43,000)	-	-	-
As at 31 December	<u>-</u>	<u>43,000</u>	<u>-</u>	<u>-</u>

**19. REVENUE**

	Group		Company	
	2010 RM	2009 Restated RM	2010 RM	2009 RM
Administrative services	-	-	555,000	366,870
Aviation-related services	27,125,127	37,229,062	-	-
Management services	-	-	-	48,632
Sales of land and office shop lots	2,772,000	-	-	-
	<u>29,897,127</u>	<u>37,229,062</u>	<u>555,000</u>	<u>415,502</u>

**20. OTHER INCOME**

	Group		Company	
	2010 RM	2009 Restated RM	2010 RM	2009 RM
Write back of allowance for doubtful debts	-	-	3,000,000	-
Interest income	23,231	32,568	23,225	30,473
Gain on disposal of property, plant and Equipment	626,819	-	626,819	-
Gain on foreign exchange	-	24,279	-	-
- realised	144,102	-	-	-
- unrealised	67,500	-	67,500	-
Rental income	-	2,188	-	-
Other income	<u>861,652</u>	<u>59,035</u>	<u>3,717,544</u>	<u>30,473</u>





## 21. LOSS BEFORE TAXATION

	Group		Company	
	2010	2009	2010	2009
	RM	Restated RM	RM	RM
Loss before taxation is arrived at after charging:-				
Allowance for impairment loss on trade receivables	914,352	-	-	-
Auditors' remuneration:				
- current year	58,092	59,780	20,000	20,000
- overprovision in prior year	(200)	(200)	-	-
Bad debts written off	-	-	-	1,090,000
Depreciation	66,090	31,579	66,090	31,579
Directors' remuneration (Note 29)	889,122	536,806	752,834	534,306
Loss on disposal of property, plant and equipment	-	3,257	-	3,257
Loss on disposal of subsidiary companies	13,691,186	-	5,027,879	-
Preliminary expenses written off	7,560	-	-	-
Property, plant and equipment written off	-	77,934	-	77,934
Realised loss on foreign exchange	-	-	-	-
Rental of motor vehicles	132,000	39,992	-	-
Rental of premises	93,127	88,903	18,000	52,553
Staff costs	996,286	583,593	813,382	529,754

## 22. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and the Company are as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
<b>Directors' remuneration</b>				
<b>Executive</b>				
Salaries and other emoluments	520,720	2,258,484	421,200	379,000
Pension costs				
- defined contribution plans	62,412	301,654	50,544	27,120
	<u>583,132</u>	<u>2,560,138</u>	<u>471,744</u>	<u>406,120</u>
<b>Non-Executive</b>				
Fees	<u>305,990</u>	<u>171,697</u>	<u>281,090</u>	<u>128,186</u>



The number of directors whose total remuneration falls within the following bands are as follows:-

Range of remuneration RM	No. of Executive Directors	No. of Non- Executive Directors
Below 50,000	-	3
50,001 and 100,000	-	-
100,001 and 150,000	2	1
150,001 and 200,000	-	-
200,001 and 250,000	-	-
250,001 and 300,000	-	-
Above 300,001	1	-
Total	3	4

### 23. TAXATION

	Group		Company	
	2010 RM	2009 Restated RM	2010 RM	2009 RM
Malaysia taxation based on results for the year				
Continuing operations				
- deferred taxation	-	(22,800)	-	(22,800)
- real property gains tax	86,000	-	86,000	-
	86,000	(22,800)	86,000	(22,800)
Discontinued operation				
- current year	-	985,195	-	-
- deferred taxation	-	16,603	-	-
- over provision in prior year	-	(250)	-	-
	-	984,945	-	-
Income tax expense recognised in profit or loss	86,000	978,748	86,000	(22,800)



