

share performance 6		corporate information 7	corporate structure 9	
	message to our shareholders 14	board of directors 32	senior management team 38	
human resources 66				corporate citizenship 68
diary of corporate events 74		appendix 1 - outlook for the malaysian economy 80	appendix 2 - outlook for the sarawak economy 82	
notice of annual general meeting 131	form of proxy 135			



The logo type displays the word Naim in green, red and gold colours which reflect the group's strength and capabilities. Green represents growth, sincerity and fairness, red represents strength and prosperity, whilst gold represents excellence and superior quality.

The word Naim is intersected by the apex of a toroid, a ring-like shape possessing exceptional strength, stability and integrity. The conjunction of the golden letter A and the toroid suggests a dazzling sunrise, predicting a shining long-term future for the group.

logo rationale

2005



KPMG SHAREHOLDER VALUE AWARD
by KPMG Malaysia & The Edge



17TH INTERNATIONAL CONSTRUCTION AWARD -NEW MILLENNIUM AWARD
by Trade Leaders' Club & Editorial Office, Madrid, Spain



"MALAYSIA CORPORATE, SOCIAL & ENVIRONMENTAL RESPONSIBILITIES AWARD"
by Bahrain-Malaysia International Trade & Investment Bureau

2004



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS
Builder of the Year Award



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS
Medium Scale Project - Engineering Category



MALAYSIA CANADA BUSINESS COUNCIL BUSINESS EXCELLENCE AWARD
Industry Excellence for Construction Award

2002



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS
Project Award - Medium Building Category



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS
Builder Award - Building Works Category



SARAWAK CHAMBER OF COMMERCE & INDUSTRY Best Annual Report Award
(Non-Public listed companies category)

page 2

2003

our vision

To be the **leading home builder and contractor** in every market in which we operate, and in every aspect of our operations, leading the way in **quality, reliability, and value for money**.

our mission

To provide the **finest products and services** to our customers.

To provide **increasing value** and **superior returns** for our shareholders.

To empower every member of our staff to **develop their potential** to the maximum.

To be a **role model** customer for our suppliers, sub-contractors and service providers.

To contribute **meaningfully** and **positively** to the **community** and **the society** that nurtures us.

10-year financial highlights (in RM'000)

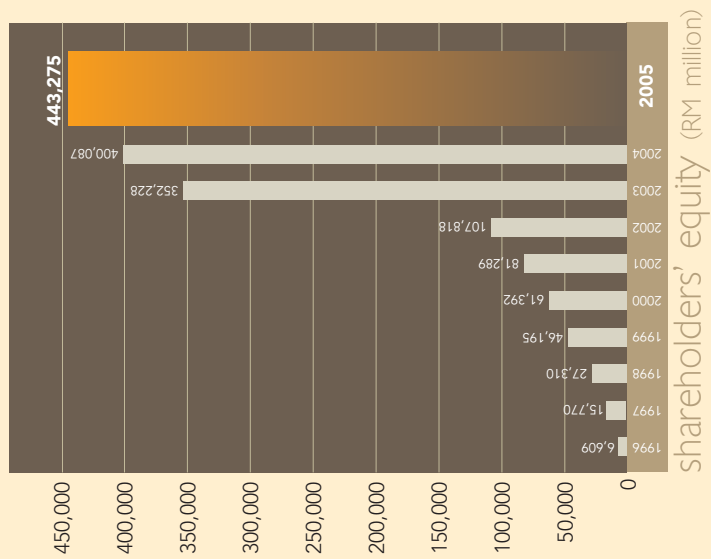
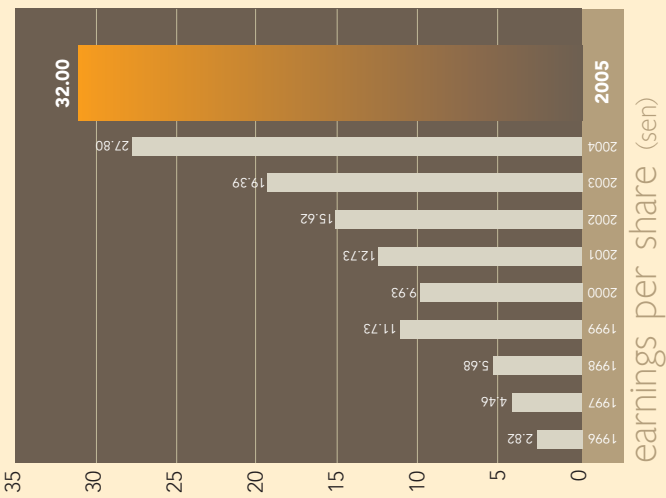
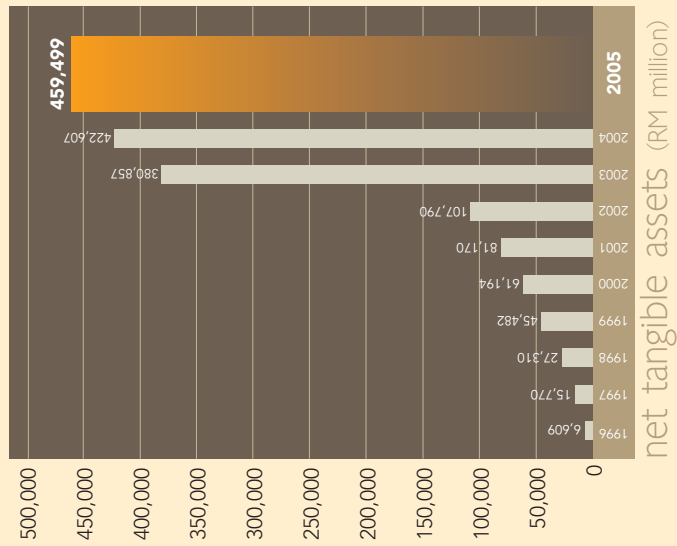
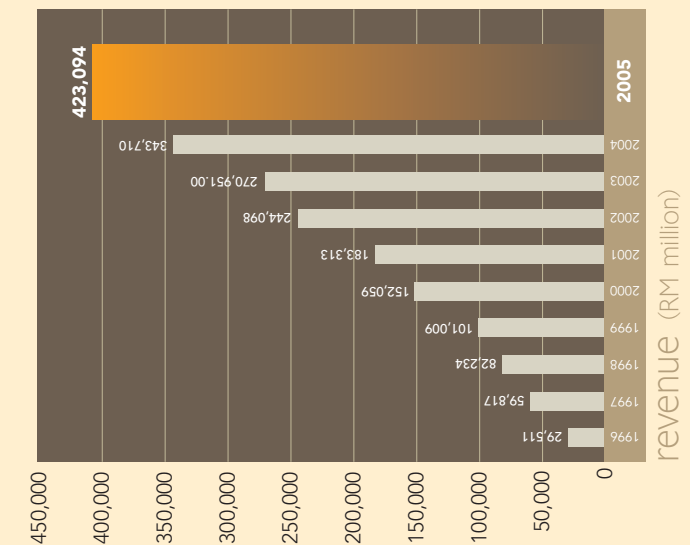
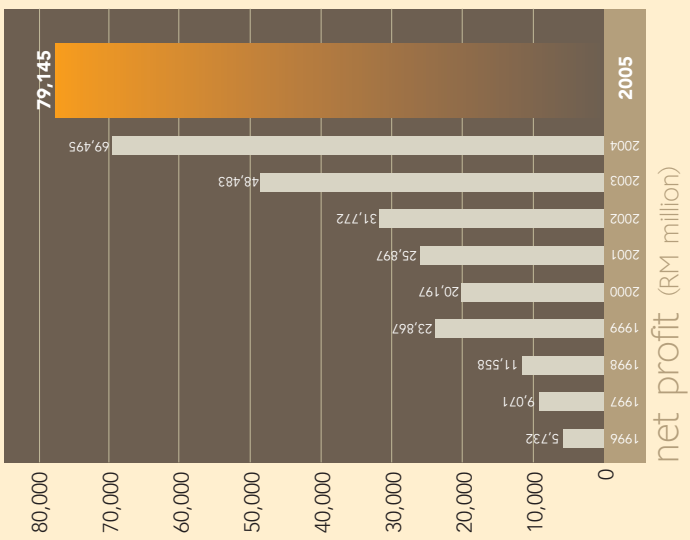
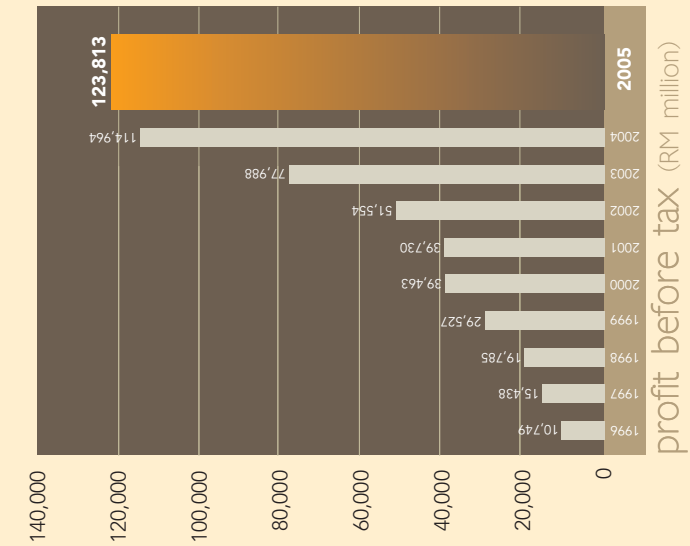
	AUDITED									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenue	29,511	59,817	82,234	101,009	152,059	183,313	244,098	270,951	343,710	423,094
Profit before taxation	10,749	15,438	19,785	29,527	39,463	39,730	51,554	77,988	114,964	123,813
Net Profit	5,732	9,071	11,558	23,867	20,197	25,897	31,772	48,483	69,495	79,145
Total Assets	23,977	58,862	61,425	100,893	144,862	191,583	222,851	567,301	657,481	710,277
Net Tangible Assets	6,609	15,770	27,310	45,482	61,194	81,170	107,790	380,857	422,607	459,499
Shareholders' Equity	6,609	15,770	27,310	46,195	61,392	81,289	107,818	352,228	400,087	443,275
Total Number of Shares	203,245	203,245	203,245	203,245	203,245	203,245	203,245	250,000	250,000	250,000
Earnings Per share (sen)	2.82	4.46	5.68	11.73	9.93	12.73	15.62	19.39	27.80	32.00
Gross Dividend Rate (%) *	-	-	-	2.50%	2.50%	3.00%	15.24%	9.00%	12.00%	15.00%
Net Tangible Assets Per Share (sen)	3.25	7.75	13.42	22.36	30.08	39.90	52.99	152.34	169.04	183.80
Gearing Ratio	0.16	0.42	0.04	0.06	0.06	0.09	0.07	0.006	0.002	0.001

Notes:

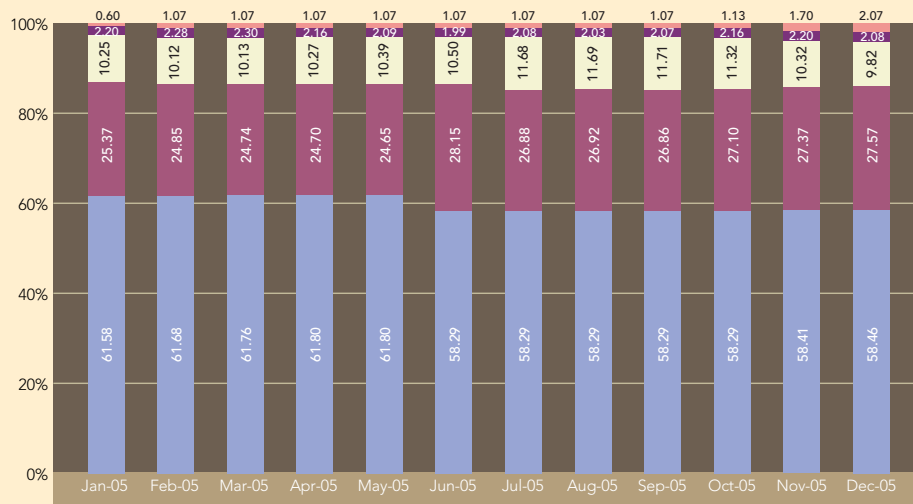
The financial highlights for the years ended 31 December 1996 to 2002 are presented on a pro-forma basis (as if Naim Cendera Sdn Bhd (NCSB) and its subsidiaries were part of the Naim Cendera Holdings Group since 1 January 1996), and are for illustrative purposes only.

* Based on the gross dividend declared and paid by Naim Cendera Sdn. Bhd. of RM5,000,000, RM6,000,000 and RM6,000,000 in respect of financial years ended 31 December 2000, 2001, 2002 respectively and the number of shares assumed in issue of 203,425,000 shares. In 2003 the gross dividend paid was RM 22,500,000 based on the number of shares in issue, i.e. 250,000,000 shares. From 2003 onwards, gross dividends paid refer to dividends paid by Naim Cendera Holdings Berhad.

For 2005, two interim dividends were paid for a total of 12% per share. The proposed final dividend of 3% per share less tax for 2005 is subject to the approval of shareholders at the forthcoming Annual General Meeting.

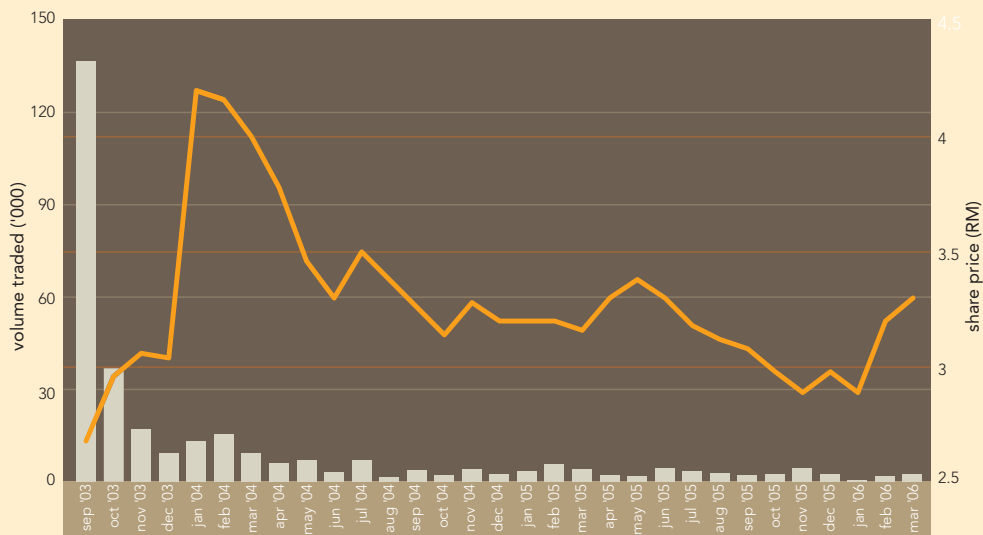


share performance



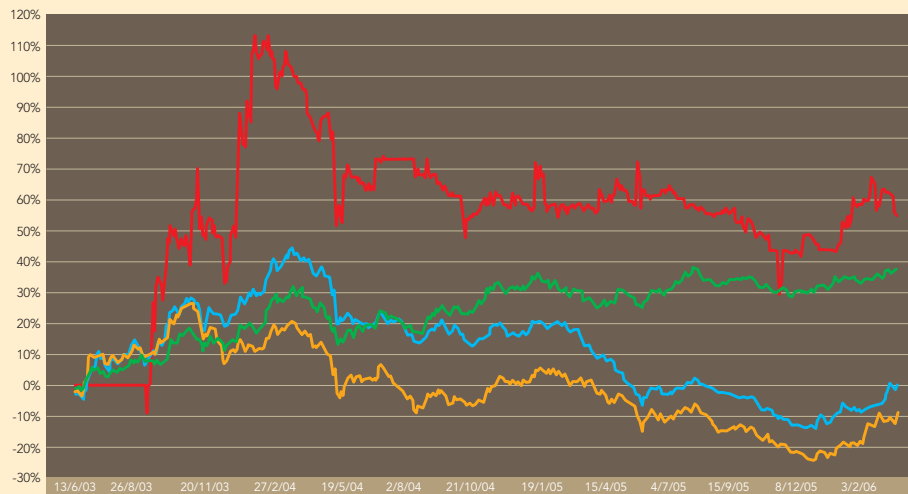
shareholders composition

■ Directors and Directors' related companies
 ■ Malaysian
 ■ Foreigners
 ■ Shareholders of less than 50,000
 ■ Share Buy Back



share price & volume traded

■ volume traded ('000)
 — share price (RM)



naim share performance chart naim vs bursa malaysia indices

— naim. kl
 — composite. kl
 — construction. kl
 — property. kl

corporate information

Board of Directors

Non-Executive Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Managing Director & Chief Executive Officer

Datuk Hasmi Bin Hasnan

Executive Directors

Ahmad Bin Abu Bakar

Ir. Suyanto Bin Osman

Kueh Hoi Chuang

Abang Hasni Bin Abang Hasnan

Senior Independent Non-Executive Director

YB Tuan Haji Hamden Bin Haji Ahmad

Non-Executive Director

Ir. Haji Abang Jemat Bin Abang

Bujang

Independent Non-Executive Director

Dr. Sharifuddin Bin Abdul Wahab

Datu Haji Abdul Rashid Bin Mohd Azis

Company Secretaries

Kho Teck Hock (MIA 5836)

Bong Siu Lian (MAICSA 7002221)

Registered and Head Office

9th Floor Wisma Naim

2 1/2 Mile, Rock Road,

93200 Kuching, Sarawak

Tel : 082-411667

Fax : 082-233667

E-Mail : enquiries@naimcendera.com

Website : www.naimcendera.com

Registrars

Tenaga Korperat Sdn. Bhd.

20th Floor, Plaza Permata

Jalan Kampar, Off Jalan Tun Razak

50400 Kuala Lumpur

Tel : 03-40416522

Fax : 03-40426352

Stock Exchange Listing

Main Board

on 12 September 2003

Sector: Property

Stock Code : 5073

Stock Name : Naim

Incorporation

5 July 2002 in Malaysia

under the Companies Act, 1965

Auditors

KPMG

(Firm No AF0758)

Chartered Accountants

Level 6, Westmoore House

Twin Tower Centre, Rock Road

93200 Kuching, Sarawak

Solicitors

Alvin Chong & Partners Advocates

Lots 176-177 (2nd Floor)

Jalan Song Thian Cheok

93100 Kuching, Sarawak

Principal Bankers

Bumiputra-Commerce Bank Berhad

Ground Floor Lot 1.1

Bangunan Satok

Jalan Satok/Kulas

93400 Kuching, Sarawak

Malayan Banking Bhd

4th Floor, Crown Towers

88 Jalan Pending

93400 Kuching, Sarawak.

corporate information

NAIM CENDERA HOLDINGS BERHAD

HEADQUARTERS

9th Floor, Wisma Naim,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

KUCHING OFFICES

BUSINESS DEVELOPMENT DIVISION

Lot 2672 & 2673, Level 7,
Westmoore House,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

ACCOUNTS DEPARTMENT

Sublot 12, 2nd floor,
Lot 2678 Block 10,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

FINANCE DIVISION

Sublot 12, 3rd floor,
Lot 2678, Block 10,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

CORPORATE AFFAIRS DIVISION

Sublot 12, 3rd floor,
Lot 2678, Block 10,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

PROPERTY DIVISION

Sublot 1, Lot 676, 1st & 2nd floor,
Eastmoore Centre,
2 1/2 mile, Rock Road,
93200 Kuching, Sarawak.

CONSTRUCTION / QS DIVISION

1st & 2nd floor, Sublots 3 & 4,
Survey Lots 3165 & 3166,
Block 10 KCLD, Rock Road,
93200 Kuching, Sarawak.

MIRI OFFICES

Ground Floor, Lot 889,
9 MCLD, Miri Waterfront
Commercial Centre,
98000 Miri, Sarawak.

Lot 5906-5911, Block 10,
Desa Pujut Shoplot,
Bandar Baru Permyjaya,
P.O. Box 369,
98107 Lutong,
Miri, Sarawak.

BINTULU OFFICE

Sublot 2, Lot 220, B1-32,
Batu 6, Jalan Bintulu-Sibu,
P.O. Box 163,
97000 Bintulu, Sarawak.

corporate structure



NAIM CENDERA SDN BHD

Naim Cendera Holdings Bhd 100%

Engineering/ Construction	Naim Citra Sdn Bhd Naim Cendera Sdn Bhd 100%
	Total Reliability Sdn Bhd Naim Cendera Sdn Bhd 51% Paling Construction Sdn Bhd 40% HWS Properties Sdn Bhd 9%
	NCSB Engineering Sdn Bhd Naim Cendera Sdn Bhd 100%
	Naim Utilities Sdn Bhd Naim Cendera Sdn Bhd 100%
Property Development	Khidmat Mantap Sdn Bhd Naim Cendera Sdn Bhd 100%
	Desa Ilmu Sdn Bhd Naim Cendera Sdn Bhd 60% Land Custody & Development Authority 20% Custodev Sdn Bhd 20%
	Naim Commercial Sdn Bhd Naim Cendera Sdn Bhd 100%
Manufacturing	TR Bricks Sdn Bhd Total Reliability Sdn Bhd 51% Fojohn Concrete Sdn Bhd 30% Naim Cendera Sdn Bhd 19%
	TR Concrete Sdn Bhd Total Reliability Sdn Bhd 35% ZI Corporation Sdn Bhd 35% Fojohn Concrete Sdn Bhd 30%
	TR Smart Piles Sdn Bhd Naim Cendera Sdn Bhd 51% Smartpiles Sdn Bhd 30% Fojohn Concrete Sdn Bhd 10% HWS Properties Sdn Bhd 9%
	Naim Ready Mix Sdn Bhd (formerly known as Asas Megamaju Sdn Bhd) Naim Cendera Sdn Bhd 80% Chieng Kai Chin 10% Pau Ngie Sing 10%
Trading/ Services	Naim Cendera Dua Sdn Bhd Naim Cendera Sdn Bhd 100%
	TR Green Sdn Bhd Naim Cendera Sdn Bhd 100%
Property Investment	Yakin Pelita Sdn Bhd Naim Cendera Sdn Bhd 100%
Ten Dormant Companies *	

* For details of dormant companies, please refer to pages 103 to 104, Investment in Subsidiaries.

organisational structure

Effective 1 March 2006

corporate profile



Naim Cendera Holdings Berhad is a company listed on the Main Board of Bursa Malaysia Berhad.

The Company is the holding company for its 100% owned subsidiary, Naim Cendera Sdn Bhd (NCSB), which is primarily involved in property development and construction in the State of Sarawak, East Malaysia. NCSB was formed on 12 April 1993 and has been active in the property and construction fields since September 1995. It focuses its business efforts on two principal areas: integrated property developments combining residential, commercial and industrial properties with infrastructure and public amenities; and contracting of construction, civil engineering and infrastructure projects.

NCSB's flagship property developments are Bandar Baru Permyjaya in Miri, Desa Ilmu in Kota Samarahan, and the up-market Riveria satellite township in Kuching's southern corridor. They are reinforced by a number of smaller residential and commercial developments in Sarawak's major population centres. Together these developments will provide more than 23,000 homes and commercial buildings with a combined population of

over 105,000. Upon completion, their combined GDV is estimated to be in excess of RM3.5 billion. Future growth is assured by a vast land bank of over 2,600 acres, spread through out key growth areas of Sarawak.

NCSB is also a Class A Bumiputera Contractor with ISO 9002 certification. As well as implementing the NCSB's own development projects, it has carried out almost RM1 billion of Federal and State Government contracts, and has a construction order book worth over RM2.28 billion. It focuses on excellent quality and timely delivery, a philosophy that has earned NCSB a host of industry awards including the following:

2005

Winner of the **17th International Construction & Global Quality Management (GQM) Award**, European Trade Leaders' Club, Madrid, Spain.

2005

Winner of the **Corporate, Social & Environment Responsibility (CSR) Award** from the Bahrain Malaysia International Trade & Investment Bureau.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Naim Group. These forward-looking statements represent the Naim Group's expectations or beliefs concerning future events and involved known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. The Board has established a Risk Management Committee to mitigate the consequences of any uncertainties and contingencies. Further details can be found in the Statement on Corporate Governance on pages 48 to 64.



2005

Winner of the **KPMG Shareholder Value Award 2004**, awarded by KPMG and The Edge.

2004

Winner of the prestigious **Builder Of The Year Award** from the Construction Industry Development Board.

2004

Bestowed **Industry Excellence for Construction Award** under the Malaysia Canada Business Council's Business Excellence Awards for 2004.

2004

Winner of the **Malaysia Construction Industry Excellence Award** (MCIEA) in Medium Scale Engineering Project from the Construction Industry Development Board.

2003

Winner of the **Malaysia Construction Industry Excellence Award** (MCIEA) in Medium Scale Building Project from the Construction Industry Development Board.

2003

Winner of **Most Outstanding Annual Corporate Report** (non-listed company) from the Sarawak Chamber of Commerce & Industry.

2002

First (and still the only) Sarawak-based company to win the Construction Industry Development Board's **Best Contractor Award**.

NCSB is also active in the manufacturing, trading and distribution of building materials, which provides useful profits as well as valuable support for the Property and Infrastructure divisions.

Naim Cendera Holdings Berhad was listed on the Main Board of Bursa Malaysia Berhad on 12 September 2003, and has since become one of the top 15 property developers in Malaysia in terms of market capitalization and 14th overall by peer evaluation in The Edge's Top 30 Property Developers. It is also the largest development group in Sarawak in terms of units completed for 2005, according to leading industry analysts CH Williams Talhar Wong & Yeo Sdn Bhd.

message to our shareholders

On behalf of the Board of Directors it gives us great pleasure to present your Company's Annual Report for the year ended 31 December 2005, our 10th full year of operation.

Year

2004

2005

% Change

FINANCIAL PERFORMANCE

This has been a landmark year for the Naim Group. For the tenth year in succession, we have registered substantial improvements in every aspect of our financial performance.

For the year in review we registered a growth in revenue of 23.1% to RM423.1 million from RM343.7 million in 2004. **Profit before tax rose 7.7% from RM115.0 million to RM123.8 million, whilst Profit attributable to shareholders grew 13.9% from RM69.5 million to RM79.1 million.** Earnings per share were therefore RM0.32, against RM0.28 in 2004, based on our paid up capital of 250 million shares.

These excellent results were achieved in spite of delays in the awarding of construction projects that were originally anticipated in the first quarter of 2005, and were largely due to robust demand for homes and commercial properties. Our two flagship developments, Bandar Baru Permyjaya in Miri, and Desa Ilmu in Kota Samarahan, near Kuching, enjoyed strong sales throughout the year. Their performances were reinforced by a number of newer developments that began to come on stream towards the end of the year. **Our property division thus contributed 73% to the group's turnover, the construction sector contributed 23%, and other sectors 4%.**

Dividends

The board is pleased to recommend a **Final Dividend of 3 sen per share for the financial year ended 31 December 2005.** Together with the two Interim Dividends (of 7.0 sen and 5.0 sen per share respectively) already declared and paid, this represents a Total Dividend of 15 sen per share before tax. **This payment represents a distribution to Shareholders of RM27 million after tax, or 33.5% of the Group's profits** for the year ended 31 December 2005. The gross dividend yield is 5.0% based on the year-end share price of RM2.98 and in the Board's opinion strikes an optimum balance between adequate short term financial returns for our investors and the maintenance of reasonable cash reserves for future growth.

The Economic and Political Background

The Group's excellent financial performance occurred against a background of stable market conditions throughout the financial year. Continuing confidence in the Malaysian economy, combined with an absence of destabilizing factors, such as epidemics and international conflicts, have contributed to reinforcing what was already solid buyer confidence. Sarawak continues to enjoy one of the fastest growing economies in the region, and continued political stability both at Federal and State Government levels have contributed to a buoyant property market.

Comparative Financial Performance 2004 - 2005

Revenue (RM mil)	Gross Profit (RM mil)	Net Profit (RM mil)	Earnings Per Share (Sen)	Net Tangible Assets (RM mil)	Shareholders' Funds (RM mil)	Market Capitalisation (RM mil)	Gross Profits as % of		
							Revenue	Assets	Equity
343.710	125.448	69.495	27.80	422.607	400.087	800	36.50	19.08	31.36
423.094	135.568	79.145	32.00	459.499	443.275	745	32.00	19.10	30.60
+23.10	+8.10	+13.89	+15.11	+27.33	+10.79	-6.88	-12.33	+0.10	-2.42

Growth in Investor Returns 2004 - 2005

Year	Interim Dividend (RM mil)	Final Dividend (RM mil)	Total Dividend (RM mil)	Net Distribution to Shareholders (RM mil)	% Of Profit	Gross Dividend Yield (%)
2004	12.433	17.395	29.828	21.476	30.85	3.75
2005	29.538	7.335	36.873	26.549	33.54	5.03
% Change	+137.58	-57.83	+23.62	+23.62	+8.72	+34.13

Creation of Shareholder Value

The primary objective of all of the Naim Group's activities is the creation of added value for our shareholders, a goal we have once again successfully achieved. For example, our financial performance for 2005 means **we now have a year-on-year cumulative average growth rate (CAGR) of 34.74% over the last 10 years. Similarly, our net tangible assets (NTA) have grown more than 69 times, from RM6.6 million in 1996 to RM459.5 million at the end of 2005.**

As many of our shareholders have not been investors in our group since its earliest days, we feel it is important to point out that our performance since listing has been equally impressive. Shareholders buying Naim Stock at its initial offer price on 12 September 2003 have seen their investment grow from RM1.30 per share to RM2.98 per share by the end of 2005. **Taking into account the three dividends of 9.0 sen (2003), 12.0 sen (2004) and 15.0 sen (2005), shareholders have enjoyed a financial gain of RM2.04 per share, a 157% return on their initial investment, in just over 27 months.**



CORPORATE HIGHLIGHTS

Our 10th anniversary year has once again been an excellent one for the Naim Group. In our opinion, four key factors justify this sentiment; the excellent financial performance from all our Divisions, the securing of a number of significant new contracts (see Review of Operations, below), the remarkably generous awards and accolades we have received from our industry colleagues, and - last but surely not least - the successful and enjoyable celebration of our 10 years of continuing success.

Awards and Accolades

KPMG Shareholder Value Award 2004

During the year **we were awarded the "KPMG Shareholder Value Award 2004" for being one of the top public listed companies in the construction and properties sector for creating shareholder value for investors. Being recognized as one of the top three listed companies in Malaysia for creating shareholder value is quite a remarkable achievement, as we were only listed in September 2003.** According to the KPMG 2004 Report, there are over 1,000 public listed companies, of whom 148 are in property and/or construction, on the Main and Second Boards of Bursa Malaysia and on the Mesdaq Market.

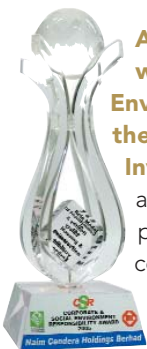
message to our shareholders



The "KPMG Shareholder Value Award 2004" is organized by KPMG together with its media partner, The Edge, and the selection of winners is based on highest Economic Profit (EP) and Invested Capital (IC) values. The award programme has five core values that are categorized into objectivity, methodological soundness, relevancy, transparency and fairness.

The award is a recognition of Naim's long-term commitment to consistently creating greater shareholder value for its investors, and its efforts to be highly regarded by all members of the investment community, whether they be analysts, institutional investors or individual investors.

Corporate, Social & Environment Responsibilities (CSR) Award 2005



Another important feather in our cap was winning the 2005 Corporate, Social & Environment Responsibilities (CSR) Award given by the Bahrain Malaysia International Trade & Investment Bureau. The criteria for the selection of award winners are based on the company's philosophy towards social responsibility; commitment to health and safety; protection of the environment; fairness in working condition; reputation as a role model in the housing and construction industry in Malaysia; community development; charity contribution; and brand reputation.

It was proud moment when we received the award from YBhg Tan Sri Bernard Dompok, Minister in the Prime Minister's Office, and a testament to how seriously we take our corporate, social and environment responsibilities.

17th International Construction & Global Quality Management (GQM) Award



Our reputation for quality has been recognised far beyond Malaysia's shores, with the receipt of the prestigious 17th International Construction and Global Quality Management (GQM) Award in Madrid, Spain, on March 25, 2005.

Awarded by the Spain-based Editorial Office of the European-based Trade Leaders' Club, this award is the first of its kind that we have received at international level, and is a gratifying recognition of the quality products and services Naim has delivered over the recent years. The award was presented by Malaysia's ambassador to Spain, His Excellency Datuk Yusoff Ahmad, and the president of Trade Leaders' Club, Arsenio Pardo Rodriguez.



Naim Ranked one of The Edge's Top 30 Property Developers

We were ranked as one of Malaysia's top 30 players in the property development sector when The Edge Malaysia announced its rankings for its Top Property Developers Awards 2005. **We were ranked 14th overall and were the only Sarawak-based developer to be included.** According to the organizers, these awards benchmark the country's best players, who are chosen for both their qualitative and quantitative attributes. This is the first time Naim has been ranked in The Edge's top 30.

Those listed in the top 30 are not only outstanding for their size and profitability; they also showcase exemplary quality in numerous areas such as timely delivery, innovation, value creation for buyers, and creativity. This annual exercise is based on five quantitative and qualitative attributes and this year's ranking covered all the 102 companies throughout Malaysia that are listed in the property sector of the Main and Second Boards of Bursa Malaysia. The judging panel included representatives from the International Real Estates Federation (FIABCI), the Real Estate and Housing Developers' Association (REHDA), FIABCI Asia Pacific and The Edge, Malaysia's leading business weekly.

The Value of Peer Recognition

In 2002, Naim was the first Sarawak-based company to ever win the prestigious Construction Industry Development Berhad (CIDB) Best Contractor Award, and won Malaysia Construction Industry Excellence Awards (MCIEA) in 2002, 2003 and 2004. In 2004 we also received the ultimate accolade from our industry colleagues, the CIDB Builder of the Year Award.

All of these past awards, and those we received during the year in review, are powerful endorsements of our overall business strategy, combining performance, quality, value, social responsibility and timely delivery. The positive publicity generated by such awards reflects very strongly on all of our property and infrastructure projects, and reassures our most important stakeholders - our property buyers, our construction clients, our investors and the society that nurtures us - that quality, value and social responsibility can coexist successfully, and are in fact the Naim Group's number one priorities.

message to our shareholders



Our 10th Anniversary

The official launching ceremony for our 10th anniversary was performed by Chief Minister of Sarawak, YAB Pehin Sri Dr Haji Abdul Taib Mahmud, together with Federal Minister of Finance II, YB Senator Tan Sri Dato' Seri Nor Mohamed Yakcop, and was witnessed by over 300 guests, including members of the State Cabinet, local dignitaries, clients, business associates, and Naim Group directors, senior managers and employees.

This highly enjoyable dinner gathering gave us the valuable opportunity to extend our heartfelt thanks to the people and the leadership of both the Sarawak State and the Federal Governments for the close cooperation and support we have received.

Throughout the year we also hosted a number of highly successful gatherings for our property buyers to celebrate our 10th anniversary with us. These provided ideal settings for us to show our appreciation of their confidence in and support for Naim, and included special promotions to encourage buyers to recommend Naim homes to their family members and friends

Annual Corporate Retreat 2005

The Group held its inaugural Annual Corporate Retreat in conjunction with a Workshop on Performance Measurement with the Balanced Scorecard. The event was held at the 6-star Empire Hotel & Country Club in Brunei Darussalam from May 28 - 31, and was attended by over 40 senior staff members from Kuching and Miri. It was a memorable and fulfilling outing for Naim's staff, who were given a briefing on the importance of the Balanced Scorecard Performance Measurement System, its development and implementation as well as its review.





REVIEW OF OPERATIONS

Property Operations

During the financial year we sold RM250 million worth of residential and commercial properties, compared to RM217 million in 2004, at prices attractive to buyers and profitable for the Group. We attribute this success to three principal factors:

1. Quality and Value

Market research shows that the principal appeal of our developments lies in the perceived quality of construction and value for money, with location, landscaping and amenities as important secondary factors. Therefore prior to launching we build show units that become benchmarks for our customers, and undertake to make good any aspect of quality, workmanship or finish that does not match that of the show unit. This guarantee - combined with positive word-of-mouth recommendations from existing buyers and widespread media coverage of our remarkable string of quality awards - reassures buyers that they will be getting the best quality and value available on the market.

2. Performance and Delivery

Our record of prompt completion is another significant factor in buyer appeal. All sales and purchase agreements issued by Naim stipulate completion within two years. However we make every effort to complete ahead of schedule, and in many cases we have delivered finished homes ready for occupation within one year. Once he or she has taken possession, every buyer is briefed about our comprehensive after sales service; a team of on-site craftsmen and technicians are available to make good any defects or shortcomings, promptly and expertly.

3. Fully Functioning Communities

When our buyers move into their homes they are moving into fully functioning communities.

Landscaping is already under way or even completed; street lighting, utilities and other amenities are fully operational; essential community infrastructure such as schools, shops and religious buildings are either present or nearing completion; and community security officers are patrolling the area.

message to our shareholders



Bandar Baru Permyjaya

Bandar Baru Permyjaya continued to be our star performer. This integrated satellite township is one of the most popular and successful suburban developments in Malaysia. During the course of the year 761 homes and commercial properties were sold to a value of RM138.6 million. During the coming year a further 15-20 new housing products will be launched, offering an even greater variety of comfortable and affordable homes to the broadest possible range of buyers. **For the first quarter of 2006, Bandar Baru Permyjaya continued to achieve robust sales, putting us on schedule for another very successful year.**

Desa Ilmu

Desa Ilmu, the largest integrated development in Kota Samarahan, Kuching's hi-tech satellite town, was another excellent performer. We achieved sales of 597 units at a total value of RM91.7 million.

For 2006 we will be launching a further 7-10 new housing products at Desa Ilmu, to capitalize on its strong buyer appeal. Although lying outside metropolitan Kuching, it is far closer and better linked to the City Centre than many developments within the sprawling state capital. **The proximity of two universities and a hi-tech free industrial zone, combined with easy access to shops and public amenities, have made Desa Ilmu a very popular place in which to live.**

Desa Ilmu's continued popularity has resulted in a buyer take-up rate of almost 100% for every sales launch, and we are pleased to note that this gratifying trend has continued into the first quarter of 2006.

Naim Commercial Centre

During 2005 we launched this 2.4-acre commercial development in one of central Kuching's busiest and most attractive locations, comprising 17 shophouses and a large stand-alone retail space for an anchor tenant. At the initial sales launch we sold 6 shophouse units at premium prices for a total value of RM7.13 million. Although we are not in any particular hurry to secure additional buyers, given the appreciating value of the unsold properties, further premium price sales are anticipated prior to the project's completion in late 2006.

The Riveria

Located at the heart of Kuching's popular southern corridor, on 100 acres of attractive river frontage directly adjacent to the Kuching-Kota Samarahan road, *The Riveria* has an even finer location than Desa Ilmu. The area is already well established through existing developments such as the Tabuan area and Stutong Jaya, and a great deal of infrastructure, social and educational amenities and major employers are already in place. We conducted our initial sales launch during the 4th quarter of 2005 and achieved an excellent



response, selling 68 homes for a total value of RM17.7 million. This initial success reinforces our belief that Riveria will become one of the most successful developments in our portfolio.

Kuching - Exclusive Residential Developments

We continued planning work on two high-quality residential developments in central Kuching; a 4.7 acre development at Jalan Bukitani which will offer high quality homes in the upper-middle price bracket, and a 1.5 acre high-end development at Jalan Bampfylde, Kuching's "Millionaire's Row," Work will commence on these projects when the ongoing development planning is completed.

Desa Labang, Bintulu

Currently at the planning stage, Desa Labang is one of the key assets for the Group's future growth. This huge land package of over 1,000 acres is ideally positioned to meet the growing housing needs of Bintulu, Sarawak's industrial powerhouse. With continuing growth in the petrochemical industry, plus a number of mega-projects slated over the next decade, housing demand in Bintulu is set to grow rapidly, and buyer incomes are likely to increase accordingly.

Construction Operations

Construction continues to play an important and expanding role in the Naim Group's activities. Despite delays in the awarding of construction projects that were originally anticipated in the first quarter of 2005, the Construction Division was still responsible for 21% of the Group's revenues, contributing RM7.3 million in pre-tax profits.

We anticipate a far greater profit contribution in the future, given the continuing expansion of our order book. **At April 14, 2005 our order book stood at just approximately RM1.5 billion*, yet a year later it stands at approximately RM2.28 billion*, a year-on-year expansion of over 50% for the second year in succession.** We attribute these new orders to our excellent track record, combining award-winning quality with early completion and fiscal transparency. The setting of stringent quality targets and aggressive completion dates is the key to this successful strategy, which has been expertly implemented by our hard-working and thoroughly professional management team and workforce. Our key construction activities are described in the following paragraphs.

* These figures include projects at the letter of intent stage, using third party estimates of their approximate value. Therefore the actual value of contracts to be awarded and/or secured may vary substantially.

message to our shareholders



Projects Completed in 2005

We completed five major projects during the year to a total contract value of RM245.9 million. All were completed and handed over on time or ahead of schedule

1. Institut Latihan Perindustrian (ILP), Miri (Phase 1)

Set to become the principal centre for vocational training in northern Sarawak, this RM76 million project was completed on 29 December 2005, and handed over to Jabatan Tenaga Manusia (JTM) on 7th March 2006, over 5 weeks ahead of schedule.

2. Upgrading of Sibul-Bintulu Road (Package 3)

The roadworks components of this RM96.15 million project for the Ministry of Transport were successfully completed 5 months ahead of schedule at the end of 2004. The project was handed over in May 2005 upon successful and timely completion of the new Batang Kemena Bridge (see below).

3. New Batang Kemena Bridge, Bintulu

Part of the aforementioned Sibul-Bintulu road package, this 456-metre bridge was only the second in Malaysia to be built using the Incremental

Launching Method (ILM), whereby the bridge is actually built on land and launched out in 20-metre stages. This process is not only one of the most dramatic and imposing sights in the entire construction industry; it also offers equally dramatic savings in both time and cost. Having acquired considerable expertise in this innovative technology, which is widely used in Europe, the Naim Group will be seeking additional bridge projects in Malaysia where the ILM method can be applied.

4. External Water Supply Along Tudan-Kuala Baram Highway

This RM3 million infrastructure project, serving schools and colleges in Miri, was started on 27 October 2004 and was completed on 31st March 2005, a month ahead of schedule.

5. Kolej Sains Kesihatan Bersekutu, Padawan, Kuching Division

Healthcare education in Sarawak received a major boost when this RM70.75 million college was handed over to the Sarawak State Health Department in June 2005. This was achieved despite extremely problematic terrain conditions, thanks to the resourcefulness, professionalism and sheer hard work of our engineering and construction staff.



Ongoing Projects

Approximately RM860 million worth of projects are currently under way, and are all progressing on target or ahead of schedule.

1. Police General Operations Force Camp, Kuching

This RM313 million turnkey project for the Ministry of Internal Security will comprise every component of a major operational, training and residential complex for the Police General Operations Force, located on a 250-acre site. Despite delays in awarding the contract and site handover, the project is proceeding smoothly and is on schedule for timely completion in September 2008.

2. Upgrading of Kuching-Sibu Road (Julau Junction to Sibu Airport)

This important RM176.5 million road-upgrading project is a key part of the Pan-Borneo Highway. The problematic terrain along most of its length presents the group with an excellent opportunity to showcase its road-building capabilities. The project is currently on schedule for timely completion in March 2009.

3. New Dewan Undangan Negeri (DUN) Complex

The future seat of Sarawak's State Government is a 45/55 joint venture with PPES Works Sdn Bhd, with a total value of RM296 million. At the time of writing, all major sub-contracts have been awarded, the Naim Group has already carried out earthworks, piling and pile capping, and the project is proceeding on schedule for completion in September 2007.

4. Balingian Access Road and Batang Balingian Bridge

This RM35 million project for JKR Sarawak is on schedule for completion in September 2006 and will provide direct vehicle access to a region that is assuming increasing importance for Sarawak's booming oil and gas industries.

5. Institut Latihan Perindustrian (ILP), Miri (Phase 2 Stage 1)

Following the early completion of the award-winning ILP Phase 1, we received the Letter of Award for the final phase of the ILP project in August 2005. Phase 2 Stage 1 comprises the construction of staff and student accommodation and extensive social, recreational and religious facilities, together worth RM 33 million. Work is already under way and the project is due for completion in June 2008. Phase 2 Stage 2 is described in Future Projects below.

message to our shareholders



6. Kompleks CIQ, Limbang

The Limbang Customs, Immigration and Quarantine Complex for the Ministry of Home Affairs represents a departure from our usual strategy of targeting negotiated contracts. Our successful tender for this RM37.45 million project indicates that we are as competitive on cost management as we are on quality and timely delivery. It also allows us to demonstrate the quality of our work to large numbers of international travelers between Malaysia and Brunei.

7. Maktab Rendah Sains MARA, Mukah

Further endorsement of our new policy of bidding for tendered projects came with the award of this RM48 million project in early 2006. The project comprises construction of a main academic block, an administrative block, a multi-purpose hall, laboratories, libraries, workshops, student hostels, staff quarters and social and religious facilities. We have already commenced work, ahead of schedule, to ensure timely completion in April 2008.

8. Low Cost Housing for Sarawak State Government

This ongoing project, to provide quality homes for lower income families at a number of locations throughout the state, is proceeding steadily and enjoying an excellent take-up rate amongst eligible applicants.

9. Sacofa Telecommunications Towers

A government initiative to provide effective shared infrastructure for all cellular telecommunications providers in Sarawak, the RM3.5 million first phase of this ongoing project is on target for timely completion in December 2006. We completed 10 new telecommunications towers during the year.

10. Feasibility Study and Proposal for Water Treatment and Supply, Kuching

The Naim Group was tasked by the Ministry of Public Utilities Sarawak to produce a feasibility study and proposal for the Privatization/Build-Operate-Transfer (BOT) of the Raw Water Supply Sources and Treatment into Potable Water for the Greater Kuching Region. The preliminary study and the proposal are now in the final stages of preparation.



Future Projects

Projects in the pipeline include those where the contract has already been awarded and those at the Letter of Intent (LOI) stage. Together they have an estimated total value of almost RM1.24 billion*. **They present excellent business opportunities for the Group, not only in terms of future revenue and profits to be obtained, but also for their potential to act as showcases for our engineering and project management capabilities.**

1. Affordable Housing Project for the Federal Government

We were recently awarded a contract by a Federal Government agency to construct approximately 5,700 affordable homes and associated commercial buildings for lower-middle income families in three locations in Sarawak. We attribute the award of this project, with a projected total value of over RM707 million (including land), to our excellent reputation as a developer of high quality, value-for-money homes.

2. Construction of Bengoh Dam, Kuching

This 63 metre high by 267 metre long dam will have a capacity of 144 million cubic metres (1m³ = 1,000kg or

1 tonne) and will produce a lake with a surface area of almost 9 sq km. Designed to secure Kuching's water supply for the foreseeable future, the dam will be constructed using Roller Compacted Concrete (RCC) technology with a projected service life of 100 years. The RM250 million package also includes ancillary buildings, infrastructure and associated works.

3. Upgrading of Mukah Access Road

Providing fast and direct access to one of Sarawak's fastest growing regions, this RM180 million project for Jabatan Kerja Raya (JKR) Sarawak will release the economic potential of Sarawak's coastal heartland when completed in September 2007.

4. Institut Latihan Perindustrian (ILP), Miri (Phase 2 Stage2)

As described in the previous section, Ongoing Projects, we received the Letter of Award for the final phase of the ILP project in August 2005. Phase 2 Stage 2 is a RM100 million procurement award for the supply of high-technology training and industrial equipment, due for delivery and commissioning in June 2008.

* These figures include projects at the letter of intent stage, using third party estimates of their approximate value. Therefore the actual value of contracts to be awarded and/or secured may vary substantially.

message to our shareholders



Manufacturing And Trading Divisions

The Manufacturing and Trading Divisions are important contributors to the Group's performance. Although modest in size compared to the Property and Construction Divisions, they provide valuable synergy by ensuring timely supply of materials and reducing procurement costs. During the year in review they contributed 4% of our revenues and more than half a million Ringgit in profit before tax.

Thanks to their unstinting efforts and prudent estimating strategies, we were once again spared any significant impact from the worldwide shortages of steel and other construction materials.

Corporate, Administrative and Back Office Operations

Quality Management

The sheer quantity and value of the awards we have received this year demonstrates once again that our commitment to quality pays off. However, just because our Quality Policy has played such an important role so far does not mean we are content to rest on our laurels. During the year we have made strenuous efforts to further upgrade our Quality Management function; full details are given on page 71 of this annual report.

Nevertheless, we would like to note that our home buyers and construction clients both cite our excellent quality as one of their principal reasons for doing business with us.

Health and Safety

Work-related illnesses and accidents delay projects, damage structures and equipment, and most importantly they cause injury, pain and suffering to people. Therefore health and safety are of overriding concern to the directors, management and staff on the Naim Group. Our rigorously enforced Healthy Workplace and Zero Accident Policies once again yielded positive results, with no work-related illnesses or accidents being reported for the year in review.

Information Technology

The adoption of new and emerging technologies gives the Naim Group a valuable competitive edge. It allows us to manage projects more effectively and to construct better homes, buildings and infrastructure. For this reason we devised a 5-year IT Plan in 2004, which has been steadily implemented throughout the year in review, with a total of RM1.6 million invested in infrastructure upgrades.



All projects are now managed using cutting-edge Primavera project management software; our property sales, marketing and management activities are run using IFCA Property Plus, and we have invested in Lotus Notes Domino Server to enable us to develop collaborative systems throughout the organization. We are also evaluating and assessing workflow management applications and land administration systems.

On the systems and hardware front we now have more than half a terabyte of storage capacity serving a group-wide intranet, which we are extending to the remotest locations using V-Sat technology. **To ensure successful adoption and buy-in by IT users, we are conducting change management programmes which focus on enabling and empowering all of our employees.** As a result, we are now able to provide a comprehensive range of IT services to our staff, our customers, our suppliers and our subcontractors, including the following:

- Sub-contractor management
- Direct labour management
- Plant and equipment management
- Quantity surveying for tenders
- Financial and accounting services
- Spam control
- Enhanced network security
- Online house sales and booking (end 2006)
- Virtual walk-throughs of properties (end 2006)

Business Process Re-Engineering

During the year we introduced a Business Process Re-Engineering Programme, which will be our main corporate priority for 2006 and beyond. Put simply, the exercise involves identifying, evaluating and documenting each and every process used in the course of our business, then streamlining and integrating these processes to optimise efficiency, effectiveness, responsiveness and flexibility. Our IT systems and workflow management will then be re-aligned to fit the precise needs of the organisation and all the individuals working within it (rather than vice versa), to maximise user adoption and buy-in. This exercise is being carried out not in response to any existing business needs, but to fully prepare ourselves for whatever challenges the future may hold for us, and through its implementation we look forward to a successful long-term future of hyper-productivity and enhanced profitability

Corporate Governance

Good corporate governance has been a Naim priority since the group's inception, as we feel that transparency and fiscal probity are the best tools with which to build trust and mutual respect between directors, staff, customers, suppliers and shareholders. **The Group has always adhered to the highest standards of corporate governance set out by the various**

message to our shareholders



regulatory bodies, and during the year in review it has taken further measures to become a role-model for transparency, accountability and good corporate citizenship. See the Statement on Corporate Governance on pages 48 to 64 of this annual report for full details.

The Board of Directors - New Faces and Departing Friends

During 2005, we were delighted to welcome two new faces to our Board of Directors, both Independent Non-Executive Directors bringing valuable skills and experience to the decision-making progress. Datu Haji Abdul Rashid Bin Mohd Azis is also Deputy Chairman and CEO of the Sarawak Foundation, and is a leading figure in both public and private sector administration. He has held a number of senior government posts and key directorships in listed companies. The second new face, Datuk Peter Minos, sadly resigned later in the year. He carries our best wishes for his future career. Our best wishes and sincerest thanks also goes out to Executive Director Mr. William Wei How Sieng, who resigned during the year after a long and fruitful association with the group.

In February 2006 we further reinforced the Board with a highly experienced Senior Executive Director, Encik Ahmad Bin Abu Bakar, who is a leading specialist in the fields of finance and accounting and has also been appointed Director of Finance and Operations.

Ir. Abang Jemat Bin Abang Bujang was re-designated from Non-Executive Director to Executive director during the year in review, and we believe his extensive knowledge of telecommunications engineering will make him a valuable contributor to the Group's leadership team.

Corporate Citizenship - Social and Environmental Responsibilities

The Board of Directors, Management and Staff of Naim believe that we have a social and moral obligation to share our success with those less fortunate than ourselves and to develop the communities and the society that nurture us. Therefore during the year our corporate donations via the Tabung Amanah Naim (Naim Trust Fund) amounted to over one million Ringgit. The majority of donations were directly charitable in nature, but there were also significant contributions to the development of sports, through no-strings-attached sponsorship, and education, through direct donations to schools, scholarships, bursaries and sponsorship of educational activities. On the environmental front, we continued to promote the greening of our developments, through the construction of parklands and sponsorship of tree planting. We also adhered to environmental regulations and requirements during the course of our activities, and strove to minimize the environmental impact of any and all of our activities. Further details are provided on pages 68 to 70 of this Annual Report.



FUTURE OUTLOOK

The future offers a wealth of opportunities for the Naim Group, both for 2006 and for the years beyond.

Property

Our Property Division is expected to perform well, an expectation which is reinforced by the excellent first quarter 2005 sales for both Bandar Baru Permyjaya, Miri and Desa Ilmu, Kota Samarahan. The outlook for the Sarawak economy is excellent, according to a number of leading independent analysts and commentators, whose views are outlined in Appendices 1 and 2 of this Annual Report. The resulting knock-on effect bodes well for the property sector

Our two flagship developments, Bandar Baru Permyjaya in Miri and Desa Ilmu in Kota Samarahan, offer a constant stream of readily saleable residential and commercial properties which will bring substantial revenues beyond 2008. Properties awaiting completion over this period have a combined total GDV of over RM3.3 billion.

Work is almost completed on the Naim Commercial Centre, a 2.4 acre retail and commercial project in central Kuching, and we have already been able to sell a number of properties at very high premiums compared to the going rate for shophouses in Kuching.

However the most exciting medium-term prospect is Riviera, an up-market satellite township ideally located along picturesque river frontage within Kuching's fast-growing southern development corridors. We successfully commenced sales in the final quarter of the year, and anticipate high demand for the project to 2010 and beyond

Desa Labang in Bintulu holds the key to the Naim Group's growth in the long term. This huge land package of over 1,000 acres is perfectly positioned to fulfil the housing needs of Bintulu as rapid industrial expansion takes place over the coming decade.

Finally, our team of professional land valuers and property acquisition specialists are continuously seeking out new opportunities to add to our most important physical asset, both in Sarawak and beyond. Our land bank, currently standing at over 2,600 acres of prime development land, it is one of the largest and most valuable in Sarawak.

Construction

With a fast-expanding order book that now stands at a remarkable RM2.28 billion (including projects at the Letter of Intent stage), the Construction Division's future is indeed bright. Key public sector projects - such as the new Police General Operations Force Camp, the Bengoh Dam, the various Trans-Borneo Highway

message to our shareholders



upgrade packages, the Institut Latihan Perindustrian Phase 2, Dewan Undangan Negeri Complex and the huge Federal Government Affordable Housing Project - will not only provide valuable revenue for the Group. They will also give us the opportunity to demonstrate our expertise, our dedication and our quality to major institutional clients and to the general public. The securing of two major projects by open tender - the Limbang CIQ Complex and the MARA Junior Science College at Mukah - also suggests that we have achieved benchmark standards of cost competitiveness.

The successful completion of all of these projects will in turn give us valuable leverage and credibility for the securing of future construction and civil engineering contracts, and should help to make the Naim Group a household name throughout the Malaysian construction sector and beyond.

The Reasons For Our Confidence

We are confident **our property developments, both existing and planned, will continue to attract a steady flow of enthusiastic buyers willing to pay premium prices**, because we have established a reputation in the marketplace for quality, reliability, customer care and after-sales service that has made us the market leader in Sarawak and one of the Edge's Top-30 property companies in Malaysia.

We are confident our Construction Division will go from strength to strength, expanding and tackling increasingly complex projects, because of our remarkable track record of offering award-winning quality, timely completion and value for money. **We have enhanced our cost competitiveness to a point where we can bid confidently for publicly tendered projects, while continuing to offer the excellent quality our customers have come to expect.**

We are confident the Malaysian and Sarawak economies will grow steadily in an atmosphere of prosperity, peace and harmony. Our Federal and State Governments, under the inspired leadership of YAB Datuk Seri Abdullah Ahmad Badawi and YAB Pehin Seri (Dr) Haji Abdul Taib Mahmud, have a remarkable record of effective, stable government, and **the 9th Malaysia Plan is most generous in its allocations for infrastructure development in Sarawak.**

With thousands more comfortable and affordable homes to be launched, and almost RM3 billion worth of construction projects under way or in the pipeline, our prospects for the short, medium and long terms all look very promising indeed. **Our ongoing Business Process Re-Engineering exercise will further increase shareholder value through increased efficiency, flexibility and productivity.**



Such excellent prospects naturally place a great responsibility on Naim's Board of Directors to fulfil the Group's great promise. Therefore **we would like to state unequivocally that all of us at the Naim Group - the Board of Directors, management and staff - will do our utmost to ensure that we make the most of every opportunity, and will continue to work hard to deliver increasing value and excellent performance to all our stakeholders.**

ACKNOWLEDGEMENTS

We would like to convey our **sincerest thanks to our fellow directors and all the employees of Naim Group for their hard work and professionalism**, for all the personal sacrifices they have made to get the job done, and for all their efforts to ensure that our 10th anniversary year was such a memorable one. We would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us such close cooperation and support during 2005. Heartfelt thanks are also due to our joint venture partners, sub-contractors, consultants, professional advisors and service providers, whose unstinting efforts have helped our Group to perform so well. Thanks are due in equal measure to those industry associations, media organizations and professional colleagues who have kindly singled us out to receive their awards, tributes and accolades.

However the **warmest thanks of all are due to those remarkable people who have backed us with their own hard-earned money - our shareholders.** Whether you are large institutional investors working on behalf of millions, or small investors seeking to secure your retirement years or your children's education, we value every single Sen you have invested in our Group. We are delighted that you have given us the opportunity to reward your strong faith in our abilities.

Finally, we would like to offer **a special word of thanks to our customers - the various Government Departments who have entrusted us with key infrastructure and public housing projects, and the thousands of ordinary Malaysians who have bought their homes from us.** You have not only contributed to our financial success; you have also helped to make Sarawak a better place to live, by endowing the state with first class infrastructure, and by transforming our development projects into vibrant living communities.

Thank you

Datuk Abdul Hamed Bin Haji Sepawi
Non-Executive Chairman

Datuk Hasmi Bin Hasnan
Managing Director and Chief Executive Officer

board of directors



Non-Executive Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Chairman

Board Executive Committee

Nomination Committee

Business Development Committee

Datuk Abdul Hamed Sepawi, aged 57, was appointed as Non-Executive Chairman of Naim Cendera Holdings Berhad on 25 July 2003. Prior to the Naim Group's listing he was Non-Executive Chairman of Naim Cendera Sdn. Bhd. (since 12 October 1995). He received his early education at St. Columba's School, Miri and Malay College, Kuala Kangsar. He graduated with a BSc (Hons) from the University of Malaya in 1971, pursued undergraduate studies in forestry at the Australia National University from 1974 to 1975, and later obtained an MSc in Forest Products from Oregon State University, USA.

Whilst remaining active in the timber and plantation industries, Datuk Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 28 years, he has been active as an investor, a manager and a director in companies carrying out civil works, offshore engineering, construction, housing, and property development.

He was a member of the National Economic Consultative Council II and was awarded the title of Panglima Gemilang Bintang Kenyalang on 11 September 1999. He sits on the Board of the Sarawak Timber Industry Development Corporation, a state statutory body in Sarawak. He is also the Executive Chairman of Ta Ann Holdings Berhad and Chairman of Sarawak Enterprise Corporation Berhad, companies listed on Bursa Malaysia Securities Berhad, and Director of Sarawak Plantation Berhad.



Managing Director &
Chief Executive Officer
Datuk Hasmi Bin Hasan

Chairman
Risk Management Committee
Corporate Disclosure Committee

Member
Audit Committee
Board Executive Committee
Remuneration Committee
Human Resource Operations Committee
Business Development Committee
Business Process Engineering Committee

Datuk Hasmi Bin Hasan, aged 53, is the founder of Naim Cendera Sdn. Bhd., a wholly-owned subsidiary of Naim Cendera Holdings Berhad. He was appointed Managing Director of Naim Cendera Holdings Berhad on 25 July 2003. He graduated with a BSc in Estate Management from the University of South Bank, London, UK in 1978. He is a member of the Malaysia Institution of Surveyors, a Senior Certified Valuer with the International Real Estate Institute, USA, and a member of FIABCI (a Paris-based worldwide network for professionals involved with the property industry).

He began his career in 1979 as a valuer in the Sarawak Land and Survey Department. Since 1982, he has been involved in a wide range of businesses, including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993 he became the Managing Director of Naim Cendera Sdn. Bhd., and has since been the main driving force behind the company's growth and expansion. He was awarded the title of Panglima Gemilang Bintang Kenyalang on 9 September 2000.

He is also a Director of Sarawak Plantation Berhad.

board of directors



Executive Director and Chief Operating Officer

Ir. Suyanto Bin Osman

Member

- **Board Executive Committee**
- **Risk Management Committee**
- **Business Development Committee**
- **Business Process Engineering Committee**

Ir. Suyanto Bin Osman, aged 48, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003. He is responsible for the overall performance of the business development and construction of the Group. He holds a BSc in Civil Engineering from the University of Manchester Institute of Science & Technology, UK. He is a registered Professional Engineer with the Board of Engineers, Malaysia and also a member of the Institution of Engineers Malaysia (IEM) and the Project Management Institute (PMI).

He started his career as an Engineer with the Public Works Department from 1981 to 1987. In 1988, he joined Dewan Bandaraya Kuching Utara (DBKU) as Deputy Director where he was responsible for the overall control of the planning and development of Kuching City, Sarawak. He later joined HAPM Consultant in 1995 as Executive Director where he was the Project Director of various mega-projects including the 77 Storey Headquarters Building of Telekom Malaysia (RM700 million), the Bakun Resettlement Scheme (RM300 million), Multimedia University Cyberjaya (RM350 million) and University Malaysia Sarawak (RM1 billion). He joined the Group's wholly owned subsidiary Naim Cendera Sdn. Bhd. in April 2003.



Executive Director

Ahmad Bin Abu Bakar

Member

- **Board Executive Committee**

(appointed member of Board Executive Committee on 15 March 2006)

Encik Ahmad Bin Abu Bakar, aged 52, was appointed Executive Director of Naim Cendera Holdings Berhad on 6 February 2006. He is a member of both the Chartered Association of Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA). He is principally responsible for overseeing the financial management and operations of the Group.

Prior to joining the Group, he held senior positions in a number of blue-chip and/or multinational companies. His roles included Group Financial Controller/Director, Executive Director (Operations) and Chief Operating Officer/Director. Amongst others, he has worked for Malaysia Credit Finance Berhad, Fima Metal Box Berhad, DMIB Berhad, Sime Darby Group and Land and General Berhad. Encik Ahmad brings to the Board a wealth of experience, especially in the financial management of the finance, hotel, plantation, construction and property development industries.

Executive Director

Kueh Hoi Chuang

Member

- Risk Management Committee
- Business Development Committee
- Human Resource Operations Committee
- Business Process Engineering Committee

Mr. Kueh Hoi Chuang, aged 50, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003. He holds a Bachelor of Arts degree from the University of Guelph, Canada, and is a member of the Institute of Approved Company Secretaries.

Mr Kueh has been involved in the property and construction industry since his graduation in 1983. He was initially employed by Custodev Sdn. Bhd., where he specialized in property management, development and construction. He joined our wholly owned subsidiary Naim Cendera Sdn. Bhd in 1993 and rose rapidly through the ranks. He currently heads the Naim Group's property division, responsible for the development of the Group's flagship projects at Bandar Baru Permyjaya, Miri, and Desa Ilmu, Kota Samarahan. He also has extensive sales and marketing experience in properties developed under his leadership.



Executive Director

Abang Hasni Bin Abang Hasnan

Encik Abang Hasni Bin Abang Hasnan, aged 55, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003. He received his early education in Government Secondary School, Kanowit and later pursued studies in carpentry and joinery and obtained a Certificate from City & Guilds of London Institute. In 1972 he attended a technical course in wood processing and mechanical and engineering equipment at British Columbia Institute of Technology, Canada.

From 1967 to 1983 he worked as an Instructor to the Forest Department, Kuching. From 1983 to 1988 he joined Equatorial Timber Moulding Sdn. Bhd. as Assistant Factory Manager. Thereafter he was employed as Production, Research & Development Manager by Gagasan Sdn. Bhd., a company involved in timber related business. In January 1997 he joined Naim Cendera Sdn. Bhd.



board of directors



Senior Independent Non-Executive Director

YB Tuan Haji Hamden Bin Haji Ahmad

Chairman

Audit Committee

Member

Nomination Committee

Risk Management Committee

YB Tuan Haji Hamden Bin Haji Ahmad, aged 58, was appointed Independent Non-Executive Director on 25 July 2003. He is a Chartered Accountant and obtained his membership of the Association of Chartered and Certified Accountants (ACCA) from the London School of Accountancy, United Kingdom, in 1979. He is a Fellow of the ACCA.

He started his career as a Chief Accountant attached to Sarawak Land Development Board, Sarawak, from 1978 to 1982. He later set up his own accounting firm, Hamden Kiu dan Rakan Rakan in 1983. Currently he is an elected member of Dewan Undangan Negeri Sarawak and holds directorships in several private limited companies. He is a Director of BLP Plantation Berhad which is listed on Bursa Malaysia Securities Berhad.



Independent Non-Executive Director

Datu Haji Abdul Rashid Bin Mohd Azis

Member:

Audit Committee (appointed member of the Audit Committee on 16 February 2005)

Nomination Committee (appointed member of Nomination Committee on 5 September 2005)

Datu Haji Abdul Rashid Bin Mohd Azis, aged 60, was appointed Independent Non-Executive Director on 16 February 2005. He graduated with a Masters Degree in Business Administration from Brunel University, UK.

Datu Haji Abdul Rashid has been holding the post of Deputy Chairman/CEO of Sarawak Foundation since August 1997. He is responsible for overall management including investment matters of the Sarawak Foundation. He has worked in Government Service for 40 years and has held various senior posts in Government Departments and Statutory Bodies. He was a Board member of Aseambankers (M) Berhad for seven years since his appointment as CEO of Sarawak Foundation until he resigned from the Aseambankers Board on 31 December 2004. He was also an independent Board member of Tradewinds (Malaysia) Berhad for 3 years.

Independent Non-Executive Director

Dr. Sharifuddin Bin Abdul Wahab

Chairman

Human Resource Operations Committee

Member

Remuneration Committee

Audit Committee (appointed member of the Audit Committee on 18 April 2005)

Dr. Sharifuddin Bin Abdul Wahab, aged 50, was appointed Independent Non-Executive Director on 25 July 2003. He graduated with a Doctor of Veterinary Medicine degree from the University of Agriculture, Faisalabad, Pakistan, in 1981. He then pursued his postgraduate studies, obtained his Masters Degree in Science from Universiti Pertanian Malaysia in 1983, and also holds a certificate in RIA techniques from Cornell University, USA.

He began his career in the education field as a lecturer at Universiti Pertanian Malaysia in 1982 and was active in various research and development activities. He was awarded research grants from the International Atomic Energy Agency (IAEA), Vienna, and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia, and was later appointed as expert for Africa and South East Asia by the IAEA. He joined Schmidt Scientific Sdn Bhd in 1989 and successfully restructured their Biomedical business in Malaysia. He was appointed Executive Director of Schmidt Vietnam Co Ltd from 1995 to 1998 and was promoted to the position of Regional Managing Director in 1999. He was also the Chief Executive Officer of Schmidt BioMedTech Asia Ltd, a multinational company with a presence in over ten countries in Asia. In December 2005, he left Schmidt Biomedtech Sdn Bhd. He also holds directorships in several private limited companies.



Non-Executive Director

Ir. Abang Haji Jemat Abang Bujang

Chairman

Remuneration Committee

Business Process Engineering Committee

Member

Human Resource Operations Committee

Nomination Committee (resigned as member of Nomination Committee on 18 April 2005)

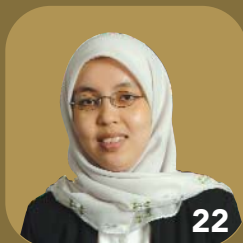
Audit Committee (resigned as member of Audit Committee on 14 March 2005)

Ir. Abang Jemat Abang Bujang, aged 53, was appointed Independent Non-Executive Director on 25 July 2003. Presently he is a Non-Executive Director. He holds a Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia, and is a registered Professional Engineer with Board of Engineers, Malaysia, and is also a member of the Institute of Engineers, Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997.

He joined Telekom Sarawak as a Telecommunication Engineer from 1979 to 1986 and assumed the post of Director from 1987 to 1990. He was the General Manager of Telekom Malaysia from 1995 to 1999. He joined TM Cellular Sdn. Bhd. as Chief Executive Officer from 1999 to 2000. He is currently the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd.



senior management team



- 1 Datuk Hasmi Bin Hasnan
- 2 Ir. Suyanto Osman
- 3 Ahmad Abu Bakar
- 4 Vincent Kueh Hoi Chuang
- 5 Ricky Kho Teck Hock
- 6 Haji Radzali Bin Haji Alision
- 7 Edmund Leong Chin Chiew
- 8 Affendi Sapiie
- 9 Alan Teng Cheong Ming
- 10 Gordan Kab
- 11 Tony Lau Hiang Chu
- 12 Bong Sui Lian
- 13 Haji Abdul Rahman Bin Abdul Rahim
- 14 Joseph Lee Han Sian
- 15 Charles Arthur Bateman
- 16 Jeffery Sim Lai Hee
- 17 Mohd Zaidi Bin Datuk Haji Awang Daud
- 18 Teo Hua Yu
- 19 Haji Abdul Razak Bin Ahmad Marzuki
- 20 Haji Abdullah Bin Mahyudin
- 21 Haji Abdul Jalal Bin Abdul Rahim
- 22 Hasmiah Anthony Hasbi

senior management



from left:

KHO TECK HOCK, RICKY, Group Head of Corporate Affairs and Company Secretary, holds a Bachelor of Commerce degree majoring in Accountancy from the University of Otago, New Zealand. He is a member of the New Zealand Institute of Chartered Accountants and the Malaysian Institute of Accountants (MIA), and has over 25 years of working experience prior to joining the Naim Group.

HAJI RADZALI BIN HAJI ALISION, Head of Property Investment and Overseas Business, is a Member of The Royal Institution of Surveyors, United Kingdom (MRICS) and the Institute of Surveyors Malaysia (MSIM). He has 28 years experience in the property and construction sector through his association with multinational firms. He is also a Registered Valuer and a Registered Estate Agent under the Valuers, Appraisers and Estate Agents Act of Malaysia.

LEONG CHIN CHIEW, EDMUND, Senior Head of Construction, graduated with a Bachelor of Applied Science in Quantity Surveying from Curtin University of Technology, Western Australia, and has 18 years of working experience in the construction industry. He is a Registered Quantity Surveyor with the Board of Quantity Surveyors, Malaysia, and also a Member of the Institute of Surveyors, Malaysia.

AFFENDI SAPIIE, Group Internal Auditor, obtained a Bachelor's degree in Accountancy and a Masters in Business Administration (MBA) from Universiti Teknologi MARA (UiTM). He is a Member of the Malaysian Institute of Accountants (MIA) and has 18 years of working experience prior to joining Naim group.



from left:

TENG CHEONG MING, ALAN, Senior Technical Advisor, provides expert technical support to the Construction Division. He has over 30 years of working experience in the construction industry and has held senior positions in both government and private sectors prior to joining the Naim group. He is a Registered Quantity Surveyor with the Board of Surveyors, Malaysia, a committee Member of the Institute of Surveyors in Malaysia and Singapore, and an Associate Member of the Royal Institute of Chartered Surveyors , UK.

GORDAN KAB, Senior Head of Construction, has 25 years of experience in the construction and manufacturing sector including senior management positions in multinational companies. He holds a BSc in Civil Engineering from Loughborough University of Technology, UK.

LAU HIANG CHU, TONY, Director of Sales, holds overall responsibility for property sales and marketing activities. An MBA graduate from Charles Stuart University, New South Wales, he has 23 years of working experience in banking and administration prior to joining the Naim Group.

BONG SIU LIAN, Company Secretary*, graduated from the Institute of Chartered Secretaries and Administrators (ICSA), UK and is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators and a member of the Company Secretaries Practice Group. She has extensive experience working with public listed companies prior to joining the Naim Group.

* is jointly responsible for the Group's secretarial functions.

senior management



from left:

HAJI ABDUL RAHMAN BIN ABDUL RAHIM, Senior Business Development Manager, holds an MSc in Planning from Universiti Sains Malaysia, Penang, and a BSc in Business Administration from the United States International University, San Diego. He has over 21 years of management experience prior to joining the Naim Group.

LEE HAN SIAN, JOSEPH, Head of Information and Communication Technology, has 24 years of working experience in the ICT field in Malaysia and overseas prior to joining the Naim Group. He is in overall charge of the ICT infrastructure of the Group and is principally responsible for our Business Process Re-Engineering activities. He graduated in IT Engineering from the University of Southampton, UK, and is an Associate Member of the British Computer Society.

CHARLES ARTHUR BATEMAN, Senior General Manager, Land Administration, is responsible for land evaluation and administration matters. He is an Associate of the Royal Institution of Chartered Surveyors, a Member of the Institution of Surveyors Malaysia, and also a Registered Valuer and Estate Agent with the Board of Valuers, Appraisers and Estate Agents of Malaysia. He has 37 years of experience in Land Administration with the government sector prior to joining the Naim Group.

SIM LAI HEE, JEFFREY, Head of Human Resource, is responsible for the overall management of the Group's Human Capital in both Human Resources and Human Resources Development. He has 23 years of working experience in human resources and facilities management and has held senior management positions with various public listed companies prior to joining the Naim Group.

MOHD ZAIDI BIN DATUK HAJI AWANG DAUD, Senior Business Development Manager, has 20 years of working experience in the public sector and has held a number of positions in various government agencies prior to joining the Naim Group in 2005. He has a Master's in Policy Sciences from Curtin University of Technology and a Bachelor's Degree in Political Sciences from Universiti Kebangsaan Malaysia.



from left:

TEO HUA YU, Head of Manufacturing and Trading, has 28 years of working experience involving Site, Machinery and Production Management with various companies prior to joining the Naim Group. He has overall responsibility for the operations of the Manufacturing and Trading Division.

HAJI ABDUL RAZAK BIN AHMAD MARZUKI, Senior General Manager, oversees the daily operations of Naim Citra Sdn Bhd and Total Reliability Sdn Bhd. He holds an MBA from Universiti Teknologi MARA (UiTM) and a Bachelor's Degree in Civil Engineering from the University of Westminster, UK, and is a Member of the Board of Engineers Malaysia (BEM) and a Graduate Member of the Institution of Engineers Malaysia (IEM). His 22 years of working experience includes various senior management positions, prior to joining the Naim Group.

HAJI ABDULLAH BIN MAHYUDDN, Senior Business Development Manager, has 27 years of working experience in the Federal Government, including various senior positions in government departments, agencies, and ministries. He is a Member of the Chartered Institute of Transport, UK.

HAJI ABDUL JALAL BIN ABDUL RAHIM, Group Credit Controller, has 36 years of working experience in the financial and shipping sectors and carries overall responsibility for the Group's Credit Management and Controls. He holds a Diploma in Banking and is also an Associate Member of the Institute of Chartered Shipbrokers.

HASMIAH ANTHONY HASBI, Group Legal Officer, holds an LLB (Hons) from Middlesex University, UK, and an MBA from Universiti Institut Teknologi MARA (UiTM). She joined the Naim Group in 1998 and is involved in the group's legal and secretarial matters.



audit committee

Membership

The Audit Committee comprises the following:-

YB Tuan Haji Hamden Bin Haji Ahmad - Chairman
Senior Independent Non-Executive Director

Datuk Hasmi Bin Hasnan - Member
Managing Director & Chief Executive Officer

Datu Haji Abdul Rashid Bin Mohd. Azis - Member
Independent Non-Executive Director

Dr. Sharifuddin Bin Abdul Wahab (appointed member of the Audit Committee on 18 April 2005)
Independent Non-Executive Director

Abang Jemat Bin Abang Bujang (resigned as member of Audit Committee on 14 March 2005)

Dato' Peter Anak Minos (appointed member of audit Committee on 18 April 2005, resigned as director of the Company on 5 September 2005 and ceased to be member of the Audit Committee on the same date)

The Audit Committee currently comprises the participation of 3/4 Independent Non-Executive and 1/4 Executive as follows:-

Category	No. of directors	Percentage
Independent Non-Executive Director	3	75%
Executive Director	1	25%
Total	4	100%

Attendance at the Audit Committee Meetings

The Audit Committee met seven (7) times during the year 2005 and the details of attendance are as follows:-

Audit Committee Members	No. of Meetings attended	Attendance (%)
YB Tuan Haji Hamden Bin Haji Ahmad	6/7	86
Datuk Hasmi Bin Hasnan	6/6	100
Ir. Abang Jemat Bin Abang Bujang (resigned as member of the Audit Committee on 14 March 2005)	2/2	100
Datu Haji Abdul Rashid Bin Mohd Azis (appointed on 16 February 2005)	4/5	80
Dr. Sharifuddin Bin Abdul Wahab (appointed on 18 April 2005)	5/5	100
Dato' Peter Anak Minos (appointed on 18 April 2005 and resigned on 5 September 2005)	4/4	100

External auditors, internal auditors and relevant management staff are invited to attend the Audit Committee meetings to discuss the results, the audit findings and financial reporting issues.

The Independent Directors of the Audit Committee met once in executive session with the external auditors but without the presence of the executive member of the Committee and the management.

Activities of the Audit Committee

The activities of the Audit Committee during the financial year under review were as follows:-

- 1) Reviewed and discussed audited financial statements and the quarterly unaudited financial statements with management and both external and internal auditors to ensure compliance with the Malaysian Accounting Standard Board (MASB).

- 2) Discussed with auditors matters required to be discussed in accordance with the Statement on Internal Control.
- 3) Based on the review and discussion referred to in 1 and 2 above, the Audit Committee recommended to the Board of Directors
 - a) that the audited financial statements be included in the Company's Annual Report; and
 - b) that the quarterly unaudited financial statements be announced to Bursa Malaysia Securities.
- 4) Reviewed recurrent related party transactions and non-recurrent related party transactions.
- 5) Reviewed and discussed the internal audit plan and reports.
- 6) Reviewed and discussed the audit plan and reports with the external auditor.

FUNCTIONS OF THE INTERNAL AUDIT DEPARTMENT

The functions of the Internal Audit Department are as follows:-

- Reviewing and appraising the soundness, adequacy and application of accounting administrative and other operating controls and providing advice in the use of controls to mitigate risks to an acceptable level and at reasonable cost;
- Reviewing the efficiency and effectiveness of risk management;
- Ascertaining the extent of compliance with established procedures;
- Ascertaining the extent to which assets are accounted for and are safeguarded from losses of all kinds;
- Conducting special examinations and reviews at the request of the Audit Committee and/or the Board of Directors;
- Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations.

Authority:

To accomplish its objectives, the Internal Audit Department is authorized to have unrestricted access to the Company's operations, functions, records, properties and personnel.

Reporting:

The Internal Audit Department reports to the Audit Committee all its auditing activities.

Duties and Responsibilities:

Each year the Internal Audit Department will develop and execute a comprehensive audit plan to be conducted in accordance with applicable auditing standards. A comprehensive report on the internal audit function will be made to the Audit Committee every quarter.

The report will include the annual audit plan, a review of all previous year audits completed and in progress, including any follow-up reviews, and any audits which were scheduled but not done.

Any activity which is illegal, for example conflict of interest, embezzlement or theft, shall be reported to the Chairman of the Audit Committee and the Managing Director immediately upon discovery by the audit staff.

Scope of Internal Audit Coverage

The scope of internal audit coverage during the year 2005 was as follows:-

- a) Audit on IFCA financial software.
- b) Audit on billing and collection on sales of properties at Desa Ilmu Sdn Bhd.
- c) Operational audit of Institute Latihan Perindustrian project in Miri.
- d) Audit of sales systems for trading arm.
- e) Review of Group procurement procedures.
- f) Audit of accounts payable for Desa Ilmu Sdn Bhd.



audit committee

- g) Operational audit on quality assurance and quality control procedures at Bandar Baru Permyjaya Miri.
- h) Operational audit on water reticulation project at Naim Citra Sdn Bhd.
- i) Operational audit on telecommunication tower project at Naim Citra Sdn Bhd.
- j) Audit on purchase of materials for Sibu-Bintulu road project.
- k) Audit on inventory management at Naim Cendera Sdn Bhd.

During the year, reviews of the existing internal controls covered under the audit plan revealed that controls are generally satisfactory and in areas where controls were deemed lax, additional controls have been instituted to address the weaknesses in the system.

TERMS OF REFERENCE

The Terms of Reference for the Audit Committee are as follows:-

Objectives

The objectives of the Audit Committee are to:-

- a) provide assistance to the Board in fulfilling its fiduciary responsibilities particularly in the areas of internal control systems and financial reporting;
- b) provide meetings and communication between Non-Executive Directors, the internal auditors, the external auditors and the management to exchange views and information, as well as to confirm their respective authority and responsibilities;
- c) undertake such additional duties as may be appropriate to assist the Board in carrying out its duties.

Composition

The Audit Committee shall be appointed by the Board from among their number and shall comprise no fewer than three (3) members, where the majority shall be Independent Directors. At least 1 member must be a Member of MIA.

- 2 Independent Non-Executive Directors; and
- 1 Executive Director

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, with the result that the number of members is reduced below 3, the Board shall, within 3 months of the event, appoint such number of new members as may be required to fill the vacancy.

Authority

The Audit Committee shall have:-

- a) the authority to investigate any activity within its terms of reference and it shall have unrestricted access to any information relevant to its activities from employees of the Naim Group. All employees are directed to cooperate with any request made by the Committee.
- b) the necessary resources required to carry out its duties and it is authorized to obtain independent professional advice as it considers necessary.

Duties and Responsibilities

The Audit Committee shall undertake the following duties and responsibilities:-

a) Internal Audit

- i) Review the adequacy of the scope, functions and resources of the internal audit function and ensure that it has the necessary authority to carry out its work;
- ii) Evaluate the internal audit programmes, processes, the results of internal audit programmes, processes or investigations undertaken, and whether or not appropriate action is taken on the recommendation of the Internal Audit Department.

b) External Audit

- i) Review with the external auditors their audit plan, scope of audit and their audit reports;
- ii) Evaluate the system of internal controls;
- iii) Evaluate the performance of external auditors and make recommendations to the Board of Directors on their appointment and remuneration.

c) Audit Reports

- i) To consider the major findings of internal investigations and management's response.
- ii) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).

d) Financial Reporting

Review the quarterly and annual financial statements of the Naim Group for recommendation to the Board of Directors for approval, focusing particularly on:-

- i) changes in or implementation of major accounting policy changes;
- ii) significant and unusual events; and
- iii) compliance with accounting standards and other legal requirements.

e) Related Party Matters

Review the related party transactions and conflict of interest situations that may arise within the Naim Group, including any transaction, procedure or course of conduct that raises questions of management integrity. They are also required to ensure that the Directors report such transactions annually to the shareholders via the annual report.

f) Other Matters

Consider such other matters as the Committee deems appropriate or as authorised by the Board of Directors.

Meetings

Meetings shall be not less than 4 times a year. A quorum shall consist of 2 members; the majority of members present must be independent directors.

The members of the Audit Committee shall elect a Chairman from among their number who is an Independent Director.

The Secretary of the Committee shall be the Company Secretary.



statement on corporate governance

A Note on Terminology: Naim Cendera Holdings Berhad is the ultimate holding company for Naim Cendera Sdn Bhd and other subsidiary companies, as well as their respective subsidiaries. As the principles and practices of good corporate governance apply not only to the ultimate holding company but also all of its subsidiaries, we have chosen to forego the use of the term "Company" in this statement, and instead use the term "Group", which encompasses all companies operating under the control of Naim Cendera Holdings Berhad.

Corporate Governance comprises those processes, procedures, policies and laws that affect the way the Naim Group is directed, administered and controlled. Corporate governance also includes the relationships among the many business associates involved with or affected by the Group's operations (the stakeholders) and the goals for which the corporation is governed. These stakeholders include employees, suppliers, customers, financial institutions, regulators, various interest groups (such as environmental groups, social welfare organisations, etc.) and the community at large. All parties to corporate governance have an interest, whether direct or indirect, in the effective performance of the organization.

In the broadest sense, corporate governance encompasses the framework of rules, relationships, systems and processes within which fiduciary authority is exercised and controlled within the Naim Group.

As a result of the separation of ownership and control, an effective system of corporate governance is essential in order to align the principal's best interest with the interests of the other corporate participants outlined above.

The Board of Directors recognises the importance of corporate governance and is continuously seeking to develop an ideal model that aligns the values of all corporate participants, and at the same time evaluates performance via benchmarking and key performance indices, in order to achieve maximum organisational effectiveness.

BOARD OF DIRECTORS

The Board of Directors plays a vital role in corporate governance. It endorses the organisation's strategy, develops policy, appoints and remunerates staff, and ensures accountability to the shareholders and the relevant authorities.

BOARD COMPOSITION AND BALANCE

Details of Board's composition during the year under review are as follows:

Category	No. of directors	Year under review		As at 31st Dec 2005	
		Addition	(Resignation)	No. of directors	(%)
Executive Directors	5	0	(1)	4	45
Non-Executive Directors	1	1*	0	2	22
Independent Non-Executive Director	3	2	(1)* (1)	3	33
Total	9	3	(2) (1)*	9	100

* Re-designation of Abang Jemat Bin Abang Bujang from Independent Non-Executive Director to Non-Executive Director

During the year, two independent non-executive directors were added to the Board. However, one resigned later in the year. One executive director also resigned from the Board during the year under review.

It is the policy of the Company that the number of directors may be expanded to ensure that the Board functions efficiently. On 6 February 2006, one executive director was added to strengthen the working Board. The latest composition of the Board is as follows:

Category	No. of directors	(%)	Minimum Requirement
Executive Directors	5	50	N/A
Non-Executive Directors	2	20	N/A
Independent Non-Executive Directors	3	30	3
Total	10	100	

The Executive Directors and the Managing Director monitor and oversee the performance of the senior management team, which is charged with the day-to-day management of the Group's business. Non-Executive Directors do not participate in the routine operations of the Group. Independent Non-Executive Directors are independent of management and free of any business or other relationship, and therefore bring independent thinking, views and judgment to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of the interests disclosed by them.

The Non-Executive Directors draw upon their professional knowledge, background, and experience - especially advice they get from outside the Group

and/or through the personal and business relationships they have developed - to help the Board tackle its related challenges.

YB Tuan Haji Hamden Bin Haji Ahmad, Senior Independent Non-Executive Director, shall continue to act as a liaison between the investment community and the Group's management and the Board.

BOARD MEETINGS

The Board meets every quarter and also convenes meetings as and when deemed necessary. The Board met five times during the year in review.

Details of Board Members' attendance is as follows:-

Name of Director	Number of Board Meetings attended	Percentage
Datuk Abdul Hamed Bin Haji Sepawi	5/5	100
Datuk Hasmi Bin Hasnan	5/5	100
Ir. Suyanto Bin Osman	5/5	100
Mr. William Wei How Sieng (resigned on 31 May 2005)	1/3	33
Mr. Kueh Hoi Chuang	5/5	100
Abang Hasni Bin Abang Hasnan	5/5	100
YB Tuan Haji Hamden Bin Haji Ahmad	4/5	80
Ir. Abang Jemat Bin Abang Bujang	5/5	100
Dr. Sharifuddin Bin Abdul Wahab	5/5	100
Datu Haji Abdul Rashid Bin Mohd Azis (appointed on 16 February 2005)	4/5	80
Dato' Peter Minos (appointed on 18 April 2005 and resigned on 5 September 2005)	3/3	100
Encik Ahmad Bin Abu Bakar (appointed on 6 February 2006)	N/A	N/A

The Board meets at least once every quarter for the purpose of reviewing the Group's quarterly financial performance against its annual operating plan, budget and strategic plans.

Upon recommendation by management, members of the management team and/or advisors will schedule presentations during Board and Committee meetings, in order to provide the Board and/or Committee with additional information that might be considered appropriate with respect to issues, projects, actions and decisions.

Matters reserved for the Board and those delegated to management depend on the capability of each party and also the size, complexity and ownership structure of the matter in question, the corporate culture, and the skills of respective directors and managers. The division of responsibilities between the Board and management therefore varies with the evolution of the Group. Management is currently reviewing the balance of responsibilities, to ensure that the division of functions is adapted according to the changing needs of the Group.



statement on corporate governance

The Chairman is responsible for leadership of the Board, whereas the Managing Director oversees and monitors the performance of the Executive Directors and the senior management team charged with the day-to-day conduct of the Group's business. However, at Board meetings the Chairman and the Managing Director share a common role of providing leadership and guidance to the Board and facilitating effective contribution from Board members to ensure proper deliberation of all matters requiring the Board's attention.

All Board members are required to attend Board meetings. The Board also invites the external auditor, senior management staff and company secretaries to attend the meetings when appropriate. Other visitors may also be invited to attend the meetings from time to time.

A total of nine Board Committees assists the Board in its deliberations (see Board Committees, below, for further details). Each Committee reports to the Board on a regular basis, and keeps the Board fully informed of its respective activities, decisions and recommendations.

SUPPLY OF INFORMATION

Agendas are prepared for each Board meeting and circulated to Directors prior to the meetings.

Agenda items for which resolution is sought are identified and clearly stipulated in the board paper. Presentations are scheduled during Board and Committee meetings by management and/or consultants and advisors in order to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's business. Management prepares such information in advance of each Board and Committee meeting to allow for adequate review and preparation.

In addition, all Directors have unrestricted access to officers and employees of the Group.

The Managing Director, Financial Controller and Company Secretary are responsible for the preparation and circulation of Board papers.

BOARD AND MANAGEMENT RESPONSIBILITIES

The Board is primarily responsible for formulating policies and strategies to maximize long-term shareholder value. The Board and Senior Management are collectively responsible for overseeing the Group's performance and securing optimum performance from its assets.

The Group's governance framework has been designed to enable the Board to oversee effective management and to provide strategic direction.

The Board of Directors reviews the Group's long-term strategy annually. It also approves the business plan, operating budget, capital expenditure budget and financing plans annually. The Managing Director oversees and monitors the performance of the Executive Directors and the senior management team. The Managing Director evaluates senior management performance against those plans and budgets on a monthly basis. The Board reviews the financial performance of the Group on a quarterly basis and it is fundamentally responsible for exercising business judgment and deliberating and deciding on matters of long-term significance to the Group.

CORPORATE RESPONSIBILITIES

Corporate responsibility is about the values and principles that govern the way we operate as an organization. We believe corporate responsibility starts from within the organization, and therefore we have established a set of values founded on 10 governing principles that promote an entrepreneurial culture within the Naim Group. They are:

Honesty
Trust
Respect
Tolerance
Common Goals

Teamwork
Motivation
Dynamism
Listening to Others
Decision by Consensus

These values were first mooted by members of middle and senior management and the Board, at a recent corporate retreat. Therefore we are confident that they express the personal values and aspirations of the people within our organization, and can be successfully inculcated into our corporate culture and the way we do business. The increasing importance we place on corporate values represents a notable change in the direction in which our organization is heading in the future.

The Group's corporate responsibilities are thus summarized as follows:

"To consider, monitor and ensure that our operations continue to have a positive impact on our employees, the communities we work in, and the environment that nurtures us, and to promote trust and mutual respect amongst our customers and all other stakeholders."

ACCESS TO ADVICE

Directors are allowed and encouraged to seek independent or professional advice, at the Company's expense, on any matter they consider crucial to facilitate a business judgment and decision. However, before exercising this right they are required to discuss the issue with the Chairman and Managing Director to ensure that the rights of the Company are not jeopardized and that confidentiality is maintained.

All Directors have access to the advice and services of the Company Secretaries.

RESTRICTION ON DEALING IN SECURITIES

Directors and Principal Officers are discouraged from dealing in the Company's securities during closed periods, i.e. from the period commencing one month prior to the targeted date of announcement of the quarterly results up to one full market day after the announcement.

Additionally, no dealing in the Company's securities is allowed from the time that price sensitive information is obtained up to one full market day after the announcement to the public.

APPOINTMENTS TO THE BOARD

It is the responsibility of the Board to identify and nominate candidates for appointment as members of the Board. Prior to any appointment, the Nomination Committee (see Board Committees, below) assesses and evaluates the new candidate's competence in light of the existing Board's composition, and considers the mix of skills, knowledge, qualifications, expertise, experience and core competencies that will best complement the Board's effectiveness. If the proposed appointment is deemed to be in the best interests of the Group, a recommendation will be submitted to the Board for appointment of the new Director.

Candidates for Non-Executive Director positions will also be assessed on the number and nature of directorships held in other companies and the calls on their time from other commitments, in order to ensure their full contribution as effective Board members.

Please refer to page 126 for Directors' securities holdings in the Company.

Save for Abang Hasni Bin Abang Hasnan who is the brother of Datuk Hasmi Bin Hasnan, there are no other family relationship between the Directors and/or major shareholders of the Company.

All Directors are Malaysians.

None of the Directors have been convicted for any offences.

Please refer to page 49 for Directors attendance at Board meetings held during the financial year.



statement on corporate governance

RE-ELECTION OF DIRECTORS

All Directors, including the Managing Director, retire by rotation once every three years. Retiring Directors may offer themselves for re-election to the Board at the Annual General Meeting.

Directors retiring by rotation are set out below :-

Director	Position	Age	Last Retirement	Year due for Retirement
Datuk Abdul Hamed Bin Haji sepawi	Non-Executive Chairman	57	2004	2007
Datuk Hasmi Bin Hasnan	Managing Director	53	2004	2007
Ir. Suyanto Bin Osman	Executive Director	48	2005	2008
Mr. Kueh Hoi Chuang	Executive Director	50	2005	2008
Abang Hasni Bin Abang Hasnan	Executive Director	55	2004	2007
YB Tuan Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	57	2006	2009
Ir. Abang Jemat Bin Abang Bujang	Non-Executive Director	53	2006	2009
Dr. Sharifuddin Bin Abdul Wahab	Independent Non-Executive Director	50	2005	2008
Datu Haji Abdul Rashid Bin Mohd. Azis (appointed on 16 February 2005)	Independent Non-Executive Director	60	2005	2008
Ahmad Bin Abu Bakar (appointed on 6 February 2006)	Executive Director	52	2006*	2009

* Article 92 requires that "any director so appointed (to fill a casual vacancy or as an addition to the existing Directors) shall hold office until the next annual general meeting And shall not be taken into account in determining the Directors who are to retire by rotation at that meeting."

The Board does not believe that it should limit the number of terms for which a person may serve as a Director, because such term limits could deprive the Naim Group of the valuable contributions made by Directors who have developed, over time, significant insights into the Group and its operations.

DIRECTORS' TRAINING

Continuing Education Programme

All Directors have fully complied with the CEP requirements. Newly appointed Directors have attended the Mandatory Accreditation Programme (MAP) within the prescribed timeframe as stipulated by Bursa Securities.

Directors who attended training during the year under review, and a brief description of the training, are listed as follows:

Name of Director	Description of Training
Datuk Abdul Hamed Bin Haji sepawi	<ul style="list-style-type: none"> Seminar on Insider Trading: Issues & Challenges Corporate Retreat: Performance Measurement with The Balanced Score Card.
Datuk Hasmi Bin Hasnan	<ul style="list-style-type: none"> Corporate Retreat: Performance Measurement with The Balanced Score Card.
Ir. Suyanto Bin Osman	<ul style="list-style-type: none"> Corporate Retreat: Performance Measurement with The Balanced Score Card.
YB Haji Hamden Bin Haji Ahmad	<ul style="list-style-type: none"> An Integrated Modular Program for Company Directors (Module 7 - Globalisation, WTO AFTA - Issues & Challenges: A dynamic approach to become world class corporations) Corporate Retreat: Performance Measurement with The Balanced Score Card.
Abang Hasni Bin Abang Hasnan	<ul style="list-style-type: none"> Directors' Liabilities Workshop Corporate Retreat: Performance Measurement with The Balanced Score Card.
Abang Jemat Bin Abang Bujang	<ul style="list-style-type: none"> Corporate Retreat: Performance Measurement with The Balanced Score Card.
Kueh Hoi Chuang	<ul style="list-style-type: none"> Malaysia Property Market 2005 Entrepreneurial Leadership Team Building Real Estate Investment Trust (REIT) Corporate Retreat: Performance Measurement with The Balanced Score Card.
Datu Haji Abdul Rashid Bin Mohd. Azis (appointed on 16 February 2005)	<ul style="list-style-type: none"> Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies Corporate Retreat: Performance Measurement with The Balanced Score Card.
Dr. Sharifuddin Bin Abdul Wahab	<ul style="list-style-type: none"> Corporate Retreat: Performance Measurement with The Balanced Score Card.



statement on corporate governance

BOARD COMMITTEES

The Board has established 9 Board Committees as follows:



The establishment of Committees is to assist the Board in the execution of its duties, to allow detailed consideration of complex issues, and to ensure diversity of opinions, suggestions and recommendations from the Committees. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles, including Board performance evaluation by the Nomination Committee. All matters determined by the Committees are submitted to the full Board as opinions and/or recommendations for Board decisions.

It is the view of the Board that the size of each Committee and the skills and experience of its respective members are sufficient to enable the Committee to discharge its responsibilities in accordance with the charter. Members are drawn from the Board and from the Group's senior management team, based on their respective skills, responsibilities and areas of expertise.

The Nomination Committee periodically reviews the committee assignments and makes recommendations to the Board for rotation of assignments and appointments as appropriate. The Chairman of each Committee will develop the agenda for each meeting and will determine the frequency of the meetings.

NOMINATION COMMITTEE

The Nomination Committee was established on 13 November 2003. It comprises the following members:-

Datuk Abdul Hamed Bin Haji Sepawi as Chairman of the Nomination Committee
Non-Executive Chairman

YB Tuan Haji Hamden Bin Haji Ahmad as member of the Nomination Committee
Independent Non-Executive Director

Datu Haji Abdul Rashid Bin Mohd Azis (appointed member of the Nomination Committee on 5 September 2005)
Independent Non-Executive Director

Dato' Peter Anak Minos (appointed member of the Nomination Committee on 18 April 2005, resigned as director of the Company on 5 September 2005 and ceased to be a member of the Nomination Committee on the same date)

Ir. Abang Jemat Bin Abang Bujang (resigned as member of the Nomination Committee on 14 March 2005)

The structure of executive and non-executive participation in the Nomination Committee is as follows:-

Category	No. of directors	Percentage
Executive Director	0	0.0%
Non-Executive Director	1	33.33%
Independent Non-Executive Director	2	66.67%
Total	3	100.00%

The main role of the Committee is to consider the nominees for appointment to the Board of directors on merit and against objective criteria. The Board also assess the core competencies of each existing Board member and new appointments, taking in consideration the balance of skills, knowledge and experience on the Board:-

- **Strategy and Vision**
Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends, evaluating strategies
- **Business Judgment**
Shareholders rely on the Board to make rational and sensible decisions on their behalf to bring about a reasonable return to their investments. The Board has to maintain a sound business decisions record.
- **Leadership**
Review the leadership needs of the Group, both executive and non-executive, to ensure the continued ability of the Group to operate and compete.
- **Management**
Board members must be capable of monitoring management's performance through having an adequate knowledge of financial accounting and corporate finance.

- **Industry Knowledge**

Board members must keep up to date with strategic issues, new challenges, new opportunities and commercial changes affecting the Group and the market in which it operates.

- **Time Commitment**

Service on the Board demands a considerable commitment of time to attend and participate in regular and special meetings of the Board and its committees. A large amount of time is devoted to reviewing materials relating of the business and preparing for meetings of the Board and its committees.

- **Other Directorships**

The Committee will also take into consideration whether a Non-Executive Director is otherwise retired or to be retired from full time employment and, thereby, able to take up additional directorships.

The Nomination Committee also evaluates the following:-

- 1) Board structure, size and the balance of representation on the Board;
- 2) Performance of the Board and Board Committees;
- 3) Review the mix of skills, experience and core competencies of non-executive Directors;
- 4) Directors' Rotational Retirement Schedule.
- 5) Representation on the Board of subsidiaries/ associates.

Terms of Reference

Composition

The Nomination Committee shall be appointed by the Board from among their number and shall comprise of no fewer than three (3) members, all of whom shall be Non-Executive Directors and a majority shall be Independent Non-Executive Directors.



statement on corporate governance

Duties and Responsibilities

The duties and responsibilities of the Nomination Committee are as follows:-

- a) To consider and recommend to the Board competent persons of the highest calibre and integrity for appointment as:-
 - i) members of the Board
 - ii) members of the Board Committees
- b) to review the required mix of skills and experience and other qualities, including core competencies of non-executive Directors on an annual basis;
- c) to review the performance of members of the Board, Managing Directors and members of Board Committees; and to assess the effectiveness of the Board Committee and the Board as a whole and the contribution of each individual Director;
- d) to review the Board structure and size and the balance of appointments between Executive Directors and Non-Executive Directors;
- e) to review the adequacy of committee structures of Board Committees;
- f) to review the structure for management succession and development for the orderly succession of management.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 13 November 2003 and consists of the following members:-

Ir. Abang Jemat Bin Abang Bujang as Chairman of the Remuneration Committee.
Non-Executive Director

Datuk Hasmi Bin Hasnan as member of the Remuneration Committee.
Managing Director

Dr. Sharifuddin Bin Abdul Wahab as member of the Remuneration Committee.
Independent Non-Executive Director

The composition of executive and non-executive participation in the Remuneration Committee is as follows:-

Category	No. of directors	Percentage
Independent Non-Executive Director	1	33.34%
Non-Executive Director	1	33.33%
Executive Director	1	33.33%
Total	3	100.00%

In determining remuneration policy and the quantum of the rewards, the Remuneration Committee takes into account the structures and levels of remuneration for executive directors in other comparator companies. Aligning the executives' interests with those of shareholders, the remuneration package is performance-related and the review of the remuneration package is undertaken annually and/or as and when deemed necessary. The remuneration package is structured primarily arithmetically linked to the financial performance of the Group and with non-arithmetic element determined by reference to personality traits, changes in job scope and responsibilities. The remuneration package is devised to retain a proven and stable management team and to encourage the creation of value for the shareholders.

Terms of Reference

Composition

The Remuneration Committee shall be appointed by the Board from among their number and shall comprise now fewer than three (3) members, a majority of members shall be Non-Executive Directors.

Duties and Responsibilities

The duties and responsibilities of the Remuneration Committee are as follows:-

- a) to review annually and recommend to the Board the Company's overall remuneration policy and guidelines for Executive Directors to ensure that the remuneration packages are strongly linked to individual performance;

b) to enhance shareholders' value by ensuring that individual performance and rewards of Executive Directors reflect and reinforce the business objectives and long term goals of the Group;

c) to keep abreast with changes in the total remuneration packages in comparable external market companies and review and recommend changes to the Board when deemed necessary.

No member of the Committee or any other Director shall be involved in the deliberations in respect of his remuneration and benefits to be granted.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 13 November 2003 and comprises the following:-

Datuk Hasmi Bin Hasnan as Chairman of the Risk Management Committee
Managing Director

YB Tuan Haji Hamden Bin Haji Ahmad as member of the Risk Management Committee
Senior Independent Non-Executive Director

Ir. Suyanto Bin Osman as member of the Risk Management Committee
Executive Director

William Wei How Sieng (resigned as director of the Company on 31 May 2005 and ceased to be a member of the Risk Management Committee on the same date)

Kueh Hoi Chuang as member of the Risk Management Committee
Executive Director

Leong Chin Chiew as member of the Risk Management Committee
Senior Head of Construction Division

A representative from the Internal Audit Department

The composition of executive and non-executive participation in the Risk Management Committee is as follows:-

Category	No. of directors	Percentage
Independent Non-Executive Director	1	16.67%
Executive Director	3	50.00%
Management Staff	1	16.67%
Internal Auditor	1	16.66%
Total	6	100.00%

The risks are regularly reviewed and actions instituted to manage the Group's risks. There are 3 main tiers for the risk management process and they are as follows:-

- 1) Board;
- 2) Committee and
- 3) Senior Management team

The risks are reviewed in terms of combined likelihoods and consequences and in terms of concerns with missions, functions, business objectives, and social and political aspects. Assuming that the senior management is satisfied with the completeness of the risk management efforts leading to the review (identification, evaluations, options, etc.), the risks will be reported to the Risk Management Committee and thereafter to the Board for endorsement and/or decisions and policies.

The Senior Management team considers the risk implications on business decisions and regularly reviews the existing risks. New risks that emerge during the course of business are also brought up and deliberated at the monthly Senior Management meetings.



statement on corporate governance

Risk management has been gradually embedded into the organization in the following areas:-

- a) Business planning - regular reviews of the business plan and making adjustments thereto;
- b) Financial performance - managing cash flow and ensuring that the organization meets its obligations and achieves its goal;
- c) Human Resource management - recruiting and at the same time retaining employees with the relevant talent to achieve the business goal;
- d) Quality Assurance - setting standards for houses, buildings and infrastructure facilities built by the organization and implementing systems to meet those standards.
- e) Crisis management - anticipating and/or planning in advance for crises and potential crises (e.g. recession, natural disasters, etc.) including the essential dos and don'ts for each possible situation.

Terms of Reference

Composition

The Risk Management Committee shall comprise no fewer than five (5) members, one of whom shall be a representative from the Internal Audit Department.

Duties and Responsibilities

The duties and responsibilities of the Risk Management Committee are as follows:-

- a) to establish risk management policies and risk management framework.
- b) to identify, evaluate and monitor the risks portfolio and formulate mitigation strategies/action plans to manage the overall risk associated with the Group's activities;
- c) to recommend risk management policies and procedures, which shall be reviewed regularly to ensure that they are both appropriate and effectively implemented, in order to ensure the long term viability of the Naim Group;
- d) to review on a periodical basis the Group's overall objectives in assessing the current risk portfolio composition and the risk appetite;

e) to provide the Board with quarterly reports on the effectiveness of the risk management and internal control systems;

f) to ensure a proper balance between risk incurred and potential returns to shareholders;

g) the Internal Audit Department shall assess the adequacy and reliability of the risk management process;

h) the Internal Audit Department may pursue further in areas identified as high risks and report its findings and recommendations to the Audit Committee;

i) such other responsibilities as may be delegated by the Board from time to time.

BOARD AND DIRECTORS' PERFORMANCE EVALUATION

The performance of the Board is evaluated by the Nomination Committee and reviewed by the full Board. The evaluation is done by a scoring system with weights being assigned to each component of critical issues.

The performance of each individual Director is reviewed by the Remuneration Committee and the results are discussed with the Chairman of the Board.

CORPORATE DISCLOSURE POLICY

It is the policy of the Group to ensure informative, timely, accurate and complete disclosure of material information concerning Naim to the public. Naim recognizes that all investors, whether individual investors or institutional shareholders, shall have equal access to material information through the widest possible publicly disseminated disclosure.

Corporate Disclosure Policies and Procedures have been drafted for implementation with the following objectives:

- (1) To raise awareness about, and provide guidance to management concerning the Group's disclosure requirements and practices.

- (2) To provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, the media and the investing public;
- (3) To ensure compliance with legal and regulatory requirements on disclosure of material information.

The Non-Executive Chairman and the Managing Director of Naim are designated as the main contacts for analysts, investors, the media and others seeking information on Naim's financial and business matters. All Directors shall refer all formal and informal requests for information, comment, meetings, interviews or other questions from external sources to the Non-Executive Chairman and the Managing Director. Authorised spokespersons shall not disclose material information that has not been previously made public.

SHAREHOLDER COMMUNICATION

The Group has formalized corporate disclosure policies and procedures on communication with stakeholders.

The Group is always aware of the need to provide timely and balanced disclosure of all material information to ensure a well-informed market. Directors are allowed and encouraged to seek external advice, where necessary, to ensure that no material information is omitted from announcements.

The investment community, comprising individuals, analysts, fund managers and other stakeholders, have dialogues with the Group's authorized representatives (the Chairman, Managing Director and Head of Corporate Affairs & Investor Relations) on a regular basis. This enables the Group to get a balanced understanding of their main issues and concerns. Non-Executive Directors may attend such meetings but are not expected to provide information on Group performance. Discussions at such meetings are restricted to matters that are in the public domain.

Annual General Meetings have been a main forum for dialogue with shareholders. Ample opportunities are given to shareholders to raise questions and/or seek clarification on the business and performance of the Group.

OTHER GUIDELINES

The Group Procedures and Authorities (GPA) continue to be amended and adapted to the changing needs of the Group's operational activities while maintaining an adequate level of necessary checks and balances.

BUSINESS ETHICS

The Group's Code of Ethics guides the behaviour and performance of all Employees and Directors. It sets forth how we conduct ourselves in our dealings with customers, employees, suppliers, partners, competitors and the community, seeking to improve every facet of our business through processes and procedures designed to optimise all our resources and expand opportunities. In addition, the Code helps ensure that all those who deal with the Group are aware that they are dealing with a world-class company that adheres to high ethical, moral and business standards.

The Code was drawn up based on core values - INTEGRITY, HONESTY, RELIABILITY and RESPONSIBILITY - to our employees, customers, suppliers, communities and our shareholders.

The Code of Ethics will evolve over time, and new values may emerge as the Company adapts itself to a changing business environment. Nevertheless, the Code will continue to govern our organizational culture and corporate and individual behaviour, to encourage higher standards of business and professional integrity while at the same time aligning effective business performance with ethical business conduct.

As important as the Code is, the Group recognizes that no set of written rules can substitute for the good judgment, common sense and professional integrity that has always been expected of all Naim personnel in the course of their professional and personal activities.



statement on corporate governance

COMPENSATION OF DIRECTORS

The Remuneration Committee is responsible for reviewing the compensation arrangement for the Managing Director and other Executive Directors of the Company.

The key objectives of the Company's policy on executive directors' remuneration are as follows:

- 1) to attract and retain executives of the highest calibre;
- 2) to reward them at the prevailing market rate; and
- 3) to reward them in a way which promotes the creation of shareholders' value through a performance related remuneration package, i.e. Key Performance Indices.

The Company's policy for non-executive directors is basically to offer remuneration adequate to attract and retain individuals of the appropriate calibre who are able to apply sound independent judgment based on extensive professional experience and knowledge.

On recommendation of the Remuneration Committee, the Board approves the remuneration of the Managing Director and other Executive Directors of the Company.

Allowances are also paid to Directors who have been called upon to perform extra services.

Fees for Non-Executive Directors are recommended by the Board and approved by shareholders at the annual general meeting.

No director is involved in determining his own remuneration.

Details of remuneration paid to each Director for the financial year ended 31 December 2005 are as follows:

Disclosure of Directors' Remuneration (in RM '000)

Executive Directors

Remuneration Range (Inclusive of Benefits-In-Kind)

Datuk Hasmi Bin Hasnan	1,050 - 1,100
Ir. Suyanto Bin Osman	450 - 500
William Wei How Sieng (resigned on 31 May 2005)	200 - 250
Kueh Hoi Chuang	300 - 350
Abang Hasni Bin Abang Hasnan	100 - 150

Non-Executive Directors

Datuk Abdul Hamed Bin Haji Sepawi	500 - 600
YB Tuan Haji Hamden Bin Haji Ahmad	100 - 150
Ir. Abang Jemat Bin Abang Bujang	100 - 150
Dr. Sharifuddin Bin Abdul Wahab	100 - 150
Datu Haji Abdul Rashid Bin Mohd Azis (appointed on 16 February 2005)	-
Dato' Peter Anak Minos (appointed on 18 April 2005 and resigned on 5 September 2005)	-

MANAGEMENT SUCCESSION

Management succession is to ensure the availability and sustainability of capable executives who are ready to assume primary or critical roles.

The Nomination Committee will oversee a process whereby the qualities and characteristics necessary for effective Board leadership are evaluated and updated, and will implement advance planning for contingencies affecting Executive Directors and the Managing Director. On the other hand, the Managing Director, Executive Directors and Human Resource Operation Committee shall ensure that the same process pertaining to management succession be applied to senior members of management.

FINANCIAL REPORTING

Responsibility for the preparation of financial statements and reports has been delegated to the management, under the supervision of Encik Ahmad Bin Abu Bakar, Senior Executive Director and Director of Finance and Operations. However, the Board of Directors through the Audit Committee will determine that the reports are accurate and fairly present the Group's financial position and its results of its operations. At the same time, the Audit Committee has to ensure that the financial statements are prepared in accordance with the appropriate and applicable Malaysian statutory accounting requirements and drawn up on a consistent basis supported by prudent judgments and estimates.

The Audit Committee meets on a quarterly basis. The internal auditor, external auditor and relevant management staff are invited to attend the Audit Committee meetings to discuss the results of the audit examinations and financial reporting matters.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors is required by the Companies Act 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company for the financial year.

The Board of Directors accepts responsibility for the integrity, objectivity and reliability of the financial statements of the Company and the Group. All books and accounting records have been kept to support this. The Board of Directors upholds the principle of transparent reporting and delegating the responsibility for the preparation of the financial statements to the management.

The Board is pleased that adequate internal controls and systems are maintained for providing a reasonable assurance that assets are safeguarded based on policies and procedures implemented. The annual financial statements have been prepared on the following basis:-

- compliance with accounting standards;
- consistent application of accounting policies;
- reasonable prudent judgment and estimates; and
- on the going concern basis

INTERNAL CONTROL SYSTEMS

The internal controls are designed to provide reasonable assurance that transactions are conducted in accordance with management's authority and that the assets are adequately protected against material loss or unauthorized acquisition, use or disposition, and that the transactions are properly authorized and recorded. The internal control systems are described in full in the Statement of Internal Control on page 65 of this annual report.

RELATIONSHIP WITH AUDITORS

The functions of the Audit Committee in relation to the external auditors and internal auditors are set out in pages 44 to 47 of the this Annual Report.



statement on corporate governance

ADDITIONAL COMPLIANCE

In compliance with the Listing Requirements of Bursa Malaysia Securities, the following information is provided hereunder.

Share Buy-Back

During the financial year, the Company bought back 3,772,400 shares from the open market as follows:

Date	No. of Shares Purchased	Purchase Price Per Share			Total Consideration
		Highest	Lowest	Average	
					RM
February	1,165,600	3.12	3.00	3.05	3,564,167.36
May	1,000	3.22	3.22	3.22	3,244.61
October	478,000	3.00	2.98	3.00	1,439,180.91
November	1,182,200	3.00	2.58	2.75	3,260,293.19
December	945,600	3.00	2.85	2.90	2,759,246.69
Total	3,772,400				11,026,132.76

No resale of treasury shares took place during the financial year ended 31 December 2005.

3,772,400 shares were bought-back during the year and were retained as treasury shares.

No shares were cancelled during the financial year ended 31 December 2005.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year under review.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programmes during the year under review.

Sanctions and Penalties

There were no sanctions or penalties imposed on the Company, its subsidiaries, directors and management during the financial year.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group in the financial year ended 31 December 2005 amounted on RM66,133.00 for professional services rendered as per the following table.

Non-Audit Fees		
Company	Consolidation Fee & Review of Quarterly Announcement Fee (RM)	Tax Fee (RM)
Naim Cendera Holdings Bhd	30,000.00*	2,700.00
Naim Cendera Sdn Bhd	-	11,580.00
Total Reliability Sdn Bhd	-	4,870.80
Naim Cendera Dua Sdn Bhd	-	2,150.00
Desa Ilmu Sdn Bhd	-	6,510.00
Naim Citra Sdn Bhd	-	2,667.50
NCSB Engineering Sdn Bhd	-	2,580.00
TR Green Sdn Bhd	-	795.00
TR Bricks Sdn Bhd	-	2,279.70
Total	30,000.00	36,133.00

* Consists of:

Consolidation fee RM10,000.00

Statement of Internal Control RM15,000.00

Review of Quarterly Announcement RM5,000.00

Total: RM30,000.00

Variation in Results

During the financial year under review, there were no significant variations in results.

Profit Guarantee

During the financial year under review, there were no profit guarantees given by the Company.

Revaluation Policy

For the financial year ended 31 December 2005 under review, the Group had not adopted any revaluation policy in relation to its landed properties.



statement on corporate governance

Utilization of Proceeds

For the financial year ended 31 December 2005, proceeds were utilized as per the following table.

Utilization of Proceeds (in RM'000)			
Purposes	As per Prospectus	Utilized as at 31.12.2005	Balance Un-utilized
Acquisition of land for property development and property investment	25,000	-	25,000
Purchase of machinery	7,400	1,100	6,300
Purchase of information technology systems	3,082	2,149	933
Repayment of bank borrowings	7,430	6,204	1,226
Listing expenses	4,600	4,600	-
Working capital	13,036	13,036	-
Total	60,548	27,089	33,459

Related Party Transactions

The related party transactions are disclosed on pages 119 to 120 of the Annual Report. The Company is not proposing to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature at the forthcoming Annual General Meeting, as the related party transactions are either:

- 1) exempted under the amended provisions of Bursa Malaysia Securities Listing Requirements paragraph 108(9)(h);

and/or

- 2) contracts with a related party have been terminated.

Material Contracts

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

statement of internal control

Introduction

This Statement on Internal Control by the Board of Directors is made pursuant to Bursa Malaysia Listing Requirement with regard to the Group's compliance with the principles and best practices for internal control as provided in the Malaysian Code of Corporate Governance ("the Code").

The Board of Naim believes in good corporate governance and managing the affairs of the Group in accordance with the Code. In addition, the Board believes that it is very much the voluntary good behaviour and credibility of the Board which will create a good governance culture for the entire organisation and its business partners.

Responsibility

The Board acknowledges its responsibilities for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. The internal control system is a process that is put in place at all levels of the organisation to provide reasonable assurance that the Group's business objectives will be achieved. The system covers financial controls, operational controls, compliance controls, as well as risk management. Because of the limitations that are inherent in any system of internal control, it is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

Risk management practices and internal control are embedded in the daily operations of the Group, which has established a strategic enterprise-wide risk management framework. This framework involves identifying the risk exposure of the Group, developing key risk profiles/corporate risk scorecards as well as implementing a continuous risk monitoring system. The Risk Management Committee (comprising representatives from the Board, the management and the internal audit department) is continuously reviewing, upgrading and improving the Group's risk management practices.

Key Processes of Internal Control

Key processes of Internal Control are summarised as follows:

- Organisational structure that lays down clear lines of responsibility and reporting.
- Budgetary control, where actual performance is regularly monitored against budgets and variances are investigated.
- Group Procedures and Authorities Manual, which sets out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures, inter alia, include setting limits for approving expenditure and procurements.
- Staff handbook, that sets out general employment terms and the Group's corporate code of ethics.
- Quality management system requiring the management and staff of subsidiary, Naim Cendera Sdn. Bhd. (accredited with ISO 9002 Certification since 2000) to adhere to a set of well-established standard operating procedures covering all major critical processes. Surveillance audits are conducted yearly to ensure compliance with the system.

Internal Audit

The Group has established a formal structure for its internal audit function that clearly defines the roles and responsibilities of the persons involved in the internal audit. As an integral part of the audit process, key areas of importance pertaining to internal control, risk assessment, risk mitigation and proper governance processes are identified. Focusing its review and audit on these key areas, the internal audit provides independent assurance on the efficiency and effectiveness of the internal control system implemented by management. The internal audit reports to the audit committee, on a quarterly basis or earlier as appropriate. The chairman of the audit committee in turn presents summaries of the internal audit reports (including management's responses to audit findings and recommendations) at Board meetings.

Conclusion

During the current financial year up to the date of this report, no significant control weaknesses were identified. However, a number of minor control weaknesses were noted, all of which have been, or are being, addressed. These are not expected to result in any material loss, contingency or uncertainty that would require disclosure in this annual report. The process in identifying, evaluating and managing the significant risks faced by the Group is on-going as part of a continuous improvement programme.

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2006.



human resources

- the critical channel for expressing our brand

Our Philosophy

The Naim Group believes that successful organisations are made up of passionate, driven leaders - talented people who can articulate our vision, gain organizational understanding and support for our business initiatives, and energize those whom they lead. Delivering our best to our customers takes men and women who give us their best every day. Therefore Human Resource policies and philosophies are an integral part of our overall business strategy, practiced daily in our work environment. In other words, the management and staff of Naim are the critical channel for expression our brand to customers and prospects alike.

Our Workforce

Our strongest asset is our human resource, a dedicated, efficient and highly skilled workforce of over 500 people assembled via a long-term policy of continuous human resource development. It is their commitment and dedication to quality, innovation and excellence in delivering our products and services that has elevated us to the position of an industry leader.

Creating an Optimal Working Environment

People work most effectively when they feel a sense of ownership and personal responsibility over their work processes and activities. Therefore we continued to pursue an ongoing process of Change Management, so that employees are comfortable with, feel empowered by, and are fully aware of the need for any changes in the overall business strategy, and in their individual working environment.

To further increase employee adoption and buy-in, and to take the first steps on the long and challenging road to hyper-productivity, we started during the year on an extended programme of Business Process Re-Engineering. In incremental stages, this exercise will streamline and simplify all of our business processes, tailoring them to precisely match the talents and capabilities of the people in the Group. This is a major component of our long-term strategy to become a truly world-class business organization.

Rewarding Excellent Performance

To maintain the loyalty, motivation and dedication of our staff in an increasingly competitive labour market, we must ensure that their contributions are appropriately recognised and rewarded. Therefore the group has adopted a "Pay for Performance" approach that is not only fair, transparent, accurate and highly motivating, but is also seen and accepted to be so by our staff. Our Performance Management System was initiated in 2004 with the adoption of Key Performance Indicators (KPIs), and has been further refined with the introduction of the Balanced Scorecard assessment system. To ensure the successful introduction of the Balanced Scorecard, it was the principal focus of our 2005 Corporate Retreat for Directors and Senior Management.

These measures, which are constantly reviewed and re-assessed, ensure that our compensation structure remains fully competitive with industry norms and maintains our status as an "Employer of Choice." An additional benefit is the considerable extent to which our Performance Management System promotes and reinforces the quality culture within the organisation.

Personal and Professional Development

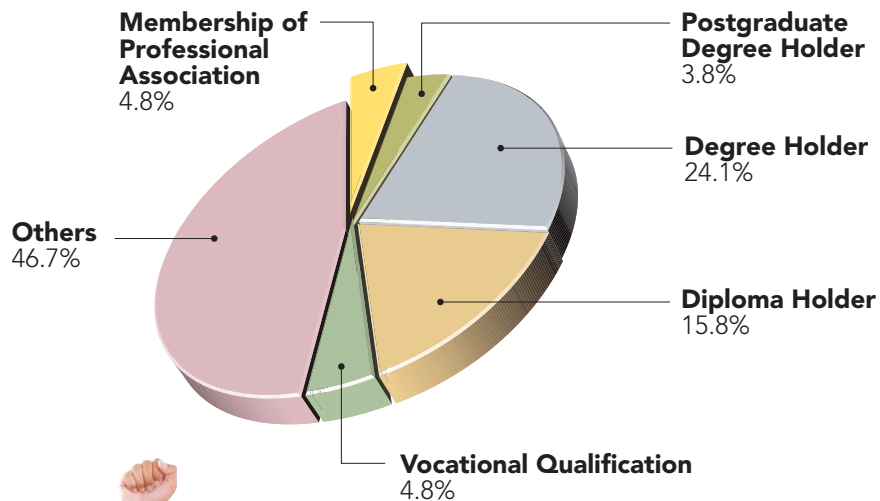
We are committed to providing our people with every opportunity for personal growth and professional development. Innovation, expert knowledge, resourcefulness, self-confidence, shared values and commitment are the personal attributes that will give the Naim Group a competitive edge in an increasingly knowledge and skills-based economy. Therefore a Human Capital Development Programme has been established that strives to retain and develop leaders at every level of our organization.

One aspect of this is the Leadership Development Programme, accredited by the Institute of Leadership Management (UK), where all executives undergo a modular 6-month programme to increase individual effectiveness and accelerate career growth. A similar programme has also been established for junior-level employees, so that they may themselves aspire to be leaders in the not too distant future.

The Quality of Our Workforce

The following table and charts show the distribution of educational and professional qualifications amongst the Naim Group's approximately 500 permanent staff

Employee's Educational or Professional Status	Year End 2004	Year End 2005	% Change
Member of professional institution	19	19	0
Postgraduate degree holder	9	15	+66
Graduate degree holder	72	96	+33
Diploma-level qualification	55	63	+15
Vocational qualification	19	19	0





corporate citizenship

- social & environmental responsibility



Social Responsibility

At Naim we believe that social responsibility is of the utmost importance, and we strive to contribute meaningfully and positively to the community and the society which nurtures us. We are proud of our excellent record of good corporate citizenship, building people-friendly housing developments, providing safe and healthy working environments, and donating generously to deserving organizations and the less fortunate amongst us.

To reinforce our capability to contribute to society in the long term and to the greatest possible extent, we set up the Tabung Amanah Naim (Naim Trust Fund) on 12 September 2004. The fund was launched with a corporate donation of RM 500,000 from the Naim Group, and personal donations of RM 250,000 each from our Chairman, Datuk Hamed Bin Haji Sepawi, and our Managing Director & CEO, Datuk Hasmi Bin Hasnan. These sums will be topped-up and expanded on an annual basis by donations from the Group and its subsidiaries. The Fund is controlled by a Board of Trustees and has the following objectives:

- To provide assistance, scholarships, incentives or awards for the establishment, advancement or excellence in educational or research work in Malaysia
- To provide assistance for the relief of distress amongst the Malaysian public.
- To provide assistance for the promotion of national unity through sports, arts and culture in Malaysia.
- To provide contributions for the purposes of religious worship or advancement of religion.
- To make donations for other patriotic or charitable purposes.

For the year 2005, Tabung Amanah Naim has donated, sponsored and given out financial assistance amounting to over RM1 million including to the following recipients:

- Asian Tsunami Victims
- Sarawak Premier League Football Team
- PERKIM, Sibu Dialysis Machine Centre
- UiTM Sarawak Business Research Studies 2005
- SJKC Chung Hua Tudan Miri
- Naim Scholarships and Bursary awards
- Lembaga Amanah Kebajikan Melayu Miri
- MOH-SHDA Sarawak Housing Seminar 2005
- Charity Donation at Miss Tourism Pageant 2005 Finals
- Inaugural Miri Resort City Kart Prix 2005
- DUBS Merdeka Expo 2005
- Majlis Tilawah Al Quran Antara Skim HDC 2005

- Sarawak Junior Badminton Development Programme
- New Straits Time Schools Adoption Campaign
- Tabung Kebajikan, Sukan & Rekreasi PGA Brigid Sarawak
- Sarawak Girl Guides Association
- Pakistan Earthquake Disaster Victims
- Miri Sunflower Centre
- Home for the Aged, Miri
- Miri Schools for Mentally Retarded Children
- Sarawak Junior Robotics Competition 2005
- Sarawak Media Foundation
- Kampung Debak, Saratok Fire Victims

Tabung Amanah Naim has also made a significant number of smaller donations to deserving organizations throughout the year, and individual Naim group's subsidiaries have made ad-hoc donations as the need has arisen.

Bumiputera Entrepreneurship

The Naim Group has already established itself as a pioneer in the field of Bumiputera Entrepreneurship, through its ongoing Nurturing and Mentoring programme operated by Group subsidiary Naim Citra Sdn Bhd, which has already successfully developed more than 60 small bumiputera firms. These efforts were further strengthened during the year by a grant of RM100,000 to Universiti Teknologi MARA (UiTM) for the undertaking of a special research study as part of the efforts to promote the creation of more successful Bumiputera entrepreneurs.

Conserving the Environment

Environmental conservation and stewardship are the keys to maintaining Sarawak's remarkable biodiversity and ensuring that future generations can enjoy the natural wonders that surround us. To date, we feel our environmental record has been exemplary, due to the following measures, which apply to every area of our activities.

- Prevent or minimize any potential adverse impact arising from our operations, products and services.
- Review and continuously improve our protocols, operations, products and services to enhance our environmental performance.
- Motivate employees to conduct their occupational and personal activities in an environmentally responsible manner.
- Promote high environmental performance standards amongst our stakeholders and the industry at large.





corporate citizenship

- social & environmental responsibility



To ensure these measures are implemented, we have put into place internal rules to deal with pollution and conservation of natural resources. Where necessary, new modes of behaviour are being inculcated and construction processes redesigned to be more environment-friendly. The environmental rules cover the following areas:

- Minimum disturbance to soil condition
- Prevention of pollution and effective waste management
- Proper sewage treatment
- Adherence to fire prevention regulations
- Environmental impact of land acquisition and land use
- Socio-economic impact of projects on local communities, including resettlement
- Renewable and/or recyclable use of construction materials.

In addition to the above, the Naim Group has spent over RM300,000 on firefighting equipment, manpower and training to tackle and prevent bush fires at Bandar Baru Permyjaya since 2001. To the best of our knowledge, we are the only developer in Sarawak to implement its own firefighting force.

Recognition for our Efforts

We feel it is important for the wider business community and the general public to understand that we do not simply pay lip service to our corporate social and environmental obligations. Our concrete efforts in both of these areas have resulted in our winning the 2005 Corporate, Social & Environment Responsibility (CSR) Award presented by the Bahrain Malaysia International Trade & Investment Bureau.

To ensure that social and environmental responsibility become even more firmly established within our corporate culture, we are making strenuous efforts to achieve ISO 1801 (Health & Safety) and ISO 14001 (Environmental) certification as part of our ongoing Quality Plan. We anticipate that certification and accreditation will be achieved by the end of 2007.

quality

- the cornerstone of our success

Quality is the ultimate criterion by which our business success is judged, and therefore quality is "first amongst equals" in terms of our business development and corporate re-engineering priorities. We already owe a great deal of our success to excellent quality management, and the subsequent delivery of top quality products and services, a fact that is acknowledged by a string of quality awards over the last few years. These include, amongst others, the CIDB's Malaysian Construction Industry Excellence award for a remarkable three years in succession, the much-coveted CIDB "Builder of the Year" Award (2004), and the European Trade Leaders' Club's International Construction and Global Quality Management Award (2005). For further details please refer to Corporate Highlights on page 15 of this annual report.

During the year in review we decided to further reinforce the Group's Quality Assurance (QA) and Quality Control (QC) functions through the setting up of an autonomous Quality Division, which is supervised by the Group Head of Construction and reports directly to the Board.

The new Quality Division has already been very proactive in moving quality to the forefront of the corporate agenda. As well as auditing and reviewing our existing ISO 9002 accreditation, it has drawn up a 2-year Quality Plan to achieve ISO 1801 (Safety) and ISO 14001 (Environmental) accreditations by the end of 2007.

The medium-term objective of enhancing our quality function is to inculcate quality awareness into every level of our corporate culture, empowering individuals throughout the Naim Group to insist upon and demand the highest quality standards for our customers and ourselves. This will further improve our brand image, and help to bring about a mindset change amongst customers, suppliers, sub-contractors and other stakeholders, whereby excellent quality becomes the number one priority for every person and organization involved in the value chain.

Our Formal Accreditations and Registrations

The following Quality and Capability accreditations and registrations apply to our 100% owned operating subsidiary, Naim Cendera Sdn Bhd. :

- ISO 9002 Accreditation by Moody International Certification Ltd and ACQC Moody (Malaysia) Sdn Bhd
- Pusat Khidmat Kontraktor Negeri Sarawak (PKK) under Class A
- Unit Pendaftaran Kontraktor Negeri Sarawak (UPK) under Class A
- Construction Industry Development Board (CIDB) under Grade 7

Accreditations and Registrations in Progress

The following Quality and Capability accreditation and registration processes are under way as part of our 2-year Quality Plan, and are expected to be awarded before the end of 2007.

- ISO 1801 (Safety)
- ISO 14001 (Environmental)



naim group

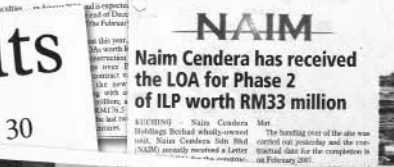
in the news



Police to spend RM790m to build pair stations



ILP construction



Naim Cendera has received the LOA for Phase 2 of ILP worth RM33 million



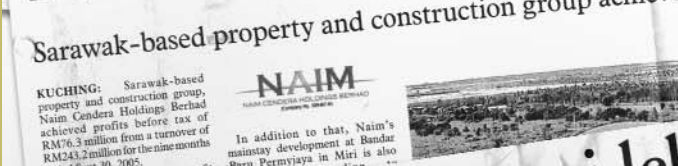
Naim, HDC to hold Al-Quran recital



GOF housing project site handed over to Naim Cendera



Overwhelming response to 'Iris' homes at The Riveria



Naim expects better 2005 results



Naim Fest 2005 to be launched this week

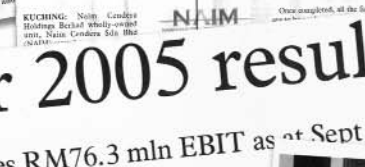


Naim Cendera Fest 明起舉行節目多

Naim awarded RM33 mln contract to build Phase 2 of institute



ILP construction



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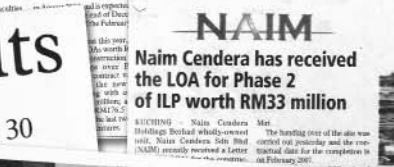
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GOF housing project site handed over to Naim Cendera



DC cares for you, says Johari

By Johari
The Deputy Chairman of the Board of Directors of Naim Cendra Holdings Berhad (NCHB) has said that the company is committed to providing quality housing for its customers. He also mentioned that the company is currently working on several projects in various parts of the country.



HOUSES GALORE: Naim's sales manager Gary Kho and sales executive Rudi Dahlan show the layout of the upcoming Naim Fest, as media public relations executive Jamayah Rajei (left) and sales executive Low look on.

Naim to hold property fest from tomorrow

KUCHING: Naim Cendra Holdings Berhad, a well-known property developer, will hold an exciting and activity-packed property exhibition known as Naim Fest from tomorrow.

The exhibition is being held at the Naim Cendra Showroom in Kuching. It will feature a wide range of property projects, including residential and commercial developments. Naim Cendra executives will be on hand to provide information and answer queries from potential buyers.



WORKS ON PHASE 1 of the Jambatan Lintang Perumahan (JLP) in Miri is expected to be completed by the end of the year. Naim Cendra has also received the Letter of Award for Phase 2.

The JLP project is a major infrastructure development in Miri. It will provide a new bridge over the Sarawak River, improving connectivity between the city and the surrounding areas. Naim Cendra is currently working on the construction of Phase 1, with Phase 2 expected to start soon.

RMK-9

NAIM
The company has announced that it has received a Letter of Award for the construction of the RMK-9 project. This is a significant milestone for the company, as it demonstrates its capability to undertake large-scale infrastructure projects.

The RMK-9 project is a major infrastructure development in the Kuching area. It will involve the construction of a new road and bridge, improving the transportation network in the region. Naim Cendra is currently working on the planning and design stages of the project.

LOAs to boost Naim's performance

NAIM
The company has announced that it has received several Letters of Award (LOAs) for various projects. This is a positive sign for the company, as it indicates that its projects are being well-received by the market and that it is capable of securing large-scale contracts.

The LOAs received by Naim Cendra include contracts for the construction of residential and commercial buildings, as well as infrastructure projects. This will help to boost the company's revenue and improve its overall performance.

The company's management is confident that the LOAs will lead to a significant increase in sales and profits for the coming year. They are also committed to providing high-quality services and products to their customers.

The Riviera project launch

NAIM
The company has officially launched the Riviera project, a new residential development in the Kuching area. The project features modern architecture, high-quality finishes, and a range of amenities, including a swimming pool, gym, and clubhouse.

The Riviera project is expected to attract a large number of potential buyers, as it offers a unique living experience in a prime location. Naim Cendra is currently accepting bookings for the project, with completion expected within 18 months.

The company's management is confident that the Riviera project will be a success, as it meets the demand for high-quality residential developments in the Kuching area. They are also committed to providing excellent customer service throughout the entire process.

Better results expected for Naim

NAIM
The company's management expects better results for the coming year, as they anticipate a strong demand for their property projects. They are also confident that the company's financial performance will improve, thanks to the successful completion of several large-scale projects.

The company's management is committed to maintaining its position as a leading property developer in Malaysia. They are also focused on expanding their portfolio and providing high-quality services to their customers.

NAIM terima LOA bernilai RM507 juta

Ketua Pegawai Eksekutif Naim, Datuk Hasmi Hasnan mengumumkan pembayaran dividen interim 7 peratus (7 sen sesaham)

ROBERT KENNETH
KUCHING, Jumaat — Naim Cendra Sdn Bhd, anak syarikat milik penuh Naim Cendra Holdings Berhad (NAIM) baru-baru ini menerima surat penganugerahan atau LOA (Letters of Award) untuk projek-projek infrastruktur dan pembinaan termasuk kerja menaik taraf jalan raya dengan nilai terkumpul RM507.5 juta.

Penerimaan tiga LOA itu mengesahkan projek yang akan dilaksanakan oleh syarikat itu di Kuala Lumpur hari ini.

Dalam satu kenyataan hari ini, Datuk Abdul Hamed berkata, syarikat itu juga menjangka untuk menerima satu lagi LOA untuk kerja pembinaan kem Pasukan Gerak Am di Batu Kawa, Kuching yang nilai kontraknya kira-kira RM313 juta.

Beliau berkata, dengan empat projek yang akan dilaksanakan oleh syarikat itu, Naim Cendra Holdings Berhad (NCHB) akan dapat meningkatkan lagi perolehan syarikat itu.

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Ketua Pegawai Eksekutif kumpulan itu, Datuk Hasmi Hasnan menjelaskan keputusan yang dicatatkan adalah memuaskan, jika diambil kira kelebihan dalam pelaksanaan tiga projek yang pada awalnya dirancang untuk dilaksanakan pada suku pertama 2005. Ia berdasarkan sumbangan 21.1 peratus oleh sektor pembinaan, maka akaia pembangunan hartan menyumbang 72.5 peratus kepada keuntungan kumpulan.

Bagaimanapun, Hasmi menaika prestasi kumpulan yang lebih baik pada suku terakhir 2005 dan prestasi yang bertambah baik pada 2005. Beliau berkata projek-projek yang menyumbang kepada keuntungan 2006 dan 2007.

Ia turut mengumumkan pembayaran dividen interim 7 peratus (7 sen) sesaham atau dividen sebanyak RM17.5 juta untuk suku ini yang berakhir 30 September 2005.

Penyertaannya di Bursa Malaysia pada September 2005 telah membayar dividen tahunan kewangan 2004 sebanyak 12 peratus (5 peratus atau 7 peratus dividen akhir).

Sementara itu, syarikat itu mengumumkan sebagai pemenang tender KPMG Shareholder Value Analysis (KPMG SVA) untuk penilaian dividen.

Naim receives three Letters of Award

Property developer's confirmed order book increases to over RM1.252b

• Pangkalan TLDM akan dibina di Sarawak

he said Naim had received three Letters of Award (LOAs) for various projects, including the construction of a new bridge over the Sarawak River in Miri. He also mentioned that the company is currently working on several other projects in various parts of the country.

The LOAs received by Naim Cendra include contracts for the construction of residential and commercial buildings, as well as infrastructure projects. This will help to boost the company's revenue and improve its overall performance.

The company's management is confident that the LOAs will lead to a significant increase in sales and profits for the coming year. They are also committed to providing high-quality services and products to their customers.

The company's management expects better results for the coming year, as they anticipate a strong demand for their property projects. They are also confident that the company's financial performance will improve, thanks to the successful completion of several large-scale projects.

The company's management is committed to maintaining its position as a leading property developer in Malaysia. They are also focused on expanding their portfolio and providing high-quality services to their customers.

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Homes for the low-income group

Bekenu and Tudan in Miri identified for the construction of ministry's special housing scheme

By Anthony Joseph
MIRI: It would be a great relief for the low-income group in the city as the Ministry of Housing has identified two areas in Miri for the construction of a special low-cost housing scheme.

The minister, Datuk Seri Abang Johari Tun Openg, said that the scheme would provide a total of 1,000 units of low-cost housing for the low-income group in Miri.

Other areas in the State earmarked for the government's low-cost housing scheme are Batu Kuching and Kuching, Sarawak.

The scheme is part of the government's commitment to provide affordable housing for the low-income group in Sarawak. It is expected to be completed within 18 months.

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Orang ramai dipelawa kunjungi Naim Fest 2005

Oleh ISWANDI MAIJI

Khamis — Naim Cendra Holdings Berhad (NCHB) mengundang orang ramai untuk mengunjungi Naim Fest 2005 di Kuching. Naim Fest 2005 adalah satu acara pameran perumahan yang menampilkan pelbagai projek pembangunan perumahan Naim Cendra.

Menurut beliau lagi, Naim Fest 2005 akan menampilkan pelbagai projek pembangunan perumahan Naim Cendra, termasuk projek pembangunan perumahan di Kuching, Miri, and other parts of Sarawak.

Naim Fest 2005 adalah satu acara pameran perumahan yang menampilkan pelbagai projek pembangunan perumahan Naim Cendra. Ia akan berlangsung dari 20 hingga 22 Oktober 2005 di Kuching.

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The minister, Datuk Seri Abang Johari Tun Openg, said that the scheme would provide a total of 1,000 units of low-cost housing for the low-income group in Miri.

Other areas in the State earmarked for the government's low-cost housing scheme are Batu Kuching and Kuching, Sarawak.

The scheme is part of the government's commitment to provide affordable housing for the low-income group in Sarawak. It is expected to be completed within 18 months.

The company's management expects better results for the coming year, as they anticipate a strong demand for their property projects. They are also confident that the company's financial performance will improve, thanks to the successful completion of several large-scale projects.

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The company's management is committed to



diary of corporate events

8th March 2005

Kuala Lumpur-based Fund Managers and Investment Analysts visit WismaNaim and Desa Ilmu.

25th March 2005

Naim wins 17th International Construction Award 2005-New Millennium Award

10th April 2005

The official launching ceremony for Naim's 10th Anniversary celebration was jointly performed by Chief Minister of Sarawak, YAB Pehin Sri Haji Abdul Taib Mahmud and Federal Minister of Finance II, YB Senator Tan Sri Dato Seri Dr Nor Mohamed Yakcop. The function was attended by over 500 guests.



10th April 2005



25th March 2005



29th April 2005

13th May 2005

25th May 2005



29th April 2005

Naim donates to PERKIM, Sibul, in aid of its Dialysis Treatment Centre.

13th May 2005

Naim was awarded the 2005 Corporate, Social & Environment Responsibility (CSR) Award by the Bahrain Malaysia International Trade & Investment Bureau as a shining recognition of corporate, social and environmental responsibility.

25th May 2005

The third Naim Cendera Holdings Berhad Annual General Meeting was held on 25 May 2005 at Holiday Inn Resort Damai Lagoon, Santubong, Kuching.



diary of corporate events

27th May 2005

Naim Cendera is one of the leading corporate supporters of the Sarawak Bujang Senang football team and sponsored their challenge in the 2005 Malaysian Premier League season.

28th May 2005

Over 40 of Naim's staff attended the group's 3-day Corporate Retreat 2005 cum workshop on Performance Measurement with the Balanced Scorecard held at the 6-star Empire Hotel & Country Club in Brunei Darussalam.

13th July 2005

Naim was awarded the "KPMG Shareholder Value Award 2004" for being one of top public listed companies in the construction and properties sector for creating shareholder value for investors.



27th May 2005



13th July 2005



28th May 2005

17th July 2005



26th August 2005



23th July 2005

17th July 2005

The Miri leg of Naim's Buyers-Get-Buyers Nite 2005 was held 17th July 2005 at Miri Indoor Stadium. The grand prize winner of the exciting campaign was Encik Zairustam Abdullah, who was all smiles on stage as he received a new Honda motorcycle for his deserving efforts.

23rd July 2005

Naim donated RM130,000 in conjunction with the grand finals of Miss Tourism Pageant 2005 held in Miri. The donation is in aid of SJK Chung Hua Tudan Miri, Sunflower Centre, Miri Home for the Aged and School for Mentally Handicapped Children, Miri.

26th August 2005

Naim's Board Of Directors' Meeting and Fund Managers' Briefing 2005 was held at the Sheraton Imperial, Kuala Lumpur, where over 30 guests attended the function.



diary of corporate events



7th Nov 2005



15th Oct 2005



21st Dec 2005





10 Dec 2005

15th October 2005

The launching of the much awaited Riveria mixed development project at Sungai Kuap was held at Wisma Naim, and the *Iris* design double storey houses were the first product to be launched at this 110-acre project.

7th November 2005

Naim donated towards Lembaga Amanah Kebajikan Melayu Miri (LAKMM) and on hand to receive the mock cheque was Sarawak's Chief Minister who graced the association's annual Majlis Ramah Tamah Aidil Fitri gathering held at Masjid At Taqwa in Piasau, Miri.

10th December 2005

The inaugural Naim Fest 2005 was held at Wisma Naim and attracted over 2,000 people including valued clients and house buyers from throughout Kuching.

21st December 2005

The Naim Group signed a contract with Syarikat Perumahan Negara Berhad (SPNB) for the construction of affordable housing in Kuching and Miri. The signing ceremony was held at SPNB headquarters at Bangunan MAS, Kuala Lumpur.



appendix I

outlook for the malaysian economy

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2006 and beyond. Unless otherwise stated these organizations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

World trade Organisation

Malaysia is a trading nation, with exports and foreign direct investment playing an important role in its economy. The recent sharp slowdown in the U.S. economy, and Japan's further weakening, pose major challenges for Malaysia's trade and investment outlook and thus to Malaysia's short- and medium-term economic prospects. Another major challenge looming on the horizon is the impending accession of China to the WTO. China is a formidable competitor in Malaysia's export markets, including electronics, it also competes strongly with Malaysia for FDI. Indeed, China has recently attracted a lion's share of inbound FDI in the region.

The Government has made considerable progress in addressing structural weaknesses that became more evident during the Asian crisis, by promoting corporate and financial restructuring. A more liberal trade and investment regime could also contribute greatly not just to a sustained economic recovery, but also to Malaysia's long-term economic development.

Asian Development Bank

The Malaysian Economy And Property Market Outlook 2006

In its recent press release entitled 'Economic and Financial Developments in the Malaysian Economy' dated Feb 22, Bank Negara Malaysia (BNM) reported that the Malaysian economy expanded at an annual rate of 5.2% in 4Q05. At the same time, numerous economic indicators including the Industrial Production Index (IPI), Trade Surplus, Foreign Direct Investments (FDI), International Reserves (IR), Non Performing Loans (NPL), Tourist Arrivals, Consumer Sentiment Index (CSI) and Business Confidence Index (BCI) for 4Q05 and January 2006 published by various agencies have also been pointing towards a healthy economic outlook for year 2006.

According to The Malaysian Institute of Economic Research (MIER) in its MIER Quarterly Survey dated Jan 2006, the country's independent think-tank has forecast the Malaysian economy to grow up to 5.5% in 2006. The Economist Intelligence Unit Limited, the world leader in global business intelligence headquartered in London in its research paper entitled 'The World Picture 2006: Country by Country', has forecast Malaysia to grow at 5.2% in 2006.

More recently, on 6 March, the Australia and New Zealand (ANZ) Banking Group in its paper entitled 'The Impact of China and India to The Global Economy', has also forecast the Malaysian economy to grow between 5% to 5.5% over the next two to three years.

The Economist Intelligence Unit

Country Forecast for Malaysia, March 24 2006

We have revised up our forecast for real GDP growth in 2006-07, owing to recent data showing vigorous private consumption growth and strong export gains in the fourth quarter of 2005. We now expect the economy to expand by 5.4% in 2006 and by 5.1% in 2007. Growth will be underpinned in both years by relatively strong household spending, which will bolster growth in the services sector.

Tradewatch (Australian Govt. Trade Advisor)

3 April 2006. The Malaysian Government's 2006 Budget, announced in September 2005, focuses on four strategies: implementing proactive Government measures to accelerate economic activities; providing a business-friendly environment; developing human capital; and enhancing the well-being and quality of life of Malaysians. It builds on the 2005 Budget which identified development of the agriculture sector as representing the third engine of growth, behind manufacturing and services.



The 2006 Budget projects a nine per cent rise in revenue (mainly from the expected higher receipt of petroleum taxes) and a three per cent increase in operating costs. This will allow the government to spend more on development, without having to increase the absolute deficit. The majority of government spending will be channelled to education, maintenance of public infrastructure, housing for police, teachers and military personnel, low-cost housing, and environmental preservation projects.

Malaysian Institute of Economic Research

The International Monetary Fund (IMF) has projected the global economy to moderate from a rapid 5.1 per cent in 2004 to 4.3 per cent in both 2005 and 2006.

After growing by an impressive 7.1 per cent in 2004, the Malaysian economy has moderated in 2005. Although quarterly GDP growth had slowed to 4.4 per cent in 2Q05, the economy regained some momentum with a 5.3 per cent growth in 3Q05. Driven by private consumption, the services sector grew briskly, more than offsetting the weakness in the manufacturing sector. Being a net oil exporter, the rise in oil prices has boosted revenues from petroleum and gas exports. Signs are that the Malaysian economy is turning the corner and is moving at moderate speed, partly underpinned by the upturn in the global electronics sector. The forward-looking leading index rose by a higher 7.0 per cent in Oct '05, up from a low 3.3 per cent in May'05, heralding a further pick up in growth pace in the near term.





appendix 2

outlook for the sarawak economy

The following are independent opinions from authoritative sources on the outlook for the Sarawak economy for 2006 and beyond. Unless otherwise stated these organizations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

Sarawak State Government

The global economic environment is expected to remain robust and dynamic right up to the next decade, with both the industrial and developing countries anticipated to maintain sustainable output growth. Global trade is predicted to expand by about 8%. This continuing favourable external outlook should keep the high growth momentum of the nation's economy at a steady and stable level.

As the largest state in the Federation of Malaysia, Sarawak aims to be fully developed state along with the rest of the country by 2020. Sarawak has identified four sectors as key sources of growth: manufacturing, commercial agriculture, construction and services. Availability of vast competitively priced land and rich reserves of natural resources has made Sarawak an attractive choice for manufacturing operations among investors.

The Star (Malaysia)

31 March 2006. Sarawak set to Gain from Ninth Malaysia Plan

The growth will be supported by domestic demand with strong private investment and consumption.

Per capita gross national product (GNP) in current terms is forecast to grow by 5.9% per annum to RM23,573 in 2010. Per capita GNP in terms of purchasing power parity is expected to increase to US\$13,878 in 2010. Listed as Malaysia's top three most developed state, Sarawak is expected to be among the states that will benefit the most from the Federal Government's development expenditure budget in the 9th Malaysia Plan, the Federal Government had been supportive in sustaining the pace of economic growth in Sarawak and development spending allocations to Sarawak have risen substantially over the years. It is expected that a large chunk of the RM 310 billion budget, up almost double that of the 8th Malaysia Plan will be allocated to Sarawak for infrastructure building such as the ongoing coastal road project.



financial statements

84	Directors' Report
87	Statement by Directors
88	Statutory Declaration
89	Report of the Auditors
90	Balance Sheets
92	Income Statements
93	Statement of Changes in Equity
94	Cash Flow Statements
96	Notes to the Financial Statements
125	Analysis of Shareholdings
127	List of Properties
131	Notice of Annual General Meeting
135	Form of Proxy

directors' report

for the year ended 31 december 2005

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2005.

Principal activities

The Company is principally engaged in investment holding and provision of management services to subsidiaries whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	79,145	24,730
	=====	=====

Dividends

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 7.0 sen per share less tax at 28% totalling RM12,465,623 in respect of the year ended 31 December 2004 on 17 June 2005; and
- (ii) a first interim dividend of 7.0 sen per share less tax at 28% totalling RM12,465,623 in respect of the year ended 31 December 2005 on 10 October 2005.

The second interim dividend declared by the Directors in respect of the year ended 31 December 2005 is 5.0 sen per share less tax.

Reserves and provisions

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

Directors of the Company

Directors who served since the date of the last report are:

Datuk Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Ir Suyanto Bin Osman
Kueh Hoi Chuang
Abang Hasni Bin Abang Hasnan
Y.B. Tuan Haji Hamden Bin Haji Ahmad
Dr. Sharifuddin Bin Abdul Wahab
Ir Abang Jemat Bin Abang Bujang
Datu Haji Abdul Rashid Bin Mohd Azis
Ahmad Bin Abu Bakar (*appointed on 6.2.2006*)
Dato' Peter Anak Minos (*appointed on 18.4.2005; resigned on 5.9.2005*)
William Wei How Sieng (*resigned on 31.5.2005*)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			At 31.12.2005
	At 1.1.2005	Bought	Sold	
Shareholdings in the Company in which Directors have direct interests				
Datuk Abdul Hamed Bin Haji Sepawi	13,150,000	405,100	-	13,555,100
Datuk Hasmi Bin Hasnan	28,868,850	50,000	-	28,918,850
Ir Suyanto Bin Osman	135,000	-	-	135,000
Kueh Hoi Chuang	144,100	-	-	144,100
Dr. Sharifuddin Bin Abdul Wahab	100,000	-	-	100,000

**Shareholdings in which a Director,
Datuk Abdul Hamed Bin Haji Sepawi,
has deemed interests**

The Company	40,875,700	180,000	-	41,055,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Ready Mix Sdn. Bhd.	355,000	-	-	355,000

**Shareholdings in which a Director,
Datuk Hasmi Bin Hasnan,
has deemed interests**

The Company	61,947,200	502,000	-	62,449,200
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Ready Mix Sdn. Bhd.	355,000	-	-	355,000

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

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

Issue of shares and debentures

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

directors' report

for the year ended 31 december 2005

Options granted over unissued shares

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

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Datuk Abdul Hamed Bin Haji Sepawi

.....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 28 April 2006

statement by directors

pursuant to section 169(15) of the companies act, 1965

In the opinion of the Directors, the financial statements set out on pages 96 to 124 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Datuk Abdul Hamed Bin Haji Sepawi

.....
Datuk Hasmi Bin Hasnan

Kuching,

Date : 28 April 2006

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, **Kho Teck Hock**, the officer primarily responsible for the financial management of Naim Cendera Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 96 to 124 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuching in the State of Sarawak

on 28 April 2006

Kho Teck Hock

Before me:

report of the auditors

to members of naim cendera holdings berhad

We have audited the financial statements set out on pages 96 to 124. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, 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.

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company at 31 December 2005 and of the results of their operations and cash flows for the year ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758

Chartered Accountants

Chin Chee Kong

Partner

Approval Number: 1481/1/07 (J)

Kuching,

Date: 28 April 2006

balance sheets

as at 31 december 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	41,294	36,871	-	-
Investment in subsidiaries	3	-	-	279,962	279,962
Investment in associates	4	2,183	1,894	-	-
Investment in jointly controlled entities	5	3,865	2,590	-	-
Other investments	6	441	425	-	-
Land held for property development	7	143,206	258,012	-	-
Deferred tax assets	8	377	10	-	-
Current assets					
Inventories	9	16,651	13,915	-	-
Property development costs	10	167,538	104,994	-	-
Trade and other receivables	11	197,673	107,905	42	210
Amount due from subsidiaries	12	-	-	17,574	4,030
Tax recoverable		3,121	1,024	287	-
Deposits, cash and bank balances	13	133,928	129,841	24,643	48,367
		518,911	357,679	42,546	52,607
Current liabilities					
Trade and other payables	14	136,124	122,729	1,156	358
Amount due to subsidiaries	12	-	-	455	58
Borrowings	15	184	638	-	-
Taxation		15,805	2,824	-	29
		152,113	126,191	1,611	445
Net current assets		366,798	231,488	40,935	52,162
		558,164	531,290	320,897	332,124
		=====	=====	=====	=====

	Note	2005 RM'000	Group 2004 RM'000	2005 RM'000	Company 2004 RM'000
Financed by:					
Capital and reserves					
Share capital	16	250,000	250,000	250,000	250,000
Share premium		86,092	86,092	86,092	86,092
Retained profits	17	122,793	68,579	415	616
Treasury shares	16	(15,610)	(4,584)	(15,610)	(4,584)
		<u>443,275</u>	<u>400,087</u>	<u>320,897</u>	<u>332,124</u>
Reserve on consolidation	18	16,224	22,520	-	-
Minority shareholders' interests	19	36,404	32,405	-	-
Long-term and deferred liabilities					
Borrowings	15	51	237	-	-
Deferred tax liabilities	8	62,210	76,041	-	-
		<u>558,164</u>	<u>531,290</u>	<u>320,897</u>	<u>332,124</u>
		=====	=====	=====	=====

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2006.

The notes set out on pages 96 to 124 form an integral part of, and should be read in conjunction with, these financial statements.

income statements

for the year ended 31 december 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	20	423,094	343,710	38,337	22,367
Cost of sales	20	(287,526)	(218,262)	-	-
Gross profit		135,568	125,448	38,337	22,367
Other operating income		4,899	2,231	-	-
Selling and distribution costs		(3,053)	(2,855)	-	-
Administrative expenses		(24,132)	(19,598)	(3,767)	(1,286)
Operating profit	20	113,282	105,226	34,570	21,081
Income from investments	22	1,970	2,488	-	-
Reserve on consolidation recognised	18	6,268	6,299	-	-
Interest expense		(83)	(82)	-	-
		121,437	113,931	34,570	21,081
Share of profit of associates		601	725	-	-
Share of profit of jointly controlled entities	5	1,775	308	-	-
Profit before taxation		123,813	114,964	34,570	21,081
Tax - Company and subsidiaries		(34,153)	(31,905)	(9,840)	(6,226)
- associates		(185)	(201)	-	-
- jointly controlled entities	5	(500)	(84)	-	-
Tax expense	23	(34,838)	(32,190)	(9,840)	(6,226)
Profit after taxation		88,975	82,774	24,730	14,855
Minority interests		(9,830)	(13,279)	-	-
Net profit for the year		79,145	69,495	24,730	14,855
		=====	=====	=====	=====
Basic earnings per ordinary share (sen)	24	32.0	27.8		
		=====	=====		
Dividends per ordinary share					
- net (sen)	25	8.7	8.6		
		=====	=====		

The notes set out on pages 96 to 124 form an integral part of, and should be read in conjunction with, these financial statements.

statement of changes in equity

for the year ended 31 december 2005

Group	Note	Share capital RM'000	Non- distributable Share premium RM'000	Distributable		Total RM'000
				Retained profits RM'000	Treasury shares RM'000	
At 1 January 2004		250,000	86,092	16,136	-	352,228
Net profit for the year		-	-	69,495	-	69,495
Dividends	25	-	-	(17,052)	-	(17,052)
Treasury shares purchased - at cost	16	-	-	-	(4,584)	(4,584)
At 31 December 2004		250,000	86,092	68,579	(4,584)	400,087
Net profit for the year		-	-	79,145	-	79,145
Dividends	25	-	-	(24,931)	-	(24,931)
Treasury shares purchased - at cost	16	-	-	-	(11,026)	(11,026)
At 31 December 2005		250,000	86,092	122,793	(15,610)	443,275
		=====	=====	=====	=====	=====
		Note 16			Note 16	
Company						
At 1 January 2004		250,000	86,092	2,813	-	338,905
Net profit for the year		-	-	14,855	-	14,855
Dividends	25	-	-	(17,052)	-	(17,052)
Treasury shares purchased - at cost	16	-	-	-	(4,584)	(4,584)
At 31 December 2004		250,000	86,092	616	(4,584)	332,124
Net profit for the year		-	-	24,730	-	24,730
Dividends	25	-	-	(24,931)	-	(24,931)
Treasury shares purchased - at cost	16	-	-	-	(11,026)	(11,026)
At 31 December 2005		250,000	86,092	415	(15,610)	320,897
		=====	=====	=====	=====	=====
		Note 16		Note 17	Note 16	

The notes set out on pages 96 to 124 form an integral part of, and should be read in conjunction with, these financial statements.

cash flow statements

for the year ended 31 december 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	123,813	114,964	34,570	21,081
Adjustments for:				
Depreciation	4,721	5,074	-	-
Dividend income	(57)	(27)	(35,200)	(20,940)
Gain on disposal of property, plant and equipment	(13)	(130)	-	-
Gain on disposal of quoted shares	-	(5)	-	-
Gain on disposal of land held for development	-	(110)	-	-
Gain on disposal of a subsidiary	(2)	-	-	-
Interest expense	83	82	-	-
Allowance for diminution in value of quoted investments	-	63	-	-
Interest income	(1,913)	(2,461)	(714)	(1,285)
Reserve on consolidation recognised	(6,268)	(6,299)	-	-
Share of profit of associates	(601)	(725)	-	-
Share of profit of jointly controlled entities	(1,775)	(308)	-	-
Opening profit/(loss) before working capital changes	117,988	110,118	(1,344)	(1,144)
(Increase)/Decrease in working capital:				
Inventories	5,602	1,283	-	-
Property development costs	(4,471)	(30,663)	-	-
Trade and other receivables	(41,175)	(49,479)	106	(47)
Trade and other payables	13,371	34,696	798	(196)
Amount due from/to subsidiaries	-	-	(13,146)	(1,215)
Cash generated from/(used in) operations	91,315	65,955	(13,586)	(2,602)
Income taxes paid	(37,467)	(29,813)	(300)	(441)
Interest paid	(2)	(8)	-	-
Interest received	1,714	1,202	775	1,319
Net cash generated from/ (used in) operating activities	55,560	37,336	(13,111)	(1,724)
	=====	=====	=====	=====
Cash flows from investing activities				
Additional investment in existing subsidiary	-	(1,800)	-	-
Acquisition of subsidiaries, net of cash acquired (Note 31)	-	145	-	-
Proceeds from disposal of property, plant and equipment	50	2,504	-	-
Purchase of other investments	(16)	(9)	-	-
Purchase of property, plant and equipment [Note (i)]	(9,182)	(4,378)	-	-
(Decrease)/Increase in deposits pledged to licensed banks	2,741	(1,105)	-	-
Dividends received	183	279	25,344	15,077
Investment in jointly controlled entities	-	(1,800)	-	-
Net cash (used in)/generated from investing activities	(6,224)	(6,164)	25,344	15,077
	=====	=====	=====	=====

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Proceeds from bankers' acceptances	-	434	-	-
Purchase of own shares	(11,026)	(4,584)	(11,026)	(4,584)
Repayment of term loans	-	(1,443)	-	-
Repayment of hire purchase loans	(640)	(351)	-	-
Dividends paid by the Company	(24,931)	(17,052)	(24,931)	(17,052)
Dividends paid to minority shareholders of subsidiaries	(5,830)	(7,570)	-	-
Interest paid	(81)	(74)	-	-
Net cash used in financing activities	(42,508)	(30,640)	(35,957)	(21,636)
	=====	=====	=====	=====
Net increase/(decrease) in cash and cash equivalents	6,828	532	(23,724)	(8,283)
Cash and cash equivalents at beginning of year	124,989	124,457	48,367	56,650
Cash and cash equivalents at end of year [Note (ii)]	131,817	124,989	24,643	48,367
	=====	=====	=====	=====

Notes

(i) Purchase of property, plant and equipment

During the financial year ended 31 December 2004 the Group acquired property, plant and equipment with an aggregate cost of RM4,440,000, of which RM62,000 was financed by hire purchase loans while the balance was paid for in cash. The acquisitions for the current financial year were all paid for in cash.

(ii) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits (excluding deposits pledged)	67,599	86,173	9,102	42,145
Short term cash fund	13,000	5,000	13,000	5,000
Cash and bank balances	51,218	33,816	2,541	1,222
	131,817	124,989	24,643	48,367
	=====	=====	=====	=====

The notes set out on pages 96 to 124 form an integral part of, and should be read in conjunction with, these financial statements

notes to the financial statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis (except as disclosed in the notes to the financial statements) and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intra group transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

(d) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

1. Summary of significant accounting policies (continued)

(d) Joint venture (continued)

In respect of its interest in jointly controlled entities, the Group uses the equity method to account for its interest.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

(e) Property, plant and equipment

Capital work-in-progress is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment loss, if any.

Depreciation

Capital work-in-progress is not amortised. Leasehold land is amortised equally over its remaining lease terms. Other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2% - 10%
Furniture and fittings	10% - 50%
Motor vehicles	20%
Office and factory equipment	10% - 50%
Plant and machinery	10% - 20%

Capital work-in-progress

Expenditure incurred on the construction and installation of assets is capitalised as capital work-in-progress until the assets are fully commissioned and operational.

(f) Investments

Long-term investments other than in subsidiaries, associates and jointly controlled entities are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long-term investments in subsidiaries, associates and jointly controlled entities are stated at cost in the Company, less impairment loss where applicable.

(g) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

notes to the financial statements

1. Summary of significant accounting policies *(continued)*

(g) Land held for property development *(continued)*

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other direct development expenditure and related overheads.

(h) Goodwill and reserve on consolidation

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation.

In respect of associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associates or jointly controlled entities.

Reserve on consolidation, or negative goodwill, represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Goodwill/Reserve on consolidation is amortised/recognised in the income statement over five years, subject, in the case of goodwill, to annual reviews for any impairment in its carrying value.

(i) Inventories

(i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(ii) Other inventories

Raw materials, building materials, consumables, trading inventories and botanical plants are stated at the lower of cost and net realisable value with weighted average cost being the basis for cost. For building materials and trading inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

(j) Property development costs

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

Property development cost not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings under trade and other payables.

(k) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts, where applicable.

1. Summary of significant accounting policies *(continued)*

(l) Amount due from contract customers

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate costs plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in trade and other payables as amount due to contract customers.

(m) Employee benefits

(i) *Short-term employee benefits*

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. 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 absences occur.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment

The carrying amount of the Group's assets, other than inventories [refer Note 1(i)], assets arising from construction contracts [refer to Note 1(l)], deferred tax assets [refer Note 1(t)] and financial assets (other than investments in subsidiaries, associates and jointly controlled entities), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. An impairment loss is charged to the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverses the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

notes to the financial statements

1. Summary of significant accounting policies *(continued)*

(p) Liabilities

Borrowings and trade and other payables are stated at cost.

(q) Hire purchase loans

Property, plant and equipment acquired using hire purchase loans are capitalised and depreciated in accordance with Note 1(e). Outstanding hire purchase instalments after deducting interest yet to fall due are disclosed as borrowings in the balance sheet. Hire purchase interest is charged to the income statement over the loan tenor using the "sum-of-digit" method.

(r) Share capital - Repurchase of shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Should such shares be cancelled, their nominal amounts are eliminated and the difference between their cost and nominal amounts is taken into reserves as appropriate.

(s) Capitalisation of borrowing costs

Borrowing costs incurred on property development costs and gross amount due from contract customers are capitalised. Capitalisation of borrowing costs will cease when the property development activities and construction contracts have been completed.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific property development activity or gross amount due from contract customers, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

(t) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. Summary of significant accounting policies *(continued)*

(u) Revenue

(i) Property development

Revenue from property development activities is recognised based on the stage of completion of properties sold measured by reference to 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 property 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 the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

(ii) Construction contracts

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

(iii) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyers.

(iv) Sand filling and earthwork

Revenue from provision of sand extraction and land filling services is recognised in the income statement based on quantity of sand filled at agreed rates.

(v) Dividend income

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

(vi) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

(vii) Management fees

Income from provision of management services to subsidiaries is recognised as it accrues, at agreed rates.

(viii) Rental income

Rental income is recognised in the income statement as it accrues, based on rates agreed with tenants.

(v) Interest expense

All interest incurred in connection with borrowings, other than those capitalised in accordance with Note 1(s), are expensed as incurred.

notes to the financial statements

2. Property, plant and equipment - Group

	Outright purchase				Under hire purchase														
	Long-term leasehold land		Short-term leasehold land		Furniture and fittings		Office and factory equipment		Plant and machinery		Capital work-in-progress		Motor vehicles		Plant and machinery		Total		
	RM'000		RM'000		RM'000	Buildings RM'000		RM'000	Motor vehicles RM'000		RM'000		RM'000		RM'000		RM'000		RM'000
Cost																			
Opening balance	18,259		1,820		6,081		2,661		9,726		3,628		13,554		781		893		125
Additions	-		-		5,005		587		1,989		1,348		74		148		-		31
Disposals	-		-		-		-		(325)		(12)		-		-		-		-
Reclassification	(1,510)		1,510		-		-		203		-		156		-		(203)		(156)
Closing balance	16,749		3,330		11,086		3,248		11,593		4,964		13,784		929		690		-
Depreciation																			
Opening balance	775		233		673		1,437		5,534		2,309		9,333		-		287		76
Charge for the year	309		33		158		379		1,441		589		1,576		-		146		90
Disposals	-		-		-		-		(295)		(4)		-		-		-		-
Reclassification	(205)		205		-		-		133		-		166		-		(133)		(166)
Closing balance	879		471		831		1,816		6,813		2,894		11,075		-		300		-
Net book value																			
At 31 December 2005	15,870		2,859		10,255		1,432		4,780		2,070		2,709		929		390		-
At 31 December 2004	17,484		1,587		5,408		1,224		4,192		1,319		4,221		781		606		49
Depreciation charge for the year ended 31 December 2004	309		33		135		334		1,213		498		2,130		-		354		68

2. Property, plant and equipment - Group *(continued)*

Restrictions on titles of land

The title to one parcel of short-term leasehold land and the building thereon costing RM811,000 (2004: RM811,000) and the title to another five (2004: one) parcel(s) of short-term leasehold land costing RM1,343,000 (2004: RM1,078,000) have yet to be issued by the relevant authorities. Three (2004: Three) parcels of long-term leasehold land costing RM16,747,000 (2004: RM16,747,000) have only been issued with provisional titles by the relevant authorities.

The titles to four (2004: four) parcels of short-term leasehold land costing RM25,000 (2004: RM25,000) belonging to a subsidiary are registered in the name of another subsidiary holding them in trust for the former.

In addition, the strata titles to two (2004: two) buildings costing RM359,000 (2004: RM1,994,000) are in the process of being obtained from the authorities.

Depreciation charge for the year is allocated as follows:

	Group	
	2005	2004
	RM'000	RM'000
Income statements (Note 20)	3,801	4,125
Property development costs (Note 10)	415	432
Construction contracts (Note 11)	505	517
	<u>4,721</u>	<u>5,074</u>
	=====	=====

3. Investment in subsidiaries - Company

	Company	
	2005	2004
	RM'000	RM'000
Unquoted shares - at cost	279,962	279,962
	=====	=====

The principal activities of the subsidiaries, all of which are incorporated in Malaysia, and the Company's interest therein are as follows:

Subsidiary	Principal activities	Effective ownership interest	
		2005	2004
		%	%
Naim Cendera Sdn. Bhd. ("NCSB")	Property developer, civil and building contractor	100	100
<u>Subsidiaries of NCSB</u>			
Total Reliability Sdn. Bhd.	Construction and civil engineering works	51	51
Desa Ilmu Sdn. Bhd.	Property development	60	60
Naim Citra Sdn. Bhd.	Construction contractor	100	100

notes to the financial statements

3. Investment in subsidiaries (continued)

Subsidiaries	Principal activities	Effective ownership interest	
		2005 %	2004 %
NCSB Engineering Sdn. Bhd.	Earthwork contractor and rental of machinery	100	100
TR Smart Piles Sdn. Bhd.	Manufacture and sale of reinforced concrete piles	51	51
TR Bricks Sdn. Bhd.	Manufacture and sale of bricks	45 *	45 *
TR Green Sdn. Bhd.	Contractor for landscaping services	100	100
Naim Cendera Dua Sdn. Bhd.	Trading of cement, steel bar and wire	100	100
Naim Commercial Sdn. Bhd.	Property development	100	100
Khidmat Mantap Sdn. Bhd.	Property development	100	100
Naim Cendera Lapan Sdn. Bhd.	Dormant	100	100
Naim Realty Sdn. Bhd.	Dormant	100	100
Naim Management Sdn. Bhd.	Dormant	100	100
Naim Cendera Tujuh Sdn. Bhd.	Dormant	100	100
Dataran Wangsa Sdn. Bhd.	Dormant	100	100
Yakin Jelas Sdn. Bhd.	Dormant	100	100
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
Naim Utilities Sdn. Bhd.	Dormant	100	100
Syarikat Usahasama Naim-RSB Sdn. Bhd. (formerly known as Setia Intrajaya Sdn. Bhd.)	Dormant	-	100
Naim Ready Mix Sdn. Bhd. (formerly known as Asas Megamaju Sdn. Bhd.)	Dormant	61.2	61.2
Naim Equipment Sdn. Bhd. (formerly known as Surefix Sdn. Bhd.)	Dormant	100	-
Yakin Pelita Sdn. Bhd.	Dormant	100	-
Naim Incorporated Berhad	Dormant	100	-

* The Company's equity interest in TR Bricks Sdn Bhd is held through a 51% owned subsidiary, Total Reliability Sdn. Bhd.

notes to the financial statements

4. Investment in an associate

	Group	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	1,492	1,492
Share of post acquisition reserves	691	402
	<u>2,183</u>	<u>1,894</u>
	=====	=====
Represented by:		
Group's share of net assets	2,183	1,894
	=====	=====

Details of the associates of the Group, which are incorporated in Malaysia, are as follows:

Associate	Principal activities	Effective equity interest *	
		2005	2004
		%	%
Syarikat Usahasama Naim-RSB Sdn. Bhd.(formerly known as Setia Intrajaya Sdn. Bhd.)	Dormant	49.00 ^	-
TR Concrete Sdn. Bhd.	Manufacture and sale of premix concrete	17.85 *	17.85 *

* The Group's equity interest in TR Concrete Sdn. Bhd. is held through a 51% owned subsidiary, Total Reliability Sdn. Bhd..

^ Held through NCSB

5. Investment in jointly controlled entities

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	Group	
	2005	2004
	RM'000	RM'000
Long-term assets	141	203
Current assets	15,465	7,365
Current liabilities	(11,741)	(3,783)
Long-term liabilities	-	(1,195)
	<u>3,865</u>	<u>2,590</u>
	=====	=====
Net assets		
Income	26,393	7,436
Expenses	(24,618)	(7,128)
	<u>1,775</u>	<u>308</u>
Share of profits		
Tax expense	(500)	(84)
	<u>1,275</u>	<u>224</u>
	=====	=====
Net profit		

notes to the financial statements

5. Investment in jointly controlled entities *(continued)*

Details of the jointly controlled entities of the Group are as follows:

Subsidiaries	Principal activities	Proportion of ownership interest	
		2005 %	2004 %
Konsortium Javel Naim Cendera	Construction contractor	50	50
Naim - PW JV	Construction contractor	51	51
PPES Works - Naim Cendera JV	Construction contractor	45	45

6. Other investments

	Group	
	2005 RM'000	2004 RM'000
At cost :		
Quoted shares - Malaysia	325	325
Unit trusts	116	100
	<u>441</u>	<u>425</u>
	=====	=====

The market values of the quoted shares and unit trusts are shown in Note 30.

7. Land held for property development

	Group	
	2005 RM'000	2004 RM'000
Opening balance	258,012	247,790
Additions	951	18,320
Transfer to property development costs (Note 10)	(66,411)	(7,883)
Disposals	(49,346)	(215)
Closing Balance	<u>143,206</u>	<u>258,012</u>

8. Deferred tax

The amounts of deferred tax, determined after appropriate offsetting, are as follows:

	Group	
	2005 RM'000	2004 RM'000
Deferred tax liabilities	62,210	76,041
	=====	=====
Deferred tax assets	(377)	(10)
	=====	=====
Total	<u>61,833</u>	<u>76,031</u>
	=====	=====

notes to the financial statements

8. Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1.1.2005 RM'000	(Charged)/ Credited to income statement RM'000	At 31.12.2005 RM'000
Deferred tax assets			
Property, plant and equipment	(232)	11	(221)
Unabsorbed capital allowance	-	(21)	(21)
Unutilised tax loss	-	(139)	(139)
Allowances	(89)	-	(89)
	<u>(321)</u>	<u>(149)</u>	<u>(470)</u>
Deferred tax liabilities			
Property, plant and equipment	405	140	545
Fair value adjustment on acquisition of subsidiaries *	75,947	(14,189)	61,758
	<u>76,352</u>	<u>(14,049)</u>	<u>62,303</u>
Total	<u>76,031</u>	<u>(14,198)</u>	<u>61,833</u>
	=====	=====	=====
		(Note 23)	

* This relates to the land held for property development, property development costs as well as property, plant and equipment of the subsidiaries acquired in July 2003. This deferred tax liability is reversed to the income statements progressively when the subject land is developed and/or sold or when the property, plant and equipment are amortised/depreciated, as the case may be.

9. Inventories

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Developed properties held for sale	14,324	10,931
Building materials	1,279	2,150
Raw materials	81	310
Consumables	445	436
Trading inventories	522	23
	<u>16,651</u>	<u>13,850</u>
At net realisable value:		
Building materials	-	65
Total	<u>16,651</u>	<u>13,915</u>
	=====	=====

notes to the financial statements

10. Property development costs - Group

	Land RM'000	Development costs RM'000	Accumulated costs charged to income statement RM'000	Total RM'000
2005				
Opening balance	57,466	222,776	(175,248)	104,994
Transfer from land held for property development (Note 7)	66,411	-	-	66,411
Costs incurred during the year	2,050	138,822	-	140,872
Costs charged to income statement	-	-	(136,400)	(136,400)
Transfer of completed properties to inventories, net of sales	(7,551)	(147,156)	146,368	(8,339)
Closing balance	118,376	214,442	(165,280)	167,538
2004				
Opening balance	49,329	206,318	(178,809)	76,838
Transfer from land held for property development (Note 7)	7,883	-	-	7,883
Transfer from property, plant and equipment	2,185	-	-	2,185
Costs incurred during the year	143	138,357	-	138,500
Costs charged to income statement	-	-	(110,022)	(110,022)
Transfer of completed properties to inventories, net of sales	(2,074)	(121,899)	113,583	(10,390)
Closing balance	57,466	222,776	(175,248)	104,994

Property development costs incurred during the financial year include:

	Group	
	2005	2004
	RM'000	RM'000
Depreciation (Note 2)	415	432
Directors' remuneration	-	175
Interest expense	5	22
Hire of equipment	728	-
Rental of premises	15	9
	=====	=====

Directors' remuneration of the Group for the year ended 31 December 2004 shown above included contribution to the Employees Provident Fund of RM18,000.

Interest is capitalised in property development costs at the rate of 6.2% (2004:6.2%) per annum.

notes to the financial statements

11. Trade and other receivables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	166,589	69,623	-	-
Accrued billings	10,993	17,378	-	-
Amount due from contract customers				
- Gross amount (see below)	13,840	17,529	-	-
- Allowance for doubtful debts	(636)	(636)	-	-
	13,204	16,893	-	-
Deposits	1,698	1,626	-	-
Prepayments	86	22	-	-
Other receivables	5,103	2,363	42	210
	<u>197,673</u>	<u>107,905</u>	<u>42</u>	<u>210</u>
	=====	=====	=====	=====

Trade receivables of the Group included an amount of RM84,087,900 (2004: RM nil) from the sale of vacant land in December 2005 to Syarikat Perumahan Negara Berhad ("SPNB"), which is wholly owned by the Minister of Finance (Incorporated). Forfeitable deposit of RM16,818,000 equivalent to 20% of the purchase consideration was received from SPNB in January 2006. The Directors are confident that the balance of the purchase consideration will be received in full by June 2006.

Trade receivables of the Group also include retention sums of RM4,067,000 (2004: RM4,791,000) in respect of construction contracts.

Other receivables of the Group include an amount of RM8,000 (2004: RM3,000) due from an associate, which is non-trade in nature, unsecured and interest free. Included in the other receivables of the Group are also amounts due from jointly controlled entities of RM3,882,000 (2004: RM104,000) which is non-trade in nature, unsecured and interest free.

Amount due from contract customers

	Group	
	2005	2004
	RM'000	RM'000
Aggregate costs incurred to date	100,708	254,221
Attributable profits	25,471	57,433
	<u>126,179</u>	<u>311,654</u>
Progress billings	(125,083)	(304,001)
	<u>1,096</u>	<u>7,653</u>
Amount due to contract customers reclassified to trade and other payables (Note 14)	12,744	9,876
	<u>13,840</u>	<u>17,529</u>
	=====	=====

Additions to aggregate costs incurred during the year include:

Depreciation (Note 2)	505	517
Directors' remuneration	-	137
Hire of equipment	522	3,685
Rental of premises	101	75
	=====	=====

Directors' remuneration of the Group for the year ended 31 December 2004 shown above included contribution to the Employees Provident Fund of RM7,000.

notes to the financial statements

12. Amounts due from/to subsidiaries - Company

The amounts due from/to subsidiaries are non-trade in nature, unsecured and interest free.

13. Deposits, cash and bank balances

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Fixed deposits placed with licensed banks	69,710	91,025	9,102	42,145
Short term cash fund	13,000	5,000	13,000	5,000
Cash and bank balances	51,218	33,816	2,541	1,222
	<u>133,928</u>	<u>129,841</u>	<u>24,643</u>	<u>48,367</u>
	=====	=====	=====	=====

Fixed deposits of the Group amounting to RM2,111,000 (2004: RM4,852,000) are pledged to banks to secure bank guarantee facilities granted.

14. Trade and other payables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade payables	89,212	92,916	-	-
Progress billings	12,439	11,508	-	-
Accruals	8,283	4,794	243	225
Other payables	4,487	1,163	913	133
Advance payments received from property buyers and contract customers	8,959	2,472	-	-
	<u>123,380</u>	<u>112,853</u>	<u>1,156</u>	<u>358</u>
Amount due to contract customers (Note 11)	12,744	9,876	-	-
	<u>136,124</u>	<u>122,729</u>	<u>1,156</u>	<u>358</u>
	=====	=====	=====	=====

Included in the trade payables of the Group are retention sums amounting to RM13,396,000 (2004: RM17,929,000).

Included in the other payables of the Group is an amount owing to a minority shareholder of a subsidiary of RM470,000 (2004: RM149,000) for the acquisition of land. Other payables also include an amount of RM24,000 (2004: RM5,000) due to an associate, which is non-trade in nature, unsecured and interest free.

15. Borrowings

	Group	
	2004	2003
	RM'000	RM'000
Current		
Hire purchase loans - secured	184	204
Bankers' acceptances - unsecured	-	434
	<u>184</u>	<u>638</u>
	-----	-----
Non-current		
Hire purchase loans - secured	51	237
	<u>51</u>	<u>237</u>
	-----	-----
Total	<u>235</u>	<u>875</u>
	=====	=====

15. Borrowings (continued)

Terms and debt repayment schedule

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Hire purchase loans - interest fixed at 3.30% to 4.75% (2004: 3.30% to 4.75%) flat per annum	235	184	33	18
	=====	=====	=====	=====

Hire purchase loans

Hire purchase loans are payable as follows:

Group	Payments RM'000	Interest RM'000	Principal RM'000
2005			
Less than one year	195	11	184
Between one and two years	37	4	33
Between two and five years	19	1	18
	251	16	235
	=====	=====	=====
2004			
Less than one year	227	23	204
Between one and two years	218	11	207
Between two and five years	33	3	30
	478	37	441
	=====	=====	=====

16. Share capital

	Group and Company	
	2005 RM'000	2004 RM'000
Ordinary shares of RM1.00 each		
<u>Authorised</u>		
Opening and closing balances	500,000	500,000
	=====	=====
<u>Issued and fully paid</u>		
Opening and closing balances	250,000	250,000
	=====	=====

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 25 May 2004, approved the Company's plan to purchase its own shares up to 10% of its issued and paid-up share capital.

During the year, the Company purchased 3,772,400 (2004: 1,499,600) of its issued shares from the open market. The average price paid for the shares was RM2.92 (2004: RM3.05) per ordinary share. The repurchase transactions were financed by internal funds. The repurchased shares are held as treasury shares and carried at cost. The number of outstanding shares in issue after deducting treasury shares held is 244,728,000 ordinary shares of RM1.00 each. Treasury shares have no rights to voting, dividends and participation in other distributions.

notes to the financial statements

17. Retained profits - Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to distribute all its retained profits at 31 December 2005 as dividends.

18. Reserve on consolidation - Group

	RM'000
Cost	
Opening balance	31,381
Acquisition of subsidiaries (Note 31)	(28)
Closing balance	31,353
Recognition	
Opening balance	8,861
Recognised during the year	6,268
Closing balance	15,129
Net book value	
At 31 December 2005	16,224
	=====
At 31 December 2004	22,520
	=====
Reserve on consolidation recognised for the year ended 31 December 2004	6,299
	=====

19. Minority shareholders' interests - Group

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiaries' goodwill on consolidation and amortisation of goodwill charged to minority shareholders.

20. Operating profit

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue				
- sale of development properties and vacant land	307,647	208,889	-	-
- contract revenue	95,789	116,203	-	-
- sale of goods	19,655	18,480	-	-
- sand filling and earthwork	3,138	-	-	-
- management fees	-	-	2,175	142
- interest income	-	-	714	1,285
- dividend income from subsidiaries	-	-	35,200	20,940
- realised profit earned on short-term fund	-	-	248	-
	423,094	343,710	38,337	22,367
	=====	=====	=====	=====

20. Operating profit *(continued)*

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cost of sales				
- cost of development properties and vacant land sold	191,771	112,135	-	-
- contract costs recognised as an expense	77,184	87,409	-	-
- cost of goods sold	18,571	18,718	-	-
	<u>287,526</u>	<u>218,262</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

Operating profit is arrived at after crediting:

Gain on disposal of quoted shares	-	5	-	-
Gain on disposal of property, plant and equipment	13	130	-	-
Gain on disposal of a subsidiary [Note 31(b)]	2	-	-	-
Interest on overdue trade balances	37	37	-	-
Rental of premises	116	87	-	-
Reversal of allowance for doubtful debts	2,717	-	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

and after charging:

Allowance for diminution in value of quoted investments	-	63	-	-
Allowance for doubtful debts	-	1,575	-	-
Audit fee	162	140	12	10
Depreciation (Note 2)	3,801	4,125	-	-
Directors' remuneration				
- fees	424	296	342	210
- other emoluments	3,671	2,319	98	33
Interest on overdue balances	79	17	-	-
Inventories written down	-	32	-	-
Property development cost written off	-	857	-	-
Rental of equipment	41	38	-	-
Rental of premises	302	160	-	-
Inventories written off	37	-	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The estimated monetary value of Directors' benefits-in-kind is RM96,000 (2004: RM105,000).

Directors' remuneration of the Group include contributions to the Employees Provident Fund of RM365,000 (2004: RM258,000).

notes to the financial statements

21. Employee information

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Staff costs	20,408	17,127	2,368	-
	=====	=====	=====	=====

The Company does not have any employees except the Directors. The staff costs incurred by the Company were recharged by its subsidiaries, Total Reliability Sdn. Bhd. and Naim Cendera Sdn. Bhd..

The number of employees of the Group (excluding Directors) at the end of the year were 516 (2004: 485).

Group staff costs include contributions to the Employees Provident Fund of RM1,931,000 (2004: RM1,591,000).

22. Income from investments

	Group	
	2005	2004
	RM'000	RM'000
Interest on fixed deposits	1,913	2,461
Gross dividend income from:		
- quoted investments	40	19
- unit trusts	17	8
	<u>1,970</u>	<u>2,488</u>
	=====	=====

23. Tax expense

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	48,872	33,261	9,920	6,200
- prior year	164	(21)	(80)	26
	<u>49,036</u>	<u>33,240</u>	<u>9,840</u>	<u>6,226</u>
	-----	-----	-----	-----
Deferred tax expense (Note 8)				
Malaysian - current	(14,211)	(1,028)	-	-
- prior year	13	(22)	-	-
	<u>(14,198)</u>	<u>(1,050)</u>	<u>-</u>	<u>-</u>
	-----	-----	-----	-----
Total	<u>34,838</u>	<u>32,190</u>	<u>9,840</u>	<u>6,226</u>
	=====	=====	=====	=====

23. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit before taxation	123,813 =====	114,964 =====	34,570 =====	21,081 =====
Income tax using Malaysian tax rates	33,117	31,195	9,620	5,900
Non-deductible expenses	1,544	1,038	300	300
	<u>34,661</u>	<u>32,233</u>	<u>9,920</u>	<u>6,200</u>
Under/(Over) provisions in prior years	177	(43)	(80)	26
	<u>34,838</u> =====	<u>32,190</u> =====	<u>9,840</u> =====	<u>6,226</u> =====

24. Basic earnings per ordinary share - Group

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM79,145,000 (2004: RM69,495,000) and the weighted average number of ordinary shares outstanding during the year of 247,035,000 (2004: 249,652,000).

Weighted average number of ordinary shares

	2005 '000	2004 '000
Issued ordinary shares at beginning of the year	248,500	250,000
Effect of shares repurchased in February	(1,068)	-
Effect of shares repurchased in May	(1)	(1)
Effect of shares repurchased in October	(121)	(332)
Effect of shares repurchased in November	(196)	-
Effect of shares repurchased in December	(79)	(15)
Weighted average number of ordinary shares	<u>247,035</u> =====	<u>249,652</u> =====

25. Dividends

	Group and Company	
	2005 RM'000	2004 RM'000
Ordinary		
Final dividend paid:		
7.0 sen (2004: 4.5 sen) per share less tax for the year ended 31 December 2004 (2004: for the year ended 31 December 2003)	12,466	8,100
Interim dividend paid:		
7.0 sen (2004: 5.0 sen) per share less tax for the year ended 31 December 2005 (2004: for the year ended 31 December 2004)	12,465	8,952
	<u>24,931</u> =====	<u>17,052</u> =====

notes to the financial statements

25. Dividends *(continued)*

The second interim dividend of 5.0 sen per share less tax at 28% in respect of the year ended 31 December 2005 declared on 6 February 2006 has not been accounted for in the financial statements.

The net dividends per ordinary share as disclosed in the Income Statement takes into account the total interim dividends for the financial year.

26. Segmental information - Group

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

- | | |
|----------------------|--|
| Property development | - Development of residential and commercial properties. |
| Construction | - Construction of buildings, roads and bridges. |
| Others | - Manufacture and sale of construction materials, provision of sand filling/earthworks services and trading activities |

All the business segments are operated solely in Malaysia.

26. Segmental information – Group (continued)

Revenue	Property development		Construction		Others		Elimination		Consolidated	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
External customers	307,647	208,889	95,789	116,203	19,658	18,618	-	-	423,094	343,710
Inter segment sales	-	-	516	629	5,938	10,884	(6,454)	(11,513)	-	-
	307,647	208,889	96,305	116,832	25,596	29,502	(6,454)	(11,513)	423,094	343,710
Segment results	101,836	86,214	12,327	21,131	548	141	(671)	(964)	114,040	106,522
	=====	=====	=====	=====	=====	=====	=====	=====		
Unallocated expenses							(758)	(1,296)		
Operating profit									113,282	105,226
Income from investments									1,970	2,488
Reserve on consolidation recognised									6,268	6,299
Interest expense									(83)	(82)
Share of profit of associates and jointly controlled entities									2,376	1,033
Profit before taxation									123,813	114,964
Tax expense									(34,838)	(32,190)
Minority interests									(9,830)	(13,279)
Net profit for the year									79,145	69,495
									=====	=====

26. Segmental information - Group (continued)

notes to the financial statements

	Property development		Construction		Others		Consolidation	
	2005	2004 (Restated)	2005	2004 (Restated)	2005	2004 (Restated)	2005	2004 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets								
Long-term investments	547,446	467,264	111,568	124,248	44,767	10,873	703,781	652,569
Unallocated assets	=====	=====	=====	=====	=====	=====	=====	=====
Total assets								
							6,489	4,909
							7	3
							710,227	657,481
							=====	=====
Segment liabilities								
	160,111	148,015	40,851	47,825	13,388	6,624	214,350	202,464
	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated liabilities							24	5
Total liabilities								
							214,374	202,469
							=====	=====
Capital expenditure	2,698	2,221	1,259	2,017	5,225	202	9,182	4,440
Depreciation and amortisation	3,012	2,493	1,390	2,301	319	280	4,721	5,074
							=====	=====

There are no significant non cash expenses other than depreciation and amortisation.

27. Contingent liability - unsecured

	Company	
	2005	2004
	RM'000	RM'000
Corporate guarantees favouring banks for facilities granted to a subsidiary	195,000	15,000
	=====	=====

28. Capital commitments

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Authorised but not contracted for	6,161	5,659	-	4,568
- Contracted but not provided for in the financial statements	-	372	-	-
	<u>6,161</u>	<u>6,031</u>	<u>-</u>	<u>4,568</u>
	=====	=====	=====	=====

29. Related parties

Controlling related party relationships are as follows:

- (i) Its subsidiaries as disclosed in Note 3;
- (ii) Its associates as disclosed in Note 4;
- (iii) Jointly controlled entities as disclosed in Note 5;
- (iv) Companies connected to major shareholders of the Company or certain Directors of the Company or of its subsidiaries; and
- (v) Directors of the Company.

	Company	
	2005	2004
	RM'000	RM'000
Transactions with subsidiaries		
Dividend income	(35,200)	(20,940)
Management fees	(2,175)	(142)
	=====	=====

	Group	
	2005	2004
	RM'000	RM'000

Transactions with an associate, TR Concrete Sdn. Bhd.

Purchase of raw materials and other items	6,561	1,219
Sales of construction materials	(1)	(5,371)
	=====	=====

notes to the financial statements

29. Related parties (continued)

	2005 RM'000	Group 2004 RM'000
Transactions with companies connected to major Shareholders/Directors of the Company		
<u>Datuk Abdul Hamed Bin Haji Sepawi and Datuk Hasmi Bin Hasnan</u>		
Custodev Dua Sdn. Bhd. Purchases of property, plant and equipment	4,569 =====	- =====
<u>Datuk Abdul Hamed Bin Haji Sepawi</u>		
Tanarak Sdn. Bhd. Supply of information technology services	1,056 =====	- =====
Donation to Tabung Amanah Naim, of which Datuk Abdul Hamed Bin Haji Sepawi is the chairman	500 =====	500 =====
Transactions with Directors of subsidiaries and with companies connected to them		
Sales of property, plant equipment to William Wei How Sieng, Director of a subsidiary	(41) =====	- =====
<u>Companies connected to William Wei How Sieng</u>		
HWS Properties Sdn. Bhd. Rental expenses	27 =====	18 =====
Primehold Point Sdn. Bhd. Watchman and cleaning services Sales of properties	71 (69) =====	7 - =====
Azam Seterus Sdn. Bhd. Sales of properties	- =====	(1,408) =====
<u>Company connected to Liew Lian Fa and Boon Kuat Khim, Directors of certain subsidiaries</u>		
Smartpiles Sdn. Bhd. Purchase of construction materials	399 =====	- =====

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

30. Financial instruments

The Board of Directors undertakes on-going reviews to identify, assess and manage key financial risks.

Credit risk

Most of the construction projects undertaken by the Group are government funded. Prior to tendering for construction contracts, credit evaluation on potential customers is carried out. The management regularly reviews the credit risks of customers and takes appropriate measures to enhance credit control procedures. The Group's exposure to credit risk for property development is low as titles to properties are only transferred to purchasers upon full settlement of purchase consideration.

Cash and cash equivalents are only placed with licensed banks and finance companies.

At balance sheet date, other than an amount of RM96,594,000 (2004:RM19,378,000) receivable from two (2004:two) customers constituting 49% (2004:18%) of the gross outstanding trade and other receivables of RM197,673,000 (2004:RM107,905,000), there are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Group finances its daily operations through a mixture of internally generated funds and bank borrowings, the latter being in the form of hire purchase loans, the interest rate for which is fixed throughout the loan tenor.

Foreign currency risk

The Group is not exposed to foreign currency risk as all its transactions are denominated in Ringgit Malaysia.

Liquidity risk

The Group constantly manages its cash flow to ensure availability of funds to meet its working capital requirements by maintaining a sufficient level of bank facilities and cash and cash equivalents.

Effective interest rates and repricing analysis

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

Group	2005			2004		
	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
Financial asset						
Deposits with licensed banks	2.50 - 3.70	69,710	69,710	2.50 - 3.70	91,025	91,025
Cash fund	2.29 - 2.90	13,000	13,000	2.29	5,000	5,000
		=====	=====		=====	=====
Financial liabilities						
Bankers' acceptances	-	-	-	4.20	434	434
		=====	=====		=====	=====
Company						
Financial asset						
Deposits with licensed banks	2.35 - 2.53	9,102	9,102	2.50 - 2.70	42,145	42,145
Cash fund	2.29 - 2.90	13,000	13,000	2.29	5,000	5,000
		=====	=====		=====	=====

notes to the financial statements

30. Financial instruments (continued)

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial assets carried on the balance sheet as at 31 December are shown below:

Group	2005		2004	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Long-term:				
Quoted shares - Malaysia	325	455	325	473
Unit trusts	116	185	100	100
	<u>441</u>	<u>640</u>	<u>425</u>	<u>573</u>
	=====	=====	=====	=====

The fair value of quoted securities is their quoted bid price at the balance sheet date.

Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2005 and 31 December 2004.

31. Acquisition and disposal of subsidiaries

(a) Acquisition of subsidiaries

Naim Cendera Sdn. Bhd. acquired the entire equity interests in Naim Equipment Sdn. Bhd. ("NESB"), Yakin Pelita Sdn. Bhd. ("YPSB") and Naim Incorporated Berhad. ("NIB"), each for a consideration of RM2.00, satisfied by cash, on 11 May 2005 and 30 November 2005.

In the previous year, NCSB acquired the entire equity interests in Naim Utilities Sdn. Bhd. ("NUSB") and Setia Intrajaya Sdn. Bhd. ("SISB"), each for a consideration of RM2.00, satisfied by cash. NCSB also acquired the remaining 40% equity interest in Naim Citra Sdn. Bhd. ("NCitra") it did not already own from two minority shareholders for a consideration of RM1,800,000, satisfied by cash. NCSB and a subsidiary collectively acquired a 61% equity interest in Naim Ready Mix Sdn. Bhd. ("NRMSB") for a cash consideration of RM355,000.

The above acquisitions were accounted for using the acquisition method of accounting.

The fair values of assets and liabilities assumed in the acquisition of the above-mentioned subsidiaries and their cash flow effects are as follows:

31. Acquisition of subsidiaries (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of new subsidiaries

	2005 RM'000	2004 RM'000
Current assets	-	500
Current liabilities	(28)	-
Minority shareholders' interests	-	(145)
	<hr/>	<hr/>
Net (liabilities)/assets acquired	(28)	355
Goodwill on consolidation (Note 18)	28	-
	<hr/>	<hr/>
Purchase consideration	*	355
Cash acquired	*	500
	<hr/>	<hr/>
Net cash inflow	-	145
	=====	=====

* Representing cash in hand of RM6

(ii) Additional investment in existing subsidiary

	2005 RM'000	2004 RM'000
Net assets acquired	-	1,990
Reserve on consolidation	-	(190)
	<hr/>	<hr/>
Cash outflow on acquisition	-	1,800
	=====	=====

Effect of acquisition

Income statement

The Group's share of the net loss in NIB, YPSB and NESB for the period subsequent to the acquisition up to 31 December 2005 was RM73,000.

In the previous year, the Group's share of the net loss in NUSB, SISB and NRMSB for the period subsequent to the acquisition up to 31 December 2004 was RM11,000. The remaining 40% equity stake in NCitra acquired during 2004 contributed RM162,000 in profit after taxation to the Group operating results for the year ended 31 December 2004.

Balance sheet

	2005 RM'000	2004 RM'000
Property, plant and equipment	834	-
Current assets	-	500
Current liabilities	(932)	(2)
	<hr/>	<hr/>
Net (liabilities)/assets acquired	(98)	498
Minority interest	-	(143)
	<hr/>	<hr/>
Net (liabilities)/assets acquired	(98)	355
Goodwill on acquisition, net of amortisation	25	-
	<hr/>	<hr/>
(Decrease)/Increase in Group net assets	(73)	355
	=====	=====

notes to the financial statements

31. Acquisition of subsidiaries *(continued)*

(b) Disposal of a subsidiary

On 9 December 2005, NCSB disposed of 51% of the equity interest in Syarikat Usahasama Naim-RSB Sdn. Bhd. ("SUNR"), for a cash consideration of RM160. SUNR has thereupon become an associate of NCSB. The gain arising from the disposal to the Group is RM2,000.

32. Events subsequent to the balance sheet date

Acquisition of a subsidiary

On 7 April 2006, NCSB acquired the entire equity interest in Sinohydro Naim Sdn. Bhd. (formerly known as Idolink Sdn. Bhd.) for a consideration of RM2, satisfied by cash.

33. Material litigation

Suit over land

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), a wholly owned subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have native customary rights over part of NC7's leasehold land known as Lot 23, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 1,000 acres of the land are claimed by the plaintiffs.

The said land was previously alienated by the Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the court rule in favour of the plaintiffs, NC7 will approach the State authorities for substitution of the land. The suit therefore does not have any material impact to the Group as the affected land area does not fall within the Group's development plans for the next five years.

34. Comparative figures

Certain comparatives in Note 26, Segmental Information, have been restated to conform with the current year's presentation.

	As restated RM'000	Group As previously stated RM'000
Segment assets		
Property development	467,264	425,397
Construction	124,248	85,423
Others	61,057	10,873
Consolidated	652,569	521,693
Unallocated assets	3	130,879
	=====	=====
Segment liabilities		
Property development	148,015	145,238
Construction	47,825	47,455
Others	6,624	5,977
Consolidated	202,464	198,670
Unallocated assets	5	3,799
	=====	=====

analysis of shareholdings

as at 7 April 2006

Authorised Share Capital	:	RM500,000,000 comprising 500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM250,000,000 comprising 250,000,000 shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

Size of Shareholding	No. of Shares	% over Total Shares	No of Holders	% over Total Shareholders
Less than 99	200	0.00	5	0.46
000000100 - 000001000	306,500	0.12	387	35.41
000001001 - 000010000	1,684,000	0.67	388	35.50
000010001 - 000100000	7,376,900	2.95	198	18.12
000100001 - 012499999	113,392,100	45.36	109	9.97
012500000 & Above	127,240,300	50.90	6	0.54
	250,000,000	100.00	1,093	100.00

Top Thirty Shareholders

No.	Name of Shareholder	No. of Shares Held	% of Shareholding
1.	Island Harvests Sdn. Bhd.	31,769,700	12.71
2.	Datuk Hasmi Bin Hasnan	28,918,850	11.57
3.	Lembah Rakyat Sdn. Bhd.	26,448,800	10.58
4.	Lambaian Kukuh Sdn. Bhd.	17,551,750	7.02
5.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. for Tapak Beringin Sdn. Bhd.	14,000,000	5.60
6.	Datuk Abdul Hamed Bin Sepawi	13,555,100	5.42
7.	Lembaga Tabung Haji	12,500,000	5.00
8.	Employees Provident Fund Board	10,141,100	4.06
9.	Hasmi & Associates Management Sdn. Bhd.	9,672,750	3.87
10.	HWS Properties Sdn. Bhd.	5,597,550	2.27
11.	Naim Cendera Holdings Berhad (Share Buy Back Account)	5,508,400	2.20
12.	HSBC Nominees (Asing) Sdn. Bhd. for JPMorgan Chase Bank, National Association (U.K.)	5,400,000	2.16
13.	Citigroup Nominees (Asing) Sdn. Bhd. for AIG International Funds-Acorns of Asia Balanced Fund	4,768,500	1.91
14.	HSBC Nominees (Asing) Sdn. Bhd. for JPMorgan Chase Bank, National Association (U.S.A.)	4,027,500	1.61
15.	Yayasan Sarawak	2,150,000	0.86
16.	Citigroup Nominees (Asing) Sdn. Bhd. for American International Assurance Co. Ltd (AIA Reg Eqty Fd)	1,931,000	0.77
17.	HSBC Nominees (Tempatan) Sdn. Bhd. for Prudential Equity Income Fund)	1,917,200	0.77
18.	Universal Trustee (Malaysia) Berhad SSB Dana Al-Mizan	1,480,000	0.59
19.	HSBC Nominees (Tempatan) Sdn. Bhd. for The Hwang-DBS Select Opportunity Fund	1,454,000	0.58
20.	Universal Trustee (Malaysia) Berhad) SBB Emerging Companies Growth Fund	1,413,000	0.57
21.	AMMB Nominees (Tempatan) Sdn. Bhd. for SBB Dana Al-Ihsan	1,391,200	0.56
22.	HSBC Nominees (Tempatan) Sdn. Bhd. for Employees Provident Fund	1,352,900	0.54
23.	Citigroup Nominees (Asing) Sdn. Bhd. for American International Assurance Company Limited	1,137,500	0.46
24.	SBB Nominees (Tempatan) Sdn. Bhd. Pertubuhan Keselamatan Sosial	1,126,500	0.45

analysis of shareholdings as at 7 april 2006

No.	Name of Shareholder	No. of Shares Held	% of Shareholding
25.	AMMB Nominees (Tempatan) Sdn. Bhd. for HLG Penny Stock Fund	1,117,900	0.45
26.	RHB Nominees (Tempatan) Sdn. Bhd. for Kumpulan Wang Simpanan Pekerja	1,105,200	0.44
27.	AMMB Nominees (Tempatan) Sdn. Bhd. for Tabung Baitulmal Sarawak (Majlis Islam Sarawak)	1,080,000	0.43
28.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. for Public Smallcap Fund	1,063,900	0.43
29.	HSBC Nominees (Asing) Sdn. Bhd. for JPMorgan Chase Bank, National Association	1,000,000	0.40
30.	Pelita Dinamik Sdn. Bhd.	1,000,000	0.40

Substantial Shareholders

Name of Substantial Shareholder	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Island Harvests Sdn. Bhd.	31,769,700	12.71	Nil	Nil
Datuk Hasmi Bin Hasnan	28,918,850	11.57	59,194,200 *	23.68
Lembah Rakyat Sdn. Bhd.	26,448,800	10.58	Nil	Nil
Lambaian Kukuh Sdn. Bhd.	17,551,750	7.02	Nil	Nil
Tapak Beringian Sdn. Bhd.	14,406,900	5.76	Nil	Nil
Datuk Abdul Hamed Bin Sepawi	13,555,100	5.42	41,055,700 *	16.42
Employees Provident Fund Board	10,141,100	4.06	3,072,100 @	1.23
Lembaga Tabung Haji	12,500,000	5.00	Nil	Nil

* Deemed interested by virtue of Section 6A Companies Act 1965

@ Held through Nomura Asset Management, Rashid Hussain Asset Management and Alliance Capital Asset Management

Directors' Direct and Indirect Interest in the Company

Name of Directors	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Datuk Abdul Hamed Bin Sepawi	13,555,100	5.42	41,055,700 *	16.42
Datuk Hasmi Bin Hasnan	28,918,850	11.57	59,194,200 *	23.68
Ir. Suyanto Bin Osman	135,000	0.054	Nil	Nil
Kueh Hoi Chuang	144,100	0.058	Nil	Nil
Abang Hasni Bin Abang Hasnan	Nil	Nil	Nil	Nil
YB Tuan Haji Hamden Bin Haji Ahmad	Nil	Nil	Nil	Nil
Ir. Abang Jemat Bin Abang Bujang	Nil	Nil	Nil	Nil
Dr. Sharifuddin Bin Abdul Wahab	100,000	0.04	Nil	Nil
Datu' Haji Abdul Rashid Bin Mohd Azis (appointed on 16 February 2005)	Nil	Nil	Nil	Nil
Ahmad Bin Abu Bakar (appointed on 6 February 2006)	Nil	Nil	Nil	Nil

* Deemed interested by virtue of Section 6A Companies Act 1965

list of properties

as at 31 december 2005

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold				
Lot 819, 820, Blk 13 Kuala Baram Land District, Miri (Old lot = Lot 772)	Land For Development	21.08.1997 Expiring 20.08.2096	1,770,077	52,485,600
Lot 800, Block 10 Kuala Baram Land District, Miri	Land For Development	21.08.1997 Expiring 20.08.2096	695,922	20,635,200
Lot 73, 74, 75 Block 11, Kuala Baram Land District, Miri (Old lot = Lot 5156, Block 10)	Land For Development	21.08.1997 Expiring 20.08.2096	435,781	15,075,200
Lot 3238-3247, Block 11 Kuala Baram Land District, Miri (Old lot = Lot 4281, Block 10)	Land For Development	20.07.1995 Expiring 19.07.2094	539,384	26,656,000
Lot 6434, Block 10 Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2094	116,635	8,214,604
Lot 6422, Block 10 Kuala Baram Land District, Miri (Old lot = Lot 5451, Block 10)	Land For Development	21.08.1997 Expiring 19.07.2057	302,253	12,696,571
Lot 3625, Block 14, Salak Land District	Land For Development	22.06.2004 Expiring 21.06.2064	390,171	5,453,498
Short Term Leasehold				
Lot 61, Section 41, Kuching Land District, Kuching	Vacant Land	19.10.1998 Expiring 14.10.2052	6,140	1,989,828
			Sub-total	143,206,501
PROPERTIES UNDER PROPERTY PLANT & EQUIPMENT				
Long Term Leasehold				
Lots 30 & 31, Block 34, Kemena Land District, Bintulu	Vacant Land	13.02.2001 Expiring 12.02.2060	4,010,055	14,234,935

list of properties as at 31 december 2005

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Lot 431, Block 6, Kuala Baram Land District, Miri	Industrial Land	08.06.1997 Expiring 19.07.2055	10,118	1,212,606
Sublot 182, Lot 1539, Block 6 Kuala Baram District, Miri	Land and Buildings (Age: 5 Years)	12.03.2001 Expiring 19.07.2055	492 (267)	235,890
Sublot 183, Lot 1537, Block 6 Kuala Baram District, Miri	Land and Buildings (Age: 5 Years)	12.03.2001 Expiring 19.07.2055	509 (267)	273,237
Sublot 180, Lot 1534, Block 6 Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	476	62,233
Sublot 181, lot 1535, Block 6 Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	476	62,233
Lot 3162, Block 10 Kuching Central Land District	Vacant Land	24.07.2002 Expiring 20.08.2062	12,351	1,034,952
Lot 3161, Block 10 Kuching Central Land District	Vacant Land	24.07.2002 Expiring 20.08.2062	7,140	598,326
Lot 2949-3-2, Apartment B3, Westmoore Apartment, Kuching	Apartment (Age: 10 Years)	29.06.2002 Expiring 11.04.2055	(141)	252,900
Lot 2679, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District, Kuching	Office Building (Age: 10 Years)	31.07.2000 Expiring 11.04.2055	(568)	1,851,051
Sublot 5747, Lot 4279, Block 10, Kuala Baram Land District, Miri	Tulip Showhouse (Age: 7 Years)	15.08.2000 Expiring 30.09.2055	500 (181)	203,804
Sublot 5748, Lot 4279, Block 10, Kuala Baram Land District, Miri	Rose Showhouse (Age: 7 years)	15.08.2000 Expiring 30.09.2055	500 (90)	109,481
Sublot 5637, Lot 4279, Block 10, Kuala Baram Land District, Miri	Daisy Showhouse (Age: 7 years)	15.08.2000 Expiring 30.09.2055	680 (112)	127,009

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Sublot 6024, Lot 4279, Block 10, Kuala Baram Land District, Miri	Lily Showhouse (Age: 7 years)	15.08.2000 Expiring 30.09.2055	525 (90)	100,805
Sublot 4290, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 9 years)	31.08.2000 Expiring 28.06.2055	350 (75)	84,535
Sublot 4291, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 9 years)	31.08.2000 Expiring 28.06.2055	350 (75)	84,535
Sublot 4292, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 9 years)	31.08.2000 Expiring 28.06.2055	350 (84)	105,655
Sublot 4293, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 9 years)	31.08.2000 Expiring 28.06.2055	350 (84)	105,655
Sublot 4575, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 9 years)	31.08.2000 Expiring 28.06.2055	350 (110)	64,213
Sublot 4576, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 8 years)	31.08.2000 Expiring 28.06.2055	350 (69)	64,213
Lot 2631, Block 1, Samarahan Land District, Samarahan	Apartment/ Site office (Age: 3 years)	31.12.2003 Expiring 30.12.2057	(102)	48,364
Lot 2631, Block 1, Samarahan Land District, Samarahan	Apartment/ Site office (Age: 3 years)	31.12.2003 Expiring 30.12.2057	(98)	48,364
Sublot 1, Lot 676, Block 10, Kuching Central Land District, Eastmoore, Kuching	Office Building (Age: 5 years)	12.06.2001 Expiring 13.08.2063	270 (464)	748,005
Short Term Leasehold				
Lot 838, Block 10, Kuching Central Land District, Kuching	Land and Buildings (Age: 47 Years)	17.12.2002 Expiring 16.12.2038	2,060 (112)	695,172
Lot 885, Block 9, Miri Concession Land District, Miri	4 Storey Shophouse (Age: 10 Years)	11.09.1997 Expiring 30.09.2052	110 (698)	502,686

list of properties as at 31 december 2005

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Lot 889, Block 9, Miri Concession Land District, Miri	Office Building (Age: 11 Years)	27.01.1999 Expiring 30.09.2052	185 (740)	1,080,333
Building				
TR Smartpile Office	Office Building		10,000 (216)	10,044
Parcel 3064-1-1, Ground Floor Wisma Naim	Office Floor	12.04.1995 Expiring 11.04.2055	(305)	1,505,338
Parcel 3064-1-2, Ground Floor Wisma Naim	Office Floor	12.04.1995 Expiring 11.04.2055	(309)	1,525,394
Parcel 3064-11-1, Tenth Floor Wisma Naim	Office Floor	12.04.1995 Expiring 11.04.2055	(522)	1,515,366
No. 12C, Santubong Tower, Lot 264, Block 2, Salak Land District	Condominium	31.12.2005 Expiring 12.2817	(145)	437,000
Sub-total				28,984,337
Grand Total				172,190,838 =====

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Members of NAIM CENDERA HOLDINGS BERHAD will be held at Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching, Sarawak on Friday, 26 May 2006, 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2005.

ORDINARY RESOLUTION 1

2. Approval of Final Dividend

To approve a final dividend of 3 sen per share less 28% Income Tax for the year ended 31 December 2005.

ORDINARY RESOLUTION 2

3. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31 December 2005.

ORDINARY RESOLUTION 3

4. Re-Election of Directors

In accordance with Article 85 of the Company's Articles of Association, the following Directors retire by rotation from the Board and being eligible, offer themselves for re-election.

YB Tuan Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Bin Abang Bujang

ORDINARY RESOLUTION 4
ORDINARY RESOLUTION 5

In accordance with Article 92 of the Company's Articles of Association, the following Director retires from the Board and being eligible, offers himself for re-election.

Encik Ahmad Bin Abu Bakar

ORDINARY RESOLUTION 6

5. Re-Appointment of Auditors

To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration.

ORDINARY RESOLUTION 7

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

6. AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT, subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 8

notice of annual general meeting

7. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES

"THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby unconditionally authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interests of the Company provided THAT :-

- (i) the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company;
- (ii) an amount not exceeding RM30 million, being an amount not exceeding the Company's latest total unaudited net cash resource of RM126 million as at 31st March 2006, be allocated for the proposed share buy-back,
- (iii) the Directors of the Company may decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends;

AND THAT the Directors of the Company are hereby authorised and empowered to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities and/or any amendments, variations and/or modifications as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company as may be approved by any relevant authority or authorities if such approval(s) are required.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue in force until:-

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, in accordance with the provisions and guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities."

ORDINARY RESOLUTION 9

9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

KHO TECK HOCK (MIA 5836)
BONG SIU LIAN (MAICSA 7002221)
Company Secretaries

Kuching, Sarawak
Dated this 4th day of May 2006

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid the Proxy Form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, the Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanatory Notes on Special Business

a) Ordinary Resolution 8 - Authority to Allot and Issue Share

This proposed resolution, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting of the Company.

b) Ordinary Resolution 9 - Proposed Renewal of Authority to Purchase Own Shares

Please refer to the Statement to Shareholders dated 28 April 2006 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors Standing for Re-Election

- a) The Directors who are standing for re-election at the 4th Annual General Meeting of the Company are as follows:-

YB Tuan Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Abang Bujang
Encik Ahmad Bin Abu Bakar

- b) Further details of the above named Directors are available on pages 32 to 37 and their securities holdings on page 126 of the 2005 Annual Report.
- c) The Board met 5 times during the financial year ended 31 December 2005. Details of attendance of Directors at Board Meetings during the year are set out in page 49 of the 2005 Annual Report.

2. Date, Time and Place of Board Meetings

Details of Board meetings held are as follows:-

Date	Venue	Time
16 February 2005	Conference Room, 9th Floor, Wisma Naim, 2 ½ Mile, Jalan Rock, 93200 Kuching.	2.30 p.m.
19 April 2005	Conference Room, 9th Floor, Wisma Naim, 2 ½ Mile, Jalan Rock, 93200 Kuching.	2.30 p.m.
25 May 2005	Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching.	9.00 a.m.
26 August 2005	Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur.	10.00 a.m.
28 October 2005	Conference Room, 9th Floor, Wisma Naim, 2 ½ Mile, Jalan Rock, 93200 Kuching.	3.50 p.m.

notice of annual general meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 3 sen per share less 28% Income Tax in respect of the financial year ended 31 December 2005, if approved at the 4th Annual General Meeting, will be payable on 8 June 2006 to depositors listed in the Records of Depositors on 31 May 2006.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 May 2006 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board,

KHO TECK HOCK (MIA 5836)
BONG SIU LIAN (MAICSA 7002221)
Company Secretaries

Kuching, Sarawak
Dated this 4th day of May 2006



CDS account no. of authorized nominee

FORM OF PROXY

I/We
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No(new)..... (old)

of
(FULL ADDRESS)

being a member of NAIM CENDERA HOLDINGS BERHAD, hereby appoint

.....
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

of
(FULL ADDRESS)

or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held at Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching, Sarawak, Malaysia on Friday, 26 May 2006 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:-

No.	Resolutions	FOR	AGAINST
1	Adoption of the audited financial statements and reports thereto		
2	Sanction the declaration of a final dividend		
3	Approve payment of Directors' fee		
4	Re-election of Director : YB Tuan Haji Hamden Bin Haji Ahmad		
5	Re-election of Director : Ir. Abang Jemat Abang Bujang		
6	Re-election of Director : Encik Ahmad Bin Abu Bakar		
7	Re-appointment of Auditors : Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
8	Authorize the Directors under Section 132D of the Companies Act 1965 to allot and issue shares in the Company		
9	Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be cast on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Number of shares held:
.....

Dated this day of2006.

.....
Signature of Shareholder(s)/Common Seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form, duly completed, must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 1/2 Mile, Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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STAMP

The Company Secretary
**NAIM CENDERA HOLDINGS
BERHAD**
9th Floor, Wisma Naim,
2 1/2 Mile, Jalan Rock,
93200 Kuching,
Sarawak.

2. Fold here / Lipat di sini