

NAIM

NAIM CENDERA HOLDINGS BERHAD

Company No. 995467-M
(Incorporated in Malaysia)



**WINNER OF
MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS
BUILDER OF THE YEAR AWARD 2004**

ANNUAL REPORT 2004

Wisma Naim



Registered and Head Office

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93200 Kuching , Sarawak.
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Fax : 082 233667
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www.naimcendera.com

Cover RATIONALE



For our 2004 Annual Report we have chosen to feature the Builder of The Year Trophy which was most graciously and generously presented to us by the Malaysian Construction Industry Excellence (MCIE) Award judges under the auspices of the Construction Industry Development Board (CIDB). The bestowing of this most prestigious award is a powerful reflection of the Naim Group's commitment to quality and value for all our customers.

The background photograph depicts key members of our Board of Directors and Management Team together with a representative cross section of our 400-plus workforce. This symbolizes the combination of leadership, dedication and teamwork that has enabled us to consistently exceed our stakeholders' expectations.



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS 2004

Builder of the Year Award



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS 2004

Medium Scale Project
- Engineering Category



MALAYSIA CANADA BUSINESS COUNCIL BUSINESS EXCELLENCE AWARD 2004

Industry Excellence for
Construction Award



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS 2003

Project Award
- Medium Building Category



SARAWAK CHAMBER OF COMMERCE & INDUSTRY Best Annual Report Award (Non-Public listed companies category) 2003



MALAYSIAN CONSTRUCTION INDUSTRY EXCELLENCE AWARDS 2002

Builder Award
- Building Works Category

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logo rationale

The logotype 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.



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 vision &

To provide the
**finest products
and services**
for 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.

our mission

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 which
nurture us.

Financial HIGHLIGHTS

Year Ended 31 December	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	152,059	183,313	244,098	270,951	343,710
Profit Before Taxation	39,463	39,730	51,554	77,988	114,964
Net Profit	20,197	25,897	31,772	48,483	69,495
Total Assets	144,862	191,583	222,851	567,301	657,481
Net Tangible Assets	61,190	81,170	107,790	380,857	422,607
Shareholders' Equity	61,392	81,289	107,818	352,228	400,087
Total Number of Shares	203,425	203,425	203,425	250,000	250,000
Earnings Per Share (sen)	9.93	12.73	15.62	19.39	27.80
Gross Dividend Rate (%) *	2.46	2.95	2.95	9.00	12.00
Net Tangible Assets Per Share (sen)	30.1	39.9	53.0	152.34	169.04
Gearing Ratio	0.06	0.09	0.07	0.006	0.002

Notes:

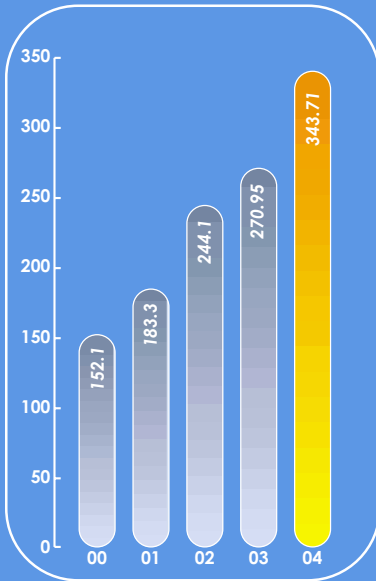
The financial highlights for the years ended 31 December 2000 to 2004 are presented on a pro-forma basis (as if Naim Cendera Sdn Bhd (NCSB) and its subsidiaries were part of the Naim Cendera Holdings Group since 1 January 1999.)

- * 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.

The proposed final dividend of 7.0% per share less tax for 2004 is subject to the approval of shareholders at the forthcoming Annual General Meeting.

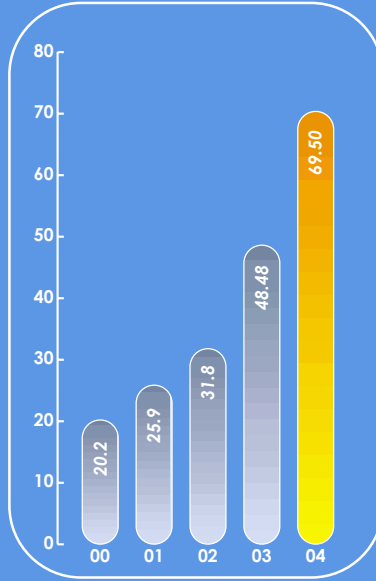
REVENUE

(RM Million)



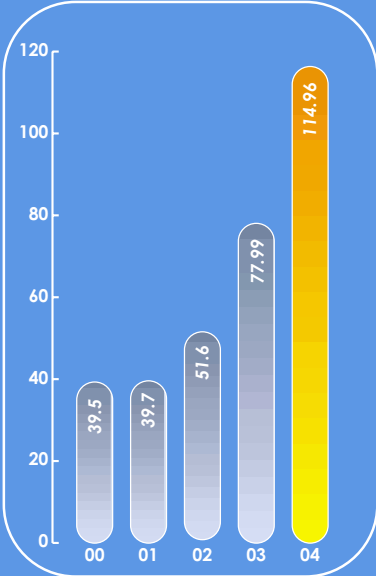
NET PROFIT

(RM Million)