A reconciliation of income tax expense applicable to profit / (loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Loss before tax from continuing operations	(23,920,980)	(2,836,090)	(3,542,751)	(2,472,785)
Profit before tax from discontinued operations	-	1,667,359	-	-
Loss before taxation	<u>(23,920,980)</u>	<u>(1,168,731)</u>	<u>(3,542,751)</u>	<u>(2,472,785)</u>
Taxation at Malaysian statutory tax: - 25% (2009: 25%)	(5,980,245)	(292,183)	(885,687)	(618,196)
Effect of different tax rates in other countries	90,905	5,470	-	-
Effect of expenses not deductible for tax purposes	4,617,562	1,810,337	32,660	596,811
Effect of income not subject to tax	(2)	(13,737)	-	(1,415)
Effect of unrecognised tax losses	1,184,403	-	853,027	-
Utilisation of prior years capital allowances and tax losses	-	(530,889)	-	-
Over provision in prior year	-	(250)	-	-
Real property gains tax	86,000	-	86,000	-
Deferred tax assets not recognised	87,377	-	-	-
Income tax expense recognised in profit or loss	<u>86,000</u>	<u>978,748</u>	<u>86,000</u>	<u>(22,800)</u>



## 24. DISCONTINUED OPERATION

On 8 January 2010, the Group disposed of its entire interest in Tenco Industries Sdn Bhd, Wilron Products Sdn Bhd, Ferndale Direct Sdn Bhd, Tenco Construction Sdn Bhd, Tenco Westech Sdn Bhd, Ridgemonde Chemicals & Resins Sdn Bhd, Quality Coatings Sdn Bhd, Iso Kimia (M) Sdn Bhd, Westech Chemicals Sdn Bhd, Vivaplus Paints Sdn Bhd, Continental Series Sdn Bhd and Tenco Westech Industries Pte Ltd. for a cash consideration of RM4,000,000. The effects on the consolidated statement of comprehensive income for the year ended 31 December 2010 and 2009 are set out below:

### Statement of comprehensive income disclosures

The result of the disposal of subsidiary companies for years ended 31 December are as follows:

	Group	
	2010 RM	2009 RM
Revenue	-	72,037,281
Cost of Sales	-	(56,297,840)
Other income	-	777,050
Sales and distribution expenses	-	(1,332,530)
Administrative expenses	-	(13,456,714)
Finance cost	-	(59,888)
	-----	-----
Profit before tax from discontinued operations	-	1,667,359
Taxation	-	(1,001,548)
	-----	-----
Profit from discontinued operations, net of tax	-	665,811
	=====	=====

### Statement of cash flow disclosures

	Group	
	2010 RM	2009 RM
Operating	-	6,819,297
Investing	-	(3,402,519)
Financing	-	(3,136,726)
	-----	-----
Net cash outflow	-	280,052
	=====	=====



## 25. LOSS / EARNINGS PER SHARE

The calculation of basic loss / earnings per share, which is based on loss / profit attributable to owners of the Company and weighted average number of ordinary shares outstanding during the financial year, is as follows:

	Group	
	2010 RM	2009 RM
Loss from continuing operations, net of tax	(24,006,980)	(2,813,290)
Profit from discontinued operation, net of tax	-	665,811
Weighted average number of ordinary shares in issue	50,895,000	50,895,000
Basic (loss) / earnings per share (sen) for		
- Loss from continuing operations, net of tax	(47.17)	(5.53)
- Profit from discontinued operation, net of tax	-	1.31
- Loss for the year	(47.17)	(4.22)

## 26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2010 RM	2009 RM
Aggregate cost of property, plant and equipment acquired	3,718,767	218,529
Property received as part of consideration for disposal of subsidiary companies	(3,711,370)	-
Cash paid	7,397	218,529



## 27. ACQUISITION OF SUBSIDIARY COMPANIES

In the previous financial year, the Group acquired 100% equity interest in Mas-Be Travel Services Sdn Bhd and Nagamas Land Development Sdn Bhd on 23 April 2009 and 1 June 2009 respectively.

Details of net assets acquired and cash flow arising from the acquisitions were as follows:

	<b>2009</b> <b>RM</b>
Other receivables, deposits and prepayment	206,392
Cash and bank balances	5,003
Other payables, deposits and accruals	(25,009)
	<hr/>
Net assets acquired as at dates of acquisitions	186,386
Goodwill	43,616
	<hr/>
Total purchase consideration settled in cash	230,002
Less: Cash and cash equivalents of subsidiary companies acquired	(5,003)
	<hr/>
Cash outflow on acquisition of the Group and the Company	<u>(224,999)</u>

The effects of the acquisition of subsidiary companies on the financial results of the Group were as follows:-

	<b>2009</b> <b>RM</b>
Revenue	11,941,478
Cost of goods sold	(11,533,989)
Administrative expenses	(553,872)
Other operating expenses	(48,586)
	<hr/>
Loss before taxation	(194,969)
Taxation	-
	<hr/>
Loss after taxation	<u>(194,969)</u>



## 28. DISPOSAL OF SUBSIDIARY COMPANIES

On 8 January 2010, the Group disposed of its entire equity interest in subsidiary companies under the industrial division namely, Tenco Industries Sdn Bhd, Wilron Products Sdn Bhd, Ferndale Direct Sdn Bhd, Tenco Construction Sdn Bhd, Tenco Westech Sdn Bhd, Ridgemonde Chemicals & Resins Sdn Bhd, Quality Coatings Sdn Bhd, Iso Kimia (M) Sdn Bhd, Westech Chemicals Sdn Bhd, Vivaplus Paints Sdn Bhd, Continental Series Sdn Bhd and Tenco Westech Industries Pte Ltd for a cash consideration of RM4,000,000.

### Details of the disposal is as follows:

	At date of disposal RM
Property, plant and equipment (Note 4)	1,148,070
Other investments	474,650
Prepaid lease payment (Note 6)	243,728
Goodwill (Note 5)	1,556,477
Inventories	14,344,411
Receivables, deposits and prepayments	52,290,981
Cash and bank balances	4,424,484
Fixed deposits with licensed bank	7,049,961
Payables	(64,382,804)
Deferred tax liabilities (Note 18)	(43,000)

Net assets disposed	17,106,958
Net cash disposal proceeds	(3,415,772)

Loss on disposal of subsidiary companies	<u>13,691,186</u>
--	-------------------

The net cash flow on disposal was determined as follows:

Cash consideration of disposal proceeds	4,000,000
Expenses directly attributable to the disposal-cash	(584,228)

Net cash disposal proceeds	3,415,772
Cash and cash equivalents of subsidiary companies disposed of	(4,424,484)

Net cash outflow on disposal	<u>(1,008,712)</u>
------------------------------	--------------------

## 29. RELATED PARTY DISCLOSURES

### Identities of related parties

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.

The Group and the Company have related party relationships with its subsidiary companies and directors.

Malaysia-Beijing Travel Services Sdn Bhd is a related party in which Dato' Ng Kek Kiong, a director and a shareholder of the Company, has substantial interest.



The following transactions were carried out by the Group and the Company with related parties:

29.1 Trading transactions

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia-Beijing Travel Services Sdn Bhd:				
- Sales of services	5,006,813	11,941,478	-	-
- Purchase of services	<u>4,657,500</u>	<u>11,533,989</u>	<u>-</u>	<u>-</u>

29.2 Other related party transactions

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Administrative fees:				
- Mas-Be Travel Services Sdn Bhd	-	-	305,000	198,110
- Nagamas Aviation Services Sdn Bhd	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>168,760</u>
Rental expense of premises:				
- Malaysia-Beijing Travel Services Sdn Bhd	<u>21,600</u>	<u>46,850</u>	<u>-</u>	<u>-</u>

The following balances were outstanding at the statement of financial position date:

29.3 Amount due from related parties

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade with subsidiary companies:				
- Nagamas Aviation Services Sdn Bhd	-	-	250,000	-
- Mas-Be Travel Services Sdn Bhd	<u>-</u>	<u>-</u>	<u>305,000</u>	<u>-</u>
Non-trade with subsidiary companies:				
- Nagamas Land Development Sdn Bhd	-	-	1,700,000	1,127,937
- Nagamas Aviation Services Sdn Bhd	-	-	465,150	458,545
- Nagamas Enterprise (HK) Ltd	-	-	254,130	259,987
- Nagamas Venture Sdn Bhd	-	-	6,778	-
- Mas-Be Travel Services Sdn Bhd	-	-	<u>1,211,092</u>	<u>888,092</u>
Trade with related party:				
- Malaysia-Beijing Travel Services Sdn Bhd	787,708	540,547	-	-
Non-trade with related party:				
- Malaysia-Beijing Travel Services Sdn Bhd	<u>151,230</u>	<u>144,646</u>	<u>5,500</u>	<u>5,500</u>





## 29.4 Amount due to related parties

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-trade with subsidiary companies:				
- Nagamas International (HK) Ltd	-	-	1,057,225	1,326,767
- Nagamas Bizworks Sdn Bhd	-	-	27,758	-
Trade with related party:				
- Malaysia-Beijing Travel Services Sdn Bhd	<u>418,378</u>	<u>334,229</u>	<u>-</u>	<u>-</u>

## 29.5 Compensation of key management personnel

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term benefits	<u>1,267,522</u>	<u>2,734,335</u>	<u>1,973,556</u>	<u>534,306</u>

**30. LEASE COMMITMENTS**

At the statement of financial position date, the Group had the future minimum lease payment under operating lease for land and buildings payable:-

	Group	
	2010 RM	2009 RM
Lease expiring		
- Within one year	16,861	17,935
- Between the second to fifth year inclusive	7,025	25,408
	<u>23,886</u>	<u>43,343</u>

**31. OPERATING SEGMENT**

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

By Business Segment

The Group's operations comprise the following main business segments:

Aviation Services	Agency of air-cargo transportation and tour and travel agency
Property & investment holding	Investment holding, property development and provision of management and marketing services.

Management monitors operating results of its business unit separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financial (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The industrial operations discontinued in the previous financial year were reported as separate segments in prior year. The segment information reported in this financial year does not include any amounts for these discontinued operations which are described in more detail in note 24.



2010	Aviation services RM	Property and investment holding RM	Eliminations RM	Note	Per consolidated financial statement Total RM
<b>Revenue</b>					
External sales	27,125,127	2,772,000	-		29,897,127
Inter-segment sales	-	555,000	(555,000)	A	-
	<u>27,125,127</u>	<u>3,327,000</u>	<u>(555,000)</u>		<u>29,897,127</u>
<b>Results</b>					
Segment results (external)	(265,058)	(9,964,736)	-		(10,229,794)
Loss on disposal of subsidiary companies					(13,691,186)
Loss before taxation					(23,920,980)
Taxation					(86,000)
Loss after taxation					<u>24,006,980</u>
<b>Segment assets</b>	1,998,041	17,256,855	-		<u>19,254,896</u>
<b>Segment liabilities</b>	446,555	919,525	-		<u>1,366,080</u>
<b>2009</b>					
<b>Revenue</b>					
External sales	37,229,062	-	-		37,229,062
Inter-segment sales	-	415,502	(415,502)	A	-
	<u>37,229,062</u>	<u>415,502</u>	<u>(415,502)</u>		<u>37,229,062</u>
<b>Results</b>					
Segment results (external)	(155,036)	(2,681,054)	-		(2,836,090)
Taxation					22,800
Loss after taxation					<u>(2,813,290)</u>
<b>Segment assets</b>	2,659,664	36,748,428	-		<u>64,174,532</u>
<b>Segment liabilities</b>	2,060,225	3,032,552	-		<u>21,744,600</u>

**Note** Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated consolidation.

### 32. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

	<b>Group 2010 RM</b>	<b>Company 2010 RM</b>
Total accumulated losses of the Company and its subsidiary companies		
- Total realised losses	(32,605,787)	(30,829,124)
- Total unrealised profits	144,100	-
	<u>(32,461,687)</u>	<u>(30,829,124)</u>
Add: consolidation adjustments	169,555	-
	<u>(32,292,132)</u>	<u>(30,829,124)</u>

The determination of realised and unrealised profits is based on the Guidance of 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, issued by Malaysia Institute of Accountants on 20 December 2010.

### 33. FINANCIAL INSTRUMENTS

#### 33.1 Capital risk management

The Group manages its capital to ensure that the group companies will be able to continue as going concern while maximising the return to their shareholders through the optimisation of the debt and equity balance.

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>	<b>2010 RM</b>	<b>2009 RM</b>
Trade and other payables	1,366,080	21,623,958	1,223,590	1,701,434
Cash and bank balances	<u>(652,237)</u>	<u>(5,073,291)</u>	<u>(273,106)</u>	<u>(339,968)</u>
Net debt	<u>713,843</u>	<u>16,550,667</u>	<u>950,484</u>	<u>1,361,466</u>
Total equity	<u>17,888,816</u>	<u>42,429,932</u>	<u>20,065,876</u>	<u>23,694,627</u>
Debt-to-equity ratio	<u>0.04</u>	<u>0.39</u>	<u>0.05</u>	<u>0.06</u>

There were no changes in the Group’s and Company’s approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.



## 33.2 Categories of financial instruments

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Financial assets				
- Loans and receivables	14,720,192	29,769,852	7,567,736	3,190,978
- Cash and bank balances	<u>652,237</u>	<u>12,123,252</u>	<u>273,106</u>	<u>339,968</u>
Financial liabilities				
- Financial liabilities other than at profit or loss	<u>1,366,080</u>	<u>21,701,600</u>	<u>1,223,590</u>	<u>1,701,434</u>

## 33.3 Financial risk management

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its liquidity, credit and fair value risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group and the Company's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 33.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiary companies.

Receivables*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit. The Group does not normally requires collateral from its customers.

*Exposure to credit risk, credit quality and collateral*

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



Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region is:

	<b>Group 2010 RM</b>
Malaysia	1,763,874
China	235,433
	<u>1,999,307</u>

#### *Impairment losses*

The ageing of receivables as at the end of the reporting period is:

<b>Group 2010</b>	<b>Gross RM</b>	<b>Individual impairment</b>	<b>Net RM</b>
Not past due	1,999,307	-	1,999,307
Past due more than 90 days	914,352	(914,352)	-
	<u>2,913,659</u>	<u>(914,352)</u>	<u>1,999,307</u>

Movement in allowance for impairment loss of receivables during the financial accounts:

	<b>Group 2010 RM</b>
At 1 January	1,163,697
Charge for the financial year	914,352
Disposal of subsidiary companies	(1,163,697)
At 31 December	<u>914,352</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

#### Intercompany balances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

##### *Exposure to credit risk and credit quality*

As at the end of the reporting period, there was no indication that the advances to the subsidiary companies were not recoverable. The Company does not specially monitor the ageing of the advances to the subsidiary companies.



### Cash and cash equivalents

#### *Risk management objectives, policies and processes for managing the risk*

Cash and cash equivalents are placed with licensed banks.

#### *Exposure to credit risk and credit quality*

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.

#### *Impairment loss*

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.

### 33.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposures to liquidity risk arise principally from their payables.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

	<b>Carrying Amount RM</b>	<b>Contractual Interest rate</b>	<b>Contractual Cash flows RM</b>	<b>Under 1 year RM</b>
2010				
<b>Group</b>				
Payables and accruals	<u>1,366,080</u>	<u>-</u>	<u>1,366,080</u>	<u>1,366,080</u>
<b>Company</b>				
Payables and accruals	<u>1,223,590</u>	<u>-</u>	<u>1,223,590</u>	<u>1,223,590</u>

### 33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Group's and the Company's financial positions or cash flows.

#### 33.6.1 Foreign exchange risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than RM. The currency giving rise to this risk is primarily Renmimbi ("RMB").

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.



The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	<b>Group 2010 RM</b>
Financial assets and liabilities not held in functional currency	
Trade receivables Renmimbi	<u>235,433</u>
Bank balances Hong Kong dollar	<u>3,155</u>

#### **Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity of the Group's to a reasonably possible change of 8% in the Renmimbi exchange rate against the functional currency of the Group's RM, with all other variables held constant.

	<b>Group 2010 RM</b>
	Profit / (loss) for the year
Trade receivables RM strengthened by 8%	(40,400)
RM weakened by 8%	<u>40,400</u>

#### **33.7 Fair value of financial instruments**

The carrying amounts of current financial assets and liabilities of the Group and the Company at the statement of financial position date approximate their fair values due to their relatively short term nature of these financial instruments.



**SHARE CAPITAL**

Authorised Share Capital : RM100,000,000.00  
 Issued and Fully Paid-up Capital : RM50,895,000.00  
 Class of securities : Ordinary Shares of RM1.00 each  
 Voting rights : One vote per ordinary share held

**ANALYSIS BY SIZE OF SHAREHOLDINGS**

Size of Holdings	Number of Holders	%	Number of Shares	%
1 - 99	57	2.05	2,562	0.01
100 - 1,000	1,627	58.69	921,530	1.81
1,001 - 10,000	813	29.33	3,367,475	6.62
10,001 - 100,000	230	8.30	7,404,829	14.55
100,001 to less than 5% of issued shares	44	1.59	25,577,379	50.25
5% and above of issued shares	1	0.04	13,621,225	26.76
<b>Total</b>	<b>2,772</b>	<b>100.00</b>	<b>50,895,000</b>	<b>100.00</b>

**SUBSTANTIAL SHAREHOLDERS**

(per Register of Substantial Shareholders)

Name	No. of Ordinary Shares of RM1.00 each held			
	Direct	%	Indirect	%
MB Longji Sdn Bhd	13,621,225 <sup>(1)</sup>	26.76	-	-
Dato' Ng Kek Kiong	-	-	13,621,225 <sup>(2)</sup>	26.76
Ng Fung Mo	-	-	13,621,225 <sup>(2)</sup>	26.76

**Notes:-**

<sup>(1)</sup> Held through nominees.

<sup>(2)</sup> Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

**DIRECTORS' SHAREHOLDINGS**

(per Register of Directors' Shareholdings)

Name	No. of Ordinary Shares of RM1.00 each held			
	Direct	%	Indirect	%
Dato' Ng Kek Kiong	-	-	13,621,225 <sup>(1)</sup>	26.76
Tan Sri Abdul Aziz Bin Abdul Rahman	2,000,000 <sup>(2)</sup>	3.93	-	-
Ng Fung Mo	-	-	13,621,225 <sup>(1)</sup>	26.76
Liu Xiuqing	-	-	-	-
Ian Ghee Eik Kai	-	-	-	-
Ng Chee Gong	-	-	-	-
Yeoh Chong Keat	-	-	-	-
Ong Eng Choon	-	-	-	-
Mok Ah Yoke @ Mok Yok Chang	-	-	-	-

**Notes:-**

<sup>(1)</sup> Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

<sup>(2)</sup> Held through nominees.



**30 LARGEST SHAREHOLDERS**

(per Record of Depositors)

No.	Name	No. of Shares Held	%
1.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for MB Longji Sdn Bhd</i>	13,621,225	26.76
2.	Tan Hang Beng	2,540,000	4.99
3.	Chong Yeow Chan	2,500,000	4.91
4.	Toh Soon Teen	2,500,000	4.91
5.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abdul Aziz Bin Abdul Rahman</i>	2,000,000	3.93
6.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Azizan Bin Abd Rahman (MY0531)</i>	1,915,000	3.76
7.	Sharifah Asiah Binti Syed Aziz Baftim	1,559,350	3.07
8.	Noh Kiang Po	1,543,200	3.03
9.	Lam Pik Kuan	949,700	1.87
10.	Pong She Kwan @ Phong She Cheen	772,400	1.52
11.	Chan Ha Moi	723,050	1.42
12.	Yuen Yew Kok	697,600	1.37
13.	Ng Kian Chung	584,700	1.15
14.	Too Siong Ching	584,000	1.15
15.	Lai Ming Chun @ Lai Poh Lin	525,000	1.03
16.	ECML Nominees (Tempatan) Sdn. Bhd <i>Pledged Securities Account for Loke Kok Wah (013)</i>	480,000	0.94
17.	Chong Fei Ling	479,000	0.94
18.	Goh Ping Wei	440,200	0.86
19.	Leung Yoke Lin @ Leong Chong Lin	350,000	0.69
20.	Lim Eng Huan	330,300	0.65
21.	Leow Yook Choong	326,200	0.64
22.	Moey Lean Mee	302,000	0.59
23.	Lin Ligu	280,979	0.55
24.	Liu Qinfang	250,000	0.49
25.	Yip Siew Yeen	225,000	0.44
26.	Chia Soon Peng	217,000	0.43
27.	Tang Soon Chye	200,000	0.39
28.	Raymond Tan	180,000	0.35
29.	ECML Nominees (Tempatan) Sdn. Bhd <i>Pledged Securities Account for Loo Kok Kong (013)</i>	171,800	0.34
30.	Gwee Siew Young	157,500	0.31
		<b>37,405,204</b>	<b>73.49</b>



**NOTICE IS HEREBY GIVEN** that the Twenty-Seventh (27th) Annual General Meeting (“AGM”) of Nagamas International Berhad (“the Company”) will be held at Ground Floor, Wisma Malaysia-Beijing, No. 31 & 33, Jalan Maharajalela, 50150 Kuala Lumpur on Wednesday, 29 June 2011 at 10.30 a.m. to transact the following business:-

## **AS ORDINARY BUSINESS**

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.  | <b><i>Please refer to Explanatory Note A</i></b>   |
| 2. To approve the payment of Directors’ Fees in respect of the financial year ended 31 December 2010.  | <b><i>Resolution 1</i></b>   |
| 3. To re-elect Ng Fung Mo, who retire in accordance with Article 88 of the Company’s Articles of Association.  | <b><i>Resolution 2</i></b>   |
| 4. To re-elect the following Directors who retire in accordance with Article 95 of the Company’s Articles of Association:<br>(i) Ong Eng Choon<br>(ii) Ng Chee Gong<br>(iii) Yeoh Chong Keat<br>(iv) Mok Ah Yoke @ Mok Yok Chang | <b><i>Resolution 3</i></b><br><b><i>Resolution 4</i></b><br><b><i>Resolution 5</i></b><br><b><i>Resolution 6</i></b> |
| 5. To re-appoint Messrs Tam & Associates as the Company’s auditors and to authorise the Directors to fix their remuneration.   | <b><i>Resolution 7</i></b>   |

## **AS SPECIAL BUSINESS**

6. To consider and if thought fit, to pass the following ordinary resolution:-

### **RE-APPOINTMENT OF DIRECTOR OVER THE AGE OF SEVENTY YEARS**

***Resolution 8***

“THAT Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman, who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-elected a Director of the Company to hold office until the conclusion of the next Annual General Meeting.”

7. To consider and if thought fit, to pass the following ordinary resolution:-

### **AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**

***Resolution 9***

“THAT subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percentage (10%) of the issued share capital of the Company at the time of issue AND THAT the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”



8. To consider and if thought fit, to pass the following ordinary resolution:-

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE IN THE ORDINARY COURSE OF BUSINESS ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT")**

**Resolution 10**

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3 of the Circular to Shareholders dated 6 June 2011, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:

- i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed renewal of Shareholders' Mandate for RRPT."

9. To consider and if thought fit, to pass the following special resolution:-

**PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

**Resolution 11**

"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Appendix I attached to the 2010 Annual Report, be and is hereby approved."

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

BY ORDER OF THE BOARD

**REBECCA LEONG SIEW KWAN (MAICSA 7045547)**

**LIM FEI CHIA (MAICSA 7036158)**

Company Secretaries

Kuala Lumpur

6 June 2011



## **Notes:-**

- i. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- ii. 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 seal or under the hand of an officer or attorney duly authorised.
- iii. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

## **Explanatory Note A**

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

## **Explanatory Note on Special Business:-**

### **Resolution 8**

This proposed resolution is in accordance with Section 129 of the Companies Act, 1965 and if passed, Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, who is over seventy (70) years of age, will be re-appointed as Director of the Company and will hold office until the conclusion of the next Annual General Meeting.

### **Resolution 9**

This resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate procured and approved in the preceding year 2010 which was not exercised by the Company during the year, will expire at the forthcoming Twenty-Seventh AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

### **Resolution 10**

This resolution, if passed, will enable the Company and/or its subsidiaries to continue to enter into specified recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 6 June 2011 with the specified classes of related party mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, please refer to the Circular to Shareholders dated 6 June 2011 despatched together with the 2010 Annual Report.

### **Resolution 11**

This resolution, if passed, will streamline the Company's Articles of Association with the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the proposed amendments to the Company's Articles of Association is set out in Appendix I attached to the 2010 Annual Report.



## APPENDIX I

	EXISTING ARTICLES		PROPOSED AMENDMENTS
63	<p style="text-align: center;"><i>Business at meetings</i></p> <p>All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the audited financial statements and the report of the Directors and auditors, the election of Directors in the place of those retiring, payment of Directors' fees, the appointment, fixing of the remuneration of the auditors.</p>	63	<p style="text-align: center;"><i>Business of General Meeting</i></p> <p>All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the <u>receipt</u> of the audited financial statements and the reports of the Directors and Auditors, the election of Directors in the place of those retiring, the <u>consideration and approval of Directors' fees</u> and the appointment and fixing of the remuneration of the auditors.</p>
155	<p style="text-align: center;"><i>Payment by cheque</i></p> <p>(1) Subject to the provisions of the Act, the Central Depositories Act and the Rules, any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the address of the holder in the Register or Record of Depositors or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such person or to such person and to such address as such persons may by writing direct.</p> <p>(2) Subject to the provisions of the Act, the Central Depositories Act and the Rules, every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the persons entitled to the money thereby represented.</p>	155	<p style="text-align: center;"><i>Mode of Payment of Dividend</i></p> <p>(1) Subject to the provisions of the Act, the Central Depositories Act and the Rules, any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the address of the holder in the Register or Record of Depositors or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such person or to such person and to such address as such persons may by writing direct <u>or paid via electronic or other methods of funds transfer to such account as designated by the holder or by such person.</u></p> <p>(2) Subject to the provisions of the Act, the Central Depositories Act and the Rules, every such cheque or warrant <u>or electronic transfer</u> shall be made payable to the order of the person to whom it is sent or to such person as the person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant <u>or electronic transfer</u> shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant <u>or electronic transfer</u> shall be sent at the risk of the persons entitled to the money thereby represented.</p>



No. of Shares Held	
CDS Account No.	

I/We, ..... NRIC/Company No. ....  
 (Full name in block letters)

of .....  
 (Full address)

being a member(s) of NAGAMAS INTERNATIONAL BERHAD hereby appoint .....  
 (Full name in block letters)

..... of ..... or failing  
 (Full address)

him/her, ..... of .....  
 (Full name in block letters) (Full address)

..... or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Ground Floor, Wisma Malaysia-Beijing, No. 31 & 33, Jalan Maharajalela, 50150 Kuala Lumpur on Wednesday, 29 June 2011 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolutions	Subject	*For	*Against
1	To approve the payment of Directors' fees for the financial year ended 31 December 2010		
2	To re-elect Ng Fung Mo as Director of the Company		
3	To re-elect Ong Eng Choon as Director of the Company		
4	To re-elect Ng Chee Gong as Director of the Company		
5	To re-elect Yeoh Chong Keat as Director of the Company		
6	To re-elect Mok Ah Yoke @ Mok Yok Chang as Director of the Company		
7	To re-appoint Messrs Tam & Associates as auditors of the Company and to authorised the Directors to fix their remuneration		
8	To re-appoint Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman as Director of the Company		
9	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10	To renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature which are in the ordinary course of business		
11	To amend the Company's Articles of Association		

\*Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. In the absence of specific direction, your proxy will vote or abstain from voting at his/her discretion.

Signed this ..... day of ..... 2011.

\_\_\_\_\_  
 Signature/ Common Seal of Shareholder

**Notes:-**

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- (ii) 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 seal or under the hand of an officer or attorney duly authorised.
- (iii) A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

Glue Here



**The Company Secretaries**

**NAGAMAS INTERNATIONAL BERHAD** (111365-U)

Suite 11.1A, Level 11, Menara Weld

76 Jalan Raja Chulan

50200 Kuala Lumpur

MALAYSIA

