

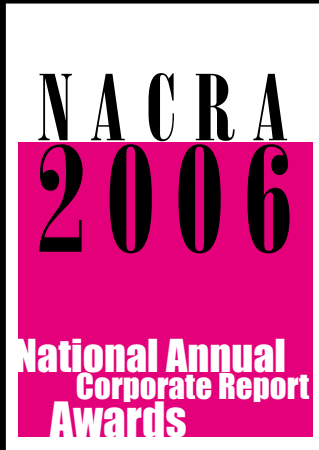
# NACRA

# 2006

## National Annual Corporate Report Awards

TOWARDS EXCELLENCE  
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## Foreword

As the Malaysian capital market becomes increasingly competitive and vibrant, corporations need annual reports that provide reliable, adequate and relevant information. High quality annual reports also reflect a corporation's commitment to efficiently serve the needs of its stakeholders.

Those who do this exceptionally well stand to win the National Annual Corporate Report Awards (NACRA), which aims to promote greater and more effective communication of financial and business information through the publication of timely, informative, factual and reader-friendly annual reports.

NACRA is a prestigious award in recognition of excellence in annual corporate reporting for corporate Malaysia. It was established in 1990 to inculcate a culture of excellence in the presentation of corporate reporting in Malaysia. Year 2006 marks NACRA's 17th year in existence and this year NACRA is jointly organised by the Malaysian Institute of Accountants (MIA), The Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Management (MIM).

In staying relevant and ensuring that we move in tune with the dynamic business climate, this year the Organising Committee is pleased to announce that the Overall Excellence Award, the Presentation Awards and the Environmental Reporting Award respectively will be expanded to offer 3 awards which include a Platinum Award, a Gold Award and a Silver Award for each category.

The competition has grown from strength to strength, attracting more and more participants over the years. The level of competition displayed by organisations vying for the awards has been most encouraging. The quality of annual reports submitted by participants too keeps improving from year to year.

The stringent criteria set by the Adjudication Committee for selecting winners has not deterred Malaysian organisations from participating in the NACRA. This attests to the prestige associated with the NACRA and it is this spirit that drives the NACRA Adjudication Committee to complete the difficult task of adjudicating the entries employing the highest of standards.

NACRA is open to all companies incorporated or registered in Malaysia - both listed and non-listed as well as public sector and other organisations. The NACRA is presented at the end of the year at a glittering Awards Presentation Ceremony which is witnessed by industry leaders and corporate captains.

As NACRA also looks at non financial criteria, we hope to boost good corporate governance practices and inculcate a high sense of responsibility in corporate reporting among Malaysian organisations. And therein lies NACRA's core value: Spurring excellence in corporate reporting!

**MOHAMMAD FAIZ AZMI**  
Chairman

**NACRA 2006 Organising Committee**

## The Organisers



Malaysian Institute of Accountants



Malaysian Institute of Management



The Malaysian Institute of Certified Public Accountants

## Supporting Organisation





To promote greater and more effective communication by organisations through the publication of timely, informative, factual and reader-friendly annual reports.



To recognise and encourage excellence in the presentation of financial and business information.



To create public awareness of the objectives of enterprises, their operations and their financial performance.



To promote higher standards of corporate governance.



# NACRA History

Promoting excellence in annual corporate reporting has a long history in Malaysia. It started in 1985 with the launch of the *Malaysian Corporate Report Awards (MACRA)* which was jointly organised by the Malaysian Association of Certified Public Accountants (MACPA), and the Malaysian Institute of Management (MIM). In 1988, the Malaysian Institute of Accountants (MIA) and the Kuala Lumpur Stock Exchange (KLSE) collaborated to organise the *National Annual Report Awards (NARA)*. In recognition that the two awards shared common objectives, 1990 saw the unification of the awards to become the ***National Annual Corporate Report Awards (NACRA)*** which was jointly sponsored by KLSE, MIA, MACPA and MIM.

Today, NACRA is the collaborative effort of MIA, MIM and The Malaysian Institute of Certified Public Accountants (MICPA) with Bursa Malaysia Securities Berhad as the supporting organisation.

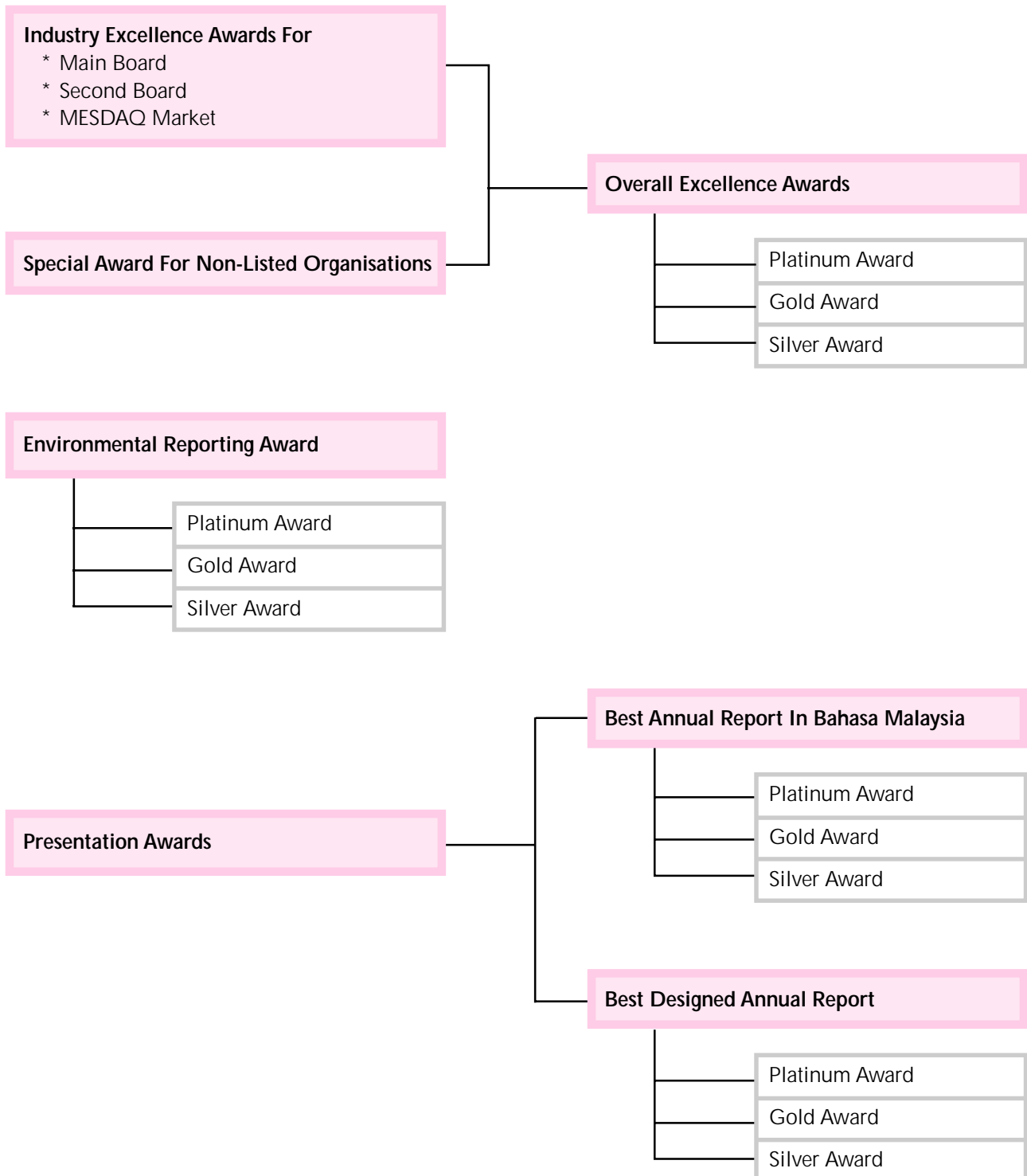
NACRA not only gives public recognition of excellence in corporate reporting to companies listed on Bursa Malaysia but also non-listed corporations and other organisations. Apart from that, the use of attractive graphic designs and the use of Bahasa Malaysia in corporate reports are encouraged through the Presentation Awards. As the business world increasingly strives to achieve a social balance, the importance of corporate social and environmental reporting is not left out with the launch of the Environmental Reporting Award in 2000.

Despite the changes in name and organisers, the objective of NACRA has remained the same to this very day, i.e. to promote excellence in annual corporate reporting.

The logo for NACRA 2006 features the word "nacra" in a lowercase, rounded, pink font. Below it, the year "2006" is written in a white, sans-serif font.

# Awards

The National Annual Corporate Report Awards (NACRA) comprises five categories of awards, namely the Overall Excellence Award, Industry Excellence Awards for Listed Companies, Presentation Awards, Environmental Reporting Award and the Special Award for Non-Listed Organisations.



## Overall Excellence Award

The top award for the most outstanding Annual Report of the year is the Platinum Overall Excellence Award. This Award will be presented to the company which displays the highest standard of reporting in its annual report.

## Industry Excellence Awards

These awards will be presented to companies, in their respective industry sectors, which have achieved excellence in annual reporting. There will be a total of fourteen Industry Excellence Awards presented in the following categories:

Main Board	Second Board	MESDAQ Market
Consumer Products	Consumer Products	
Industrial Products & Technology	Industrial Products & Technology	
Trading & Services	Trading & Services	
Finance	Construction	
Construction & Infrastructure Project Companies	Plantations	
Properties, Hotels & Trusts	Properties	
Plantations & Mining		

## Presentation Awards

There are two Awards in this category, namely:-

- Best Annual Report in Bahasa Malaysia
- Best Designed Annual Report

## Environmental Reporting Award

The Award will be presented to an organisation in recognition of its efforts towards conservation of environment.

The Award emphasises the need for reporting on environmental issues, which are of strategic value and importance to the stakeholders and the public.

## Special Award for Non-Listed Organisations

To encourage the continual improvement of annual reports of non-listed companies as well as public sector and other Malaysian organisations, a special award, "Best Annual Report of Non-Listed Organisations", will be presented to a company/organisation in this category which has achieved overall excellence in annual reporting.

# Entry Requirements

NACRA is open to all companies incorporated or registered in Malaysia as well as public sector and other organisations established in Malaysia. The annual reports eligible for entry to NACRA 2006 are those with financial years ended in 2005.

## Listed Companies

All companies listed on Bursa Malaysia automatically qualify for preliminary screening before being qualified for detailed adjudication.

## Non-Listed Companies and Other Organisations

Non-listed companies, public sector and other Malaysian organisations that wish to participate in NACRA are required to complete an entry form, to be submitted together with 30 copies of the published annual report to the NACRA Adjudication Committee by **Friday, 28 July 2006**.

## Enquiries

For more information about NACRA 2006, please contact the NACRA Secretariat at the following address:-

Address : The Secretary  
**NACRA 2006 Organising Committee**  
c/o Malaysian Institute of Accountants (MIA)  
Dewan Akauntan  
No 2 Jalan Tun Sambanthan 3  
Brickfields 50470 Kuala Lumpur

Tel : 03-2279 9200

Fax : 03-2273 1016

Website : [www.mia.org.my](http://www.mia.org.my)

Email : [nacra@mia.org.my](mailto:nacra@mia.org.my)

# Adjudication Process

The adjudication process comes under the supervision and direction of an Adjudication Committee, which comprises five members. The decision of the Adjudication Committee, with regard to the NACRA results, shall be final and binding.

Assessment of annual reports will be carried out by a panel of seventy adjudicators drawn from the securities industry, accountancy profession, commerce and industry and academic institutions.

## Preliminary Screening

### Public Listed Companies

Annual reports of public-listed companies with financial years ended in 2005 will automatically qualify for the competition and will undergo a preliminary screening process. Only those reports which meet the preliminary screening criteria will be selected for detailed adjudication.

### The Criteria for preliminary screening are as follows:

1. Promptness of publication, i.e. published annual report received by Bursa Malaysia within six months after year-end.
2. Auditor's report is not modified, other than due to the true and fair over-ride as permitted under section 166A(4) of the Companies Act, 1965.
3. Compliance with all applicable approved Accounting Standards other than due to the true and fair over-ride as permitted under section 166A(4) of the Companies Act, 1965.
4. Availability of at least three years' financial highlights and historical summary.
5. Information on shareholders' statistics. [Listing Requirements of Bursa Malaysia App 9C-05, Part A, (22)]
  - o substantial shareholders
  - o direct and deemed interests of each director (in number and in percentage) in the company or related corporation
  - o number of holders, by class and voting rights attached
  - o distribution of shareholding in number and in percentage
  - o names of 30 largest holders of each class of securities and the number and percentage of securities held of each class
6. Particulars of directors, name of company secretary, registered address and registrar's address. [Listing Requirements of Bursa Malaysia App 9C-01, Part A, (1) to (4)]
7. Particulars of properties. [Listing Requirements of Bursa Malaysia App 9C-06, Part A, (24)]

8. Information on Audit Committee. [Listing Requirements of Bursa Malaysia paragraph 15.16 and App 9C-02, Part A, (5)]
  - o particulars of audit committee members, including independent non-executive directors
  - o terms of reference
  - o composition of committees
9. Directors' Statement on Internal Control. [Listing Requirements of Bursa Malaysia paragraph 15.27(b) and App 9C-02, Part A, (9)]
10. Directors' Statement of Corporate Governance. [Listing Requirements of Bursa Malaysia paragraph 15.26 and App 9C-02, Part A, (7)]
11. Availability of fully-translated Bahasa Malaysia annual report.
12. Annual report contains no addendum. Annual reports containing any addendum would be set aside for determination by the Chairman of the Adjudication Committee as to whether they qualify for detailed adjudication.
13. No public sanction by Bursa Malaysia or the Securities Commission on company's affairs.
14. Companies should not be under a scheme pursuant to section 176 of the Companies Act, 1965 or under Bursa Malaysia Practice Note PN 4/ Practice Note PN 10/ Practice Note PN17.

## Detailed Adjudication

The detailed adjudication will be carried out in two stages.

First Stage: The annual reports will be scrutinised and marked within industry groups. Each industry category will have a panel of five adjudicators appointed by the Adjudication Committee. The annual report which achieves the highest level of overall excellence in the industry group will be considered for the Industry Excellence Award.

Second Stage: The annual reports which are nominated by the industry group adjudicators for the Overall Excellence and Presentation Awards will be subject to a second round of adjudication. The reports will be marked by a panel of adjudicators appointed by the Adjudication Committee.

# NACRA Criteria

The NACRA criteria consist of two parts - **specific criteria** for the Most Outstanding Annual Report of the Year, the Best Annual Report in Bahasa Malaysia, the Best Designed Annual Report and Environmental Reporting Award, and **general criteria** for the Industry Excellence Awards and the Special Award for Non-Listed Organisations.

## Specific Criteria

### Most Outstanding Annual Report of the Year

The top award, together with the NACRA Challenge Trophy, will be presented to the organisation that has achieved the highest level of overall excellence in annual reporting. This report would serve as a model for other annual reports.

### Best Annual Report in Bahasa Malaysia

It is the aim of NACRA to promote the use of Bahasa Malaysia in annual reports. As such, all annual reports must contain a full Bahasa Malaysia text in order to qualify for entry to NACRA. The annual reports will be judged according to the following criteria:-

- Grammar and usage of language.
- Usage of generally accepted accounting and other financial terminologies.
- Accuracy and fluency of translation.
- Spelling and punctuation.
- Readability and user friendly presentation.

### Best Designed Annual Report

Design can play an important role in improving the level of presentation and readability of an annual report to its various audiences. The Best Designed Annual Report Award is intended to recognise creativity and ingenuity in the use of graphs, illustrations, photographs and layout concepts that enhance the communicative effect of the annual report.

In addition to the general adjudication criteria set for Presentation, the following aspects will be considered for best design:-

- Overall layout and photography.
- Overall neatness and readability of the report.
- Clear reflection of the organisation's theme, objective or vision in the cover design.
- Relevance and effectiveness of the graphs and photographs used.
- Innovative concept and illustration, e.g. hand drawn graphics and/or computer graphics.
- Print quality of the report, e.g. colour, saturation, binding, cutting and collation.
- Overall impact and impression.

## Environmental Reporting Award

The criteria for the Environmental Reporting Award are designed to identify and recognise issues for reporting with the objective to raising awareness of the apparent benefits that are to be derived from corporate considerations of environmental issues and protection of the environment.

The information coverage in their annual report should contain:

### A. Environmental Management

- A statement of the organisation's environmental policy.
- A statement of the significant environmental impacts of the organisation's activities, products and services.
- A statement on how management has determined which of its activities, products and services present significant environmental impacts.
- A statement of management's objectives in relation to environmental performance.
- A statement of:
  - \* Progress towards achievement of those objectives, and
  - \* Important events (positive and negative) in that progress
- A statement on how environmental management is incorporated into the organisation's general decision-making process across its activities, products and services.

### B. Environmental Performance

The annual report should also contain information concerning the organisation's:

- Consumption of non-renewable and renewable resources.
- Levels of polluting discharges to land, air and water, and
- Impacts on flora and fauna.

Details of the organisation's:

- Environmental performance targets.
- Performance against the targets.
- Reasons for any non-achievement of the targets, and
- Associated remedial or preventive actions.

Details of:

- Environmental incidents that resulted in any significant environmental impact by the organisation.
- Compliance or non-compliance with environmental legislation by the organisation.
- The use of independent environmental advice (including details of environmental audits performed and their results).

### C. Research and Development Initiatives

The annual report should contain a statement of:

- Research and development initiatives, and
- Environmental objectives for planned improvements.

The financial report should contain details of:

- Actual and foreshadowed environmental-related capital expenditure.
- Actual and foreshadowed environmental-related liabilities, and
- Assumptions made in calculating environment-related expenditure and liabilities.

### Independent Verification

The annual report should contain appropriate independent verification of the environmental information.

# General Criteria

## Overview/Highlights

The early pages of the report should contain highlights of the year at a glance and summaries should include:

- A clear and meaningful statement of the organisation's mission and vision, ethical values, its corporate plan, objectives and strategies for achieving those objectives.
- A statement of the organisation's history, its profile and the products/services it provides.
- Performance indicators and summary of results covering at least three years' performance to provide an indication of changes in results.
- Progress towards achievement of the organisation's objectives.
- Significant developments/events and their impact on the organisation.
- A summary of key shareholder information, including shareholders' statistics, share price, earnings per share and dividends per share.
- A summary of code of ethical practices relevant to the organisation's activities.

## Review of Operations

A key category of information in the annual report is the detailed explanation of the organisation's operation. The information coverage should include:

- Discussion of the organisation's principal activities and results for the year.
- Discussion of the organisation's performance and its objectives, including key performance measures/indicators, market share and export achievement.
- Indication of earnings trends and prospects.
- Discussion of the major products/services provided by the organisation.
- Discussion of research and development initiatives, its activities and their impact on the operations of the organisation.
- A statement of policy guidelines, human resources, quality excellence and community relations.

## The Board of Directors and Management

One of the most important assets of any organisation is its people and the annual report serves as the most appropriate medium for their introduction to external audience. This category of information should include:

- The board of directors, including details of their experience, terms of appointment and financial and other benefits.
- Key staff members, including details of their experience, qualifications and responsibilities.
- The organisation or corporate structure showing lines of responsibility and the links between the various units and/or divisions of the organisation.
- Key personnel issues including human resource and productivity, improvement in workforce details and employee share option schemes.
- Highlights of shareholders communication and investor relations programmes.

## Financial Statements

It is expected that the financial statements are prepared in compliance with approved accounting standards and disclosure requirements set out in the Companies Act, 1965, the Listing Requirements of Bursa Malaysia and other relevant legislation.

NACRA rewards organisations which provide relevant and reliable financial information which exceeds the mandatory requirements.

The financial statements should comprise:

- A balance sheet.
- An income statement.
- A statement of changes in equity or a statement of recognised gains and losses.
- A cash flow statement.
- Significant accounting policies and clear, concise explanatory notes covering major or extraordinary events/ transactions during the year.
- Disclosure of comparative figures covering at least the last financial year.
- Disclosure of financial information by segment.
- Cross-references between the statements and notes.
- A signed statement by the directors stating their views on the financial statements.
- A signed report from the auditors.

## Corporate Governance

- Composition of the audit committee and its terms of reference.
- Audit committee report including a summary of the activities of the audit committee and the internal audit function.
- Statements by the board of directors on:
  - \* Compliance with the Malaysian Code on Corporate Governance.
  - \* Directors' responsibility for preparing the annual financial statements.
  - \* The state of internal control of the company.

## Additional disclosures beyond the statutory requirements are encouraged, such as:

- Analysis of major expenses, e.g. raw materials, labour cost, research and development expenditure.
- Details of short-term and long-term debt financing arrangements and facilities.
- Disclosure of the estimated fair value or replacement market value of major assets.
- Disclosure of foreign currency denominated loans, terms of interest and repayment.

## Supplementary Information

Organisations are encouraged to include other relevant information in the annual report, including:

- A value-added statement.
- Explanation of the organisation's environmental policy, health and safety measures, initiatives and objectives.
- A calendar of significant events of interest to shareholders.
- Highlights of corporate citizenship - community service, sports, social and welfare activities.

## Presentation

Presentation of information in a concise, logical and easy to understand format is a crucial aspect of annual reporting. To this end, the annual reports will be judged according to the following criteria:

- Clear, concise, easy-to-read text.
- Logically organised and visibly legible.
- Effective use of graphics, charts and tables to disclose important information at a glance.
- Inclusion of informative photographs.

## ORGANISING COMMITTEE



**MIA** Encik Mohammad Faiz Azmi (*Chairman*)  
Mr Lam Kee Soon (*Alternate Chairman*)  
Ms Ho Foong Moi (*Official Secretary*)

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**MIM** Dr Wilson Tay  
Mr Kent Chan Kheng Giap  
Puan Nor Sofiatulakma Ujang

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**MICPA** Mr Ken Pushpanathan  
Mr Ng Kim Tuck  
Ms Tan Shook Kheng

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## ADJUDICATION COMMITTEE

Mr Ken Pushpanathan (*Chairman*)  
Mr Ng Kim Tuck (*Alternate Chairman*)  
Encik Mohammad Faiz Azmi  
Mr Lam Kee Soon  
Dr Wilson Tay

### Joint Secretaries

Ms Melissa Yeoh (MICPA)  
Puan Marini Abu Bakar (MIA)

# Entry Form

**(To be completed by non-listed companies, public sector and other Malaysian organisations only- Participation is FREE!)**

Please complete the details and return the form together with 30 copies of your organisation's most recent annual report (which should cover accounting period ended in the calendar year 2005) to:

The Secretary  
Address : **NACRA 2006 Adjudication Committee**  
c/o The Malaysian Institute of Certified Public Accountants  
No 15, Jalan Medan Tuanku  
50300 Kuala Lumpur

Tel : 03-2698 9622

Fax : 03-2698 9403

Email : micpa@micpa.com.my

1. Name of organisation : \_\_\_\_\_

2. We have read the conditions of NACRA 2006 and agree to abide by these conditions.

Name of Officer : \_\_\_\_\_

Position : \_\_\_\_\_

Business Address : \_\_\_\_\_

\_\_\_\_\_

Telephone : \_\_\_\_\_ Fax : \_\_\_\_\_

E-mail : \_\_\_\_\_

Signature : \_\_\_\_\_ Date : \_\_\_\_\_

3. Name of Contact Person : \_\_\_\_\_

*(if different from above)*

4. 30 copies of the Annual Report are enclosed.

***Closing date for entries: 28 July 2006***

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# NACRA Past Winners

## WINNERS OF OVERALL EXCELLENCE AWARD

1990	-	PUBLIC BANK BERHAD
1991-1996	-	AMMB HOLDINGS BERHAD
1997	-	PUBLIC BANK BERHAD
1998-2001	-	KUMPULAN GUTHRIE BERHAD
2002-2005	-	PUBLIC BANK BERHAD

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NATIONAL ANNUAL CORPORATE  
REPORT AWARDS 2006

Challenge Trophy For the Most Outstanding  
Annual Report of the Year