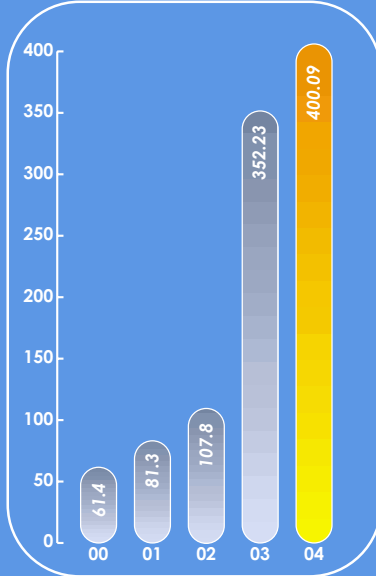
PROFIT BEFORE TAXATION

(RM Million)



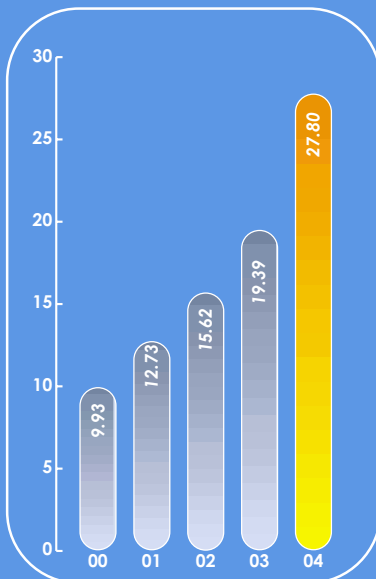
SHAREHOLDERS' EQUITY

(RM Million)



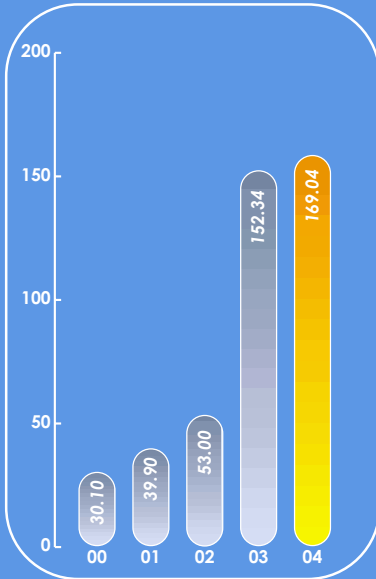
EARNINGS PER SHARE

(Sen)



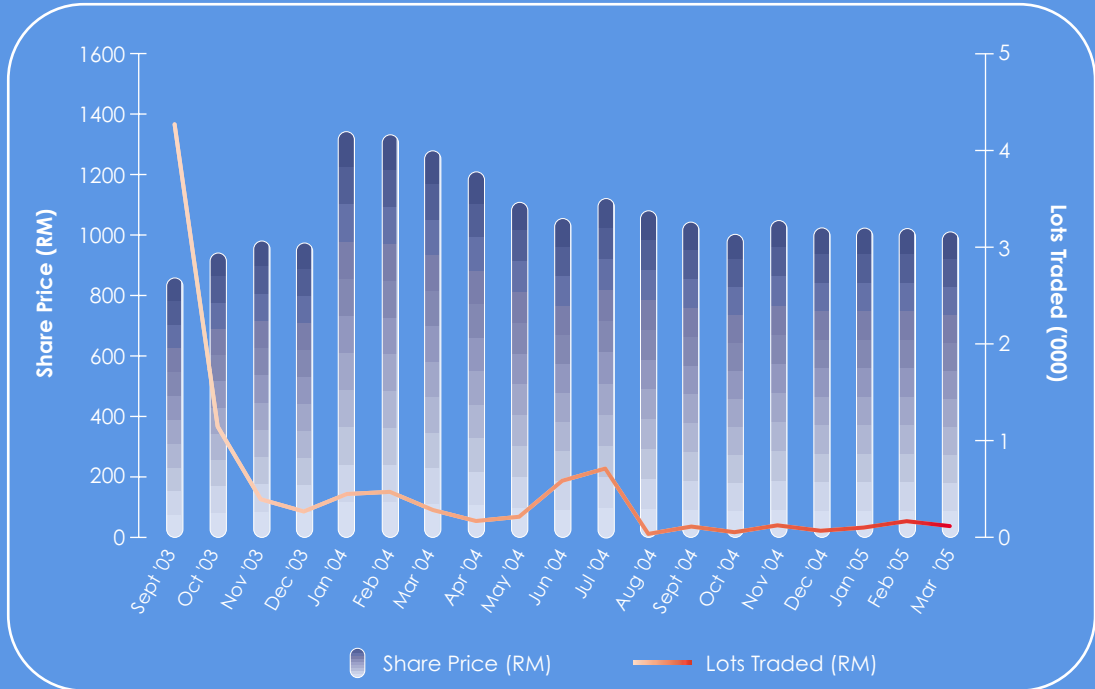
NET TANGIBLE ASSETS PER SHARE

(Sen)

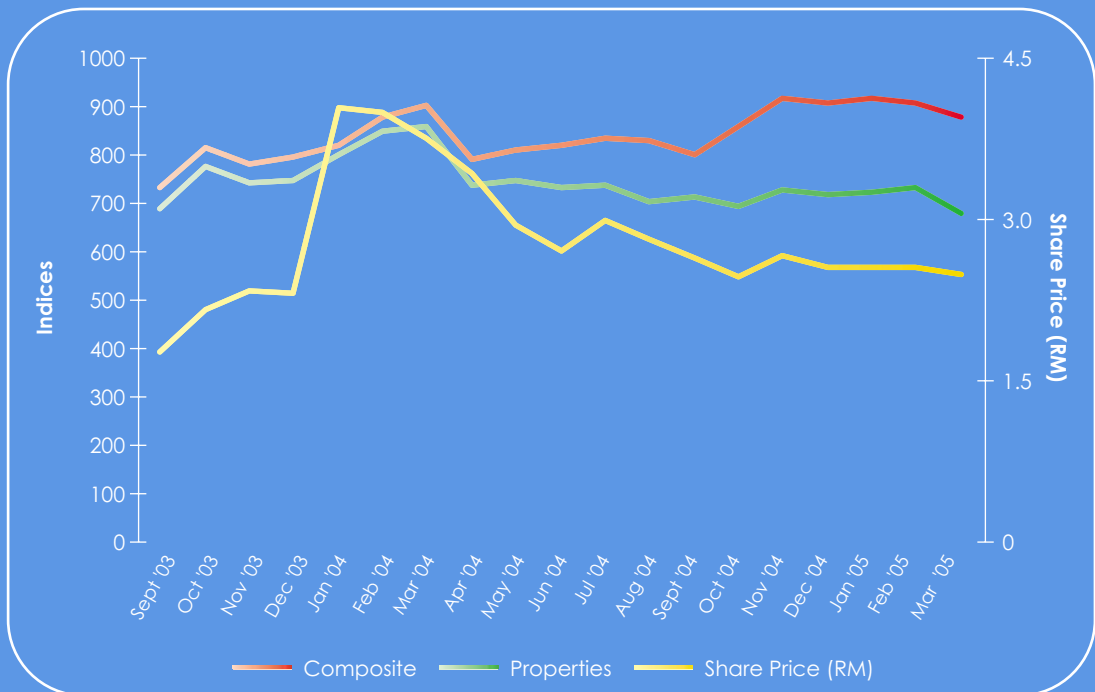


Share PERFORMANCE

Share Price & Lots Traded



Indexes & Naim's Share Price



Corporate INFORMATION

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 : cendera@po.jaring.my
Website : www.naimcendera.com

Board of Directors

Non-Executive Chairman

Datuk Abdul Hamed Bin Sepawi

Managing Director & Chief Executive Officer

Datuk Hasmi Bin Hasnan

Executive Directors

Ir. Suyanto Bin Osman
William Wei How Sieng
Kueh Hoi Chuang
Abang Hasni Bin Abang Hasnan

Senior Independent Non-Executive Director

YB Tuan Haji Hamden
Bin Haji Ahmad

Non-Executive Director

Ir. Abang Jemat Bin
Abang Bujang

Independent

Non-Executive Directors

Dr. Sharifuddin Bin Abdul Wahab
Datu Haji Abdul Rashid
Bin Mohd Azis
Dato' Peter Anak Minos

Company Secretaries

Kho Teck Hock (MIA 5836)
Bong Siu Lian (MAICSA 7002221)

Registrars

Tenaga Koperat 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.



**NAIM CENDERA
HOLDINGS BERHAD**

HEADQUARTERS

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

KUCHING OFFICES

**BUSINESS DEVELOPMENT
DEPARTMENT**

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 DEPARTMENT

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

PROPERTY DIVISION

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

CONSTRUCTION/ QS DIVISION

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

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%

NAIM CITRA SDN BHD
Naim Cendera Sdn Bhd 100%

NCSB ENGINEERING SDN BHD
(Formerly known as TR Earthwork Sdn Bhd)
Naim Cendera Sdn Bhd 100%

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%

TOTAL RELIABILITY SDN BHD
Naim Cendera Sdn Bhd 51%
Paling Construction Sdn Bhd 40%
HWS Properties Sdn Bhd 9%

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 COMMERCIAL SDN BHD
Naim Cendera Sdn Bhd 100%

NAIM CENDERA DUA SDN BHD
Naim Cendera Sdn Bhd 100%

TR GREEN SDN BHD
Naim Cendera Sdn Bhd 100%

TEN DORMANT COMPANIES *

Engineering/
Construction

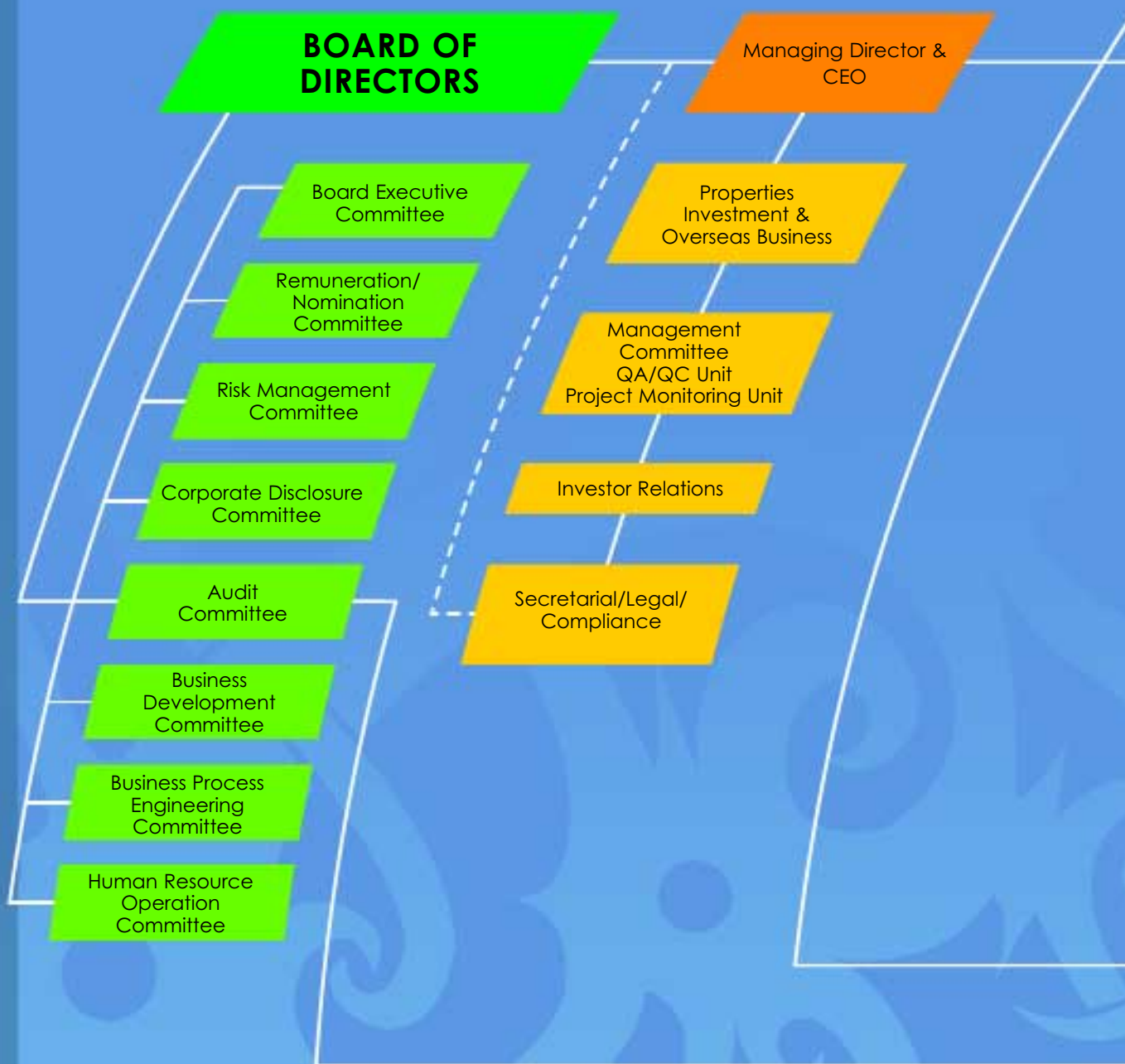
Property
Development

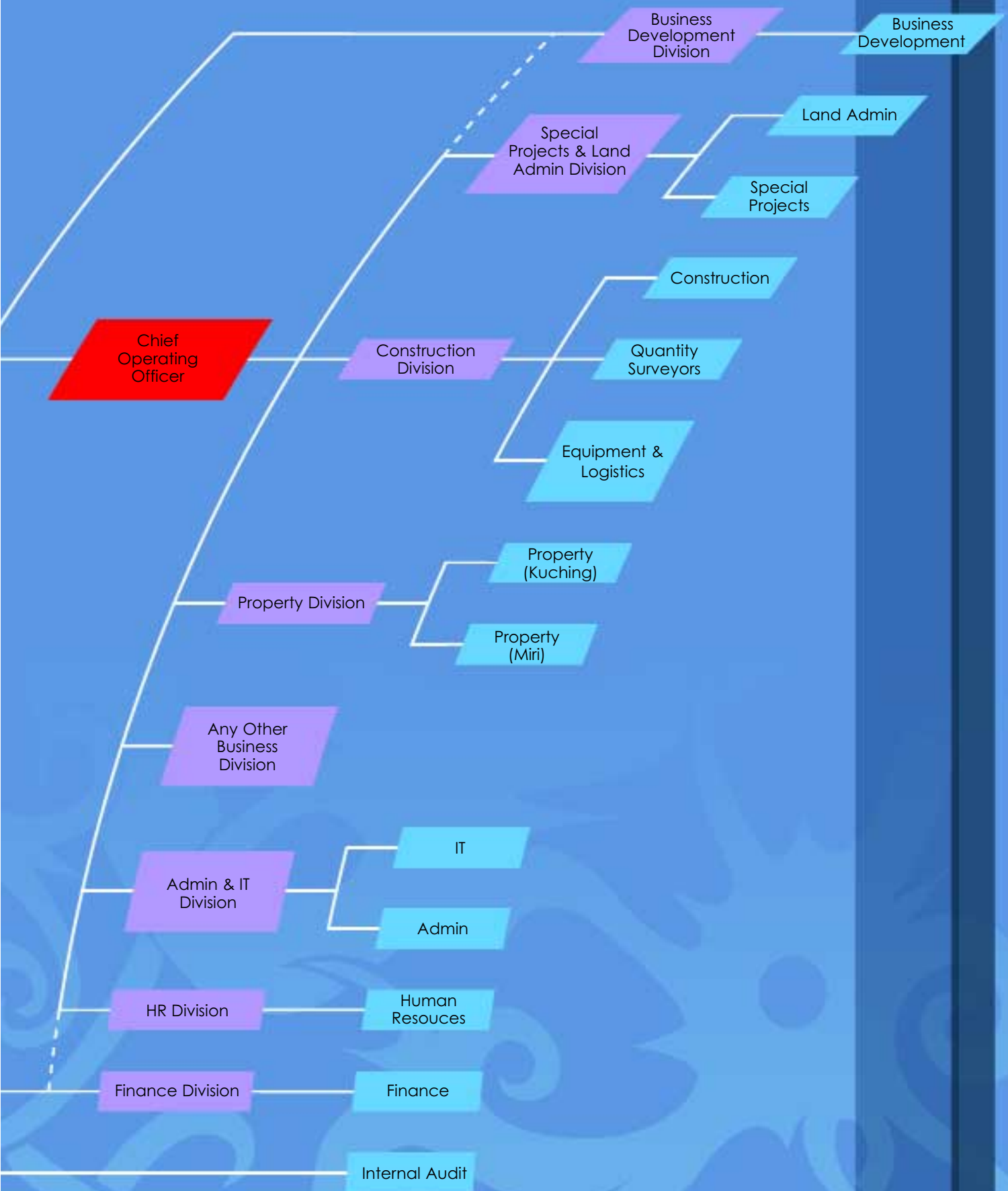
Manufacturing

Trading/
Services

* For details of dormant companies, please refer to page 109, Investment in Subsidiaries

Organisational STRUCTURE





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 industry 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 contracts for construction, civil engineering and infrastructure projects for the Federal and State Governments.

NCSB's flagship property developments are Bandar Baru Permyjaya in Miri and Desa Ilmu in Kota Samarahan. Together these developments will provide more than 22,000 homes and commercial buildings with a combined population of over 100,000. Upon completion, their combined GDV is estimated to be in excess of RM 3.2 billion.

NCSB's Construction and Infrastructure Division is a PKK Class A Bumiputera Contractor. As well as implementing the NCSB's own development projects, it has carried out almost RM 600 million of Federal and State Government contracts, and has a construction order book worth over RM 1.5 billion. It focuses on excellent quality and timely delivery, a philosophy that has earned NCSB a host of industry awards including the following:

2004

Winner of prestigious **Builder Of The Year** award by Malaysian Construction Industry Development Board (CIDB).

2004

Bestowed **Industry Excellence for Construction Award** under the Malaysia Canada Business Council (MCBC) Business Excellence Awards for 2004.

2004

Winner of the **Malaysian Construction Industry Excellence Award** (MCIEA) in **Medium Scale Engineering Project** by Malaysian Construction Industry Development Board (CIDB).



2003

Winner of the **Malaysian Construction Industry Excellence Award** (MCIEA) in **Medium Scale Building Project** by Malaysian Construction Industry Development Board (CIDB).

2003

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

2002

First Sarawak-based company to win **Best Contractor Award** by Malaysian Construction Industry Development Board (CIDB).

NCSB is also active in the manufacturing, trading and distribution of building materials, which provide 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. It is also the largest development group in Sarawak in terms of units completed, according to leading industry analysts CH Williams Talhar Wong & Yeo Sdn Bhd.

Cautionary Statement Regarding Forward-Looking Statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and business of Naim. These forward-looking statements represent Naim's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. For example, certain of the market risk disclosures, some of which are only estimates, and therefore, could be materially different from actual results, are dependent on key model characteristics and assumptions and are subject to various limitations. Certain statements, such as those that include the words "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "forward-looking statements".

Written and/or oral forward-looking statements may also be made in periodic reports to the Securities Commission, Bursa Malaysia, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials and in oral statements made by Naim's Directors, officers or employees to third parties, including analysts.

Forward-looking statements involve inherent risks and uncertainties. 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.



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 2004.

" Profit before tax rose 47.41% from RM77.988 million to RM114.964 million, whilst Profit attributable to shareholders grew 43.34% from RM48.483 million to RM69.495 million. "

Creation of Shareholder Value

One of the primary objectives of all of the Naim Group's activities is the creation of added value for our shareholders, a goal we feel we have once again successfully achieved. For the ninth 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 26.85% to RM343.710 million from RM270.951 million in the corresponding period of the previous year. Profit before tax rose 47.41% from RM77.988 million to RM114.964 million, whilst Profit attributable to shareholders grew 43.34% from RM48.483 million to RM69.495 million. Earnings per share were therefore RM0.278, against RM0.194 in 2003, based on our paid up capital of 250 million shares.

Comparative Financial Performance 2003 - 2004

Year	Revenue (RM million)	Gross Profit (RM million)	Net Profit (RM million)	Earnings Per Share (Sen)	Net Tangible Assets (RM million)
2003	270.951	90.998	48.483	19.39	380.857
2004	343.710	125.448	69.495	27.80	422.607
% Change	+26.85	+37.86	+43.34	+43.37	+10.96

“ Our financial performance for 2004 means we now have a year-on-year cumulative average growth rate (CAGR) of 37.1% over the last 9 years. ”

These excellent results were once again due to increased sales of homes and commercial properties at our two flagship developments, Bandar Baru Permyjaya in Miri, and Desa Ilmu in Kota Samarahan near Kuching, combined with increased activity in our Construction Division, and supported by our Manufacturing and Trading Divisions. Our financial performance for 2004 means we now have a year-on-year cumulative average growth rate (CAGR) of 37.1% over the last 9 years. Similarly, our net tangible assets (NTA) have grown more than one hundred fold, from RM3.7 million in 1996 to RM422.61 million at the end of 2004.

However, 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 RM3.20 per share by the end of 2004. Taking into account the two dividends of 9.0 sen (2003) and 12.0 sen* (2004), shareholders have enjoyed a financial gain of RM2.11 per share, in other words a 262% return on their initial investment, in just over 15 months.

“ Taking into account the two dividends of 9.0 sen (2003) and 12.0 sen* (2004), shareholders have enjoyed a financial gain of RM2.11 per share, in other words a 262% return on their initial investment, in just over 15 months. ”

* of which 5 sen has been paid and 7 sen is subject to approval of shareholders at forthcoming Annual General Meeting.

Shareholders' Funds (RM million)	Market Capitalisation (RM million)	Gross Profits as % of		
		Revenue	Assets	Equity
352.228	785	33.58	16.04	25.83
400.087	800	36.50	19.08	31.34
+13.59	+1.91	+8.70	+18.95	+21.33

Note : All figures and comparisons shown in the text and tables of this message to shareholders, for or in reference to the financial year ending 31 December 2003, are given on a proforma basis. That is, they are based on the assumption that Naim Cendera Holdings Berhad (NCHB) has owned Naim Cendera Sdn Bhd (NCSB) since 1 January 2003. The figures in the Audited Financial Statements included in our previous Annual Report reflect the actual period of ownership from the takeover date of 25 July 2003.

Message to Our **SHAREHOLDERS**

“ ... a Final Dividend of 7.0 sen per share for the financial year ended 31 December 2004.

...this represents a Total Dividend of 12.0 sen per share. ”

Dividends

The board is pleased to recommend a Final Dividend of 7.0 sen per share for the financial year ended 31 December 2004. Together with the Interim Dividend of 5.0 sen per share already declared and paid, this represents a Total Dividend of 12.0 sen per share before tax. The dividend payment represents a distribution to Shareholders of RM21.552 million after tax, or 31.00% of the Group's profits for the year ended 31 December 2004. The dividend yield is 2.69% based on the year-end share price of RM3.20, 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.

Growth in Investor Returns 2003 - 2004

Year	Interim Dividend (RM million)	Final Dividend (RM million)	Total Dividend (RM million)	Net Distribution to Shareholders		Gross Dividend Yield (%)
				(RM million)	% of profits	
2003	11.250	11.250	22.500	16.200	33.41	2.96
2004	12.433	17.395	29.828	21.476	30.85	3.75
% Change	+10.52	+54.62	+32.57	+32.57	-7.66	+26.67

Economic and Political Factors

We are pleased to note that the Group's excellent performance was stimulated by somewhat improved market conditions over the previous financial year. Increasing confidence in the Malaysian economy, combined with a reduction in destabilizing factors such as epidemics and international conflicts, have boosted 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 in Sarawak.

“ Sarawak continues to enjoy one of the fastest growing economies in the region ... ”

CORPORATE HIGHLIGHTS

We feel we can state with strong justification that the past year has been an excellent one for the Naim Group. In our opinion, three key factors justify this sentiment; the excellent financial performance from all our Divisions, the remarkably generous awards and accolades we have received from our industry colleagues, and the expansion of our land bank through the acquisition of significant new development sites in the Kuching area.



Message to Our **SHAREHOLDERS**

THREE TIME WINNER

Naim Cendra bagged its third MCIEA award in 2004 after being awarded Builder of The Year



" ... the past year has been something of an annus mirabilis for the Naim Group. "

AWARDS AND ACCOLADES

For the third year running we won the Malaysian Construction Industry Excellence Award, this time in the Medium Scale Engineering Project category for the Miri Go-Kart Racing Track at Bandar Baru Permyjaya, Miri. We first won this award in 2002 for the Insitit Kemahiran Belia Negara, Miri and in 2003 for two schools at Bandar Baru Permyjaya, Miri. We feel that this additional MCIE award is particularly significant as it is effectively the same team of people who have built all of these projects and it highlights their teamwork, commitment and dedication to quality.



“ We are the first and only company Malaysia to win the Malaysian Construction Industry Excellence Award (MCIEA) for three times in succession, ”

We are the first and only company in Malaysia to win the Malaysian Construction Industry Excellence Award (MCIEA) three times in succession, and this fact may have assisted the MCIEA judges in making another very favourable decision, when they chose to award the Naim group with the much-coveted CIDB Builder of the Year Award for 2004. Builder of the Year is the ultimate accolade for a young and rapidly growing group such as Naim, and we are delighted the judges saw fit to overlook larger and more established competitors when choosing the winner.



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

“ ... our reputation for quality and performance is spreading beyond the local construction sector into the wider international business community. ”

Message to Our **SHAREHOLDERS**

We were also selected by the Malaysian Canada Business Council (MCBC) to receive their Business Excellence Award for Construction Industry Excellence for 2004. As the winners of the other MCBC award categories include a number of international household names, this indicates that our reputation for quality and performance is spreading beyond the local construction sector and into the wider international business community.

" Our Property Division contributed 80% of our pre-tax profit, followed by the rest of the other divisions. "

All of these awards are positive endorsements of our overall business strategy, combining performance, quality, value, and timely delivery. The positive publicity generated by such awards reflects very strongly on all of our property and infrastructure projects, and reassures our home buyers - and our institutional construction clients - that quality is the Naim Group's number one priority.



Winner of prestigious Builder of The Year 2004 award by Malaysian Construction Industry Development Board (CIDB).



Winner of the Malaysian Construction Industry Excellence Award (MCIEA) 2004 in Medium Scale Engineering Project by Malaysia's Construction Industry Development Board (CIDB).

Impact on Financial Performance

Our excellent financial results were once again attributable to increased property sales in both Miri and Kota Samarahan, as well as an exceptional performance by our Property Division. Our Property Division contributed 80% of our pre-tax profit, followed by 20% from our Construction Division.

PROPERTY OPERATIONS

During the financial year we sold over 30% more residential and commercial properties than in 2003, at prices that were both attractive to buyers and profitable for the Group. We attribute this success to three principal factors:

" ... a team of on-site craftsmen and technicians are available to make good any defects or shortcomings, promptly and expertly. "

1. Quality and Value

Our market research has shown that the principal appeal of our developments to buyers 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 guarantee 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 of the new home, every buyer is briefed about our comprehensive after sales service, whereby 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**

An aerial view of Bandar Baru Permyjaya, Miri.



Bandar Baru Permyjaya

Bandar Baru Permyjaya continued to exert strong buyer appeal, and has undoubtedly become one of the most popular and successful suburban developments in Malaysia. During the course of the year 754 homes and commercial properties were sold to a value of RM112 million. A remarkable total of 1,046 new homes and commercial buildings were either completed or under construction, whilst land clearing and site preparation progressed smoothly for the later phases of the project. During the coming year a total of 17 new housing products will be launched in Bandar Baru Permyjaya, offering an even greater variety of comfortable and affordable homes to the broadest possible range of income groups.

“ During the coming year a total of 17 new housing products will be launched, offering an even greater variety of comfortable and affordable homes to the broadest possible range of income groups. ”

For the first quarter of 2005, Bandar Baru Permyjaya achieved sales of an additional 220 units, with a value of over RM30 million, putting us on schedule for another very successful year.

“ The largest integrated development in Kota Samarahan, Kuching's hi-tech satellite town, Desa Ilmu achieved sales of 765 units at a total value of RM105 million in 2004. ”

Desa Ilmu

Desa Ilmu also performed well above expectations and has become another hugely popular development. The largest integrated development in Kota Samarahan, Kuching's hi-tech satellite town, Desa Ilmu achieved sales of 765 units at a total value of RM105 million. A total of 723 units were completed or under construction at the end of 2004, whilst ground works and site preparation continued for the subsequent phases, which are scheduled for completion over the next four years.



An aerial view of Desa Ilmu, Kota Samarahan.

For the coming year we will be launching a total of 10 new housing products at Desa Ilmu, to capitalize on its strong buyer appeal. Our market research indicates that, along with quality and value, Desa Ilmu's location is becoming a very important consideration amongst buyers. Although lying outside metropolitan Kuching, it is in fact 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 strong sales into the new year, with 210 units sold at a total value of RM31 million during the first quarter of 2005.

“ 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. ”

Exclusive Residential Developments

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

Kuching Commercial Centre

During the year we started work on a 2.4 acre commercial development in the heart of Kuching. This development is located at one of the city's busiest central intersections and is an ideal location for high-value and high-turnover retail outlets. It comprises 17 shophouses and a large purpose-built standalone retail space for an anchor tenant. Sales are due to commence during 2005 and the project is scheduled for completion in 2006.



Message to Our **SHAREHOLDERS**

“ During the course of the year we acquired two exceptional land packages, each ideally suited to the development of a thriving satellite township. ”

An aerial view of Bandar Baru Permyjaya, Miri.



The second land package lies at the heart of Kuching's popular southern corridor, on 100 acres of attractive river frontage directly adjacent to the Kuching-Kota Samarahan road. In our opinion it 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 therefore believe it is set to become one of the most successful developments in our portfolio.

Desa Labang

Currently at the planning stage, Desa Labang, comprising 1,000 acres, has great potential to contribute to the Group's future growth. With continuing expansion of 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.

New Satellite Townships in Kuching

During the course of the year we acquired two exceptional land packages, each ideally suited to the development of a thriving satellite township. The northern land package is 250 acres in size and is located on the Santubong Peninsula, Kuching's northern growth corridor. It lies approximately 15 minutes from the City Centre within easy reach of schools, colleges and essential amenities. As an added buyer attraction, it is only 20 minutes from the beaches of the Damai resort area and offers stunning views of spectacular mountain scenery.



CONSTRUCTION OPERATIONS

Construction continues to play a key role in the Naim Group's activities. This is clearly indicated by the Construction Division's major contribution to the Group's pre-tax profits in 2004, a total of RM22.71 million, or 20% overall. It is set to make an even greater contribution in the future, given the remarkable expansion of our order book. At 31 March 2004 our order book stood at just under RM1 billion*, yet by April 14 2005 it stood at approximately RM1.5 billion*, an expansion of over 50%. We feel these new orders have been achieved largely because of 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.*

Projects Completed in 2004

We completed four major projects on time or ahead of schedule during the year to a total contract value of RM119.3 million.

1. Curtin University of Technology Campus Access Road, Miri

This RM11.3 million project for Jabatan Kerja Raya (JKR) was completed one and a half months ahead of schedule on 23 December 2004. This important suburban link will bring considerable synergy to the Group's property activities in Miri, as Bandar Baru Permyjaya becomes the residential area of choice for academic and support staff, students and their families.



Message to Our **SHAREHOLDERS**

2. International Go Kart Racing Track, Miri

This RM13.5 million international standard motorsport facility, the first in East Malaysia, was not only completed ahead of schedule; it also won us the coveted MCIE Award for Medium Scale Engineering Project (see page 85). The demanding technical standards required for motorsport facilities set a number of challenges for our engineers, who responded with their usual flair and professionalism; an innovative sand-pumping system was implemented to deal with the problematic sub-surface conditions.



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

This RM73 million project was completed during the year, with the exception of the 453-metre bridge over the Batang Kemena, which was completed on 3 February 2005, three months ahead of schedule. The bridge was constructed using the Incremental Launching Method (ILM), a unique technology whereby the bridge is constructed entirely on land and launched out incrementally across the river in 20-metre sections. This is the first time this technology has been used in East Malaysia and we are delighted to acknowledge the crucial contribution of our technology partners for the project, pre-stressing specialists VSL of Singapore.

4. Balingian-Kuala Balingian-Kuala Tatau-Bintulu Road

A vital link in Sarawak's expanding rural infrastructure, this RM21.5 million project was completed on schedule on 29 May 2004.

Ongoing Projects

Approximately RM500 million worth of projects are currently under way, and are all progressing on target or ahead of schedule.

1. Kolej Sains Kesihatan Bersekutu, Kuching

Healthcare education in Sarawak will receive a major boost when this RM70.75 million college is completed. Work is 95% completed at the time of writing, and is scheduled for final completion by the end of April 2005.



3. Institut Latihan Perindustrian (ILP), Miri

Set to become the principal centre for vocational training in northern Sarawak, this RM76 million project was started in August 2004. It is already at the 45% completion stage at the time of writing and is well within schedule for timely completion in February 2006.

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

This RM96.15 million project for the Ministry of Works is 98% completed at the time of writing and is scheduled for timely completion by May 2005.



Message to Our **SHAREHOLDERS**



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 we are pleased to confirm that it has already reached completion, on 31 March 2005, a month ahead of schedule.



5. 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. The project is still at Letter of Intent stage due to design revisions by the client, but is estimated to have a total value in the region of RM280 to RM300 million. In order to expedite the progress of the project while the design amendments are finalized, the Naim Group has already carried out the earthworks and is currently in the process of piling and pile capping.





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

This important road-upgrading project is a key part of the Pan-Borneo Highway, and presents the group with an excellent opportunity to showcase its road-building capabilities.

Future Projects

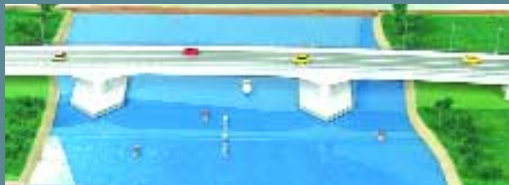
Projects in the pipeline at the Letter of Intent (LOI) stage have an estimated total value of over RM1 billion. They present excellent business opportunities for the Group, not only in terms of future revenue and profits to be obtained, but also for their potential to act as showcases for the Group's capabilities.

1. Upgrading of Mukah Access Road

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

2. Balingian Access Road and Batang Balingian Bridge

This project for JKR Sarawak will provide direct vehicular access to a region that is assuming increasing importance for Sarawak's booming oil and gas industries.



Message to Our **SHAREHOLDERS**



4. Construction of Police General Operations Force Camp, Kuching

This substantial 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. The land area to be developed is approximately 290 acres in extent.



5. Construction of Bengoh Dam, Kuching

Designed to secure Kuching's future water supply, this 63 metre high by 267 metre long dam will have a capacity of 144 million cubic metres (1m³ = 1,000kg or 1 tonne). The dam will be constructed using Roller Compacted Concrete (RCC) technology and the package also includes ancillary buildings, infrastructure and associated works.

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

The Naim Group has been tasked by the Ministry of Public Utilities Sarawak to conduct a feasibility study and submit a proposal for the Privatization/Build-Operate-Transfer (BOT) of the Raw Water Supply Sources and Treatment onto Potable Water for the Greater Kuching Region. The study is to be completed by March 2006.

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.

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

OPERATIONAL HIGHLIGHTS

Quality – Our Top Priority

Our third consecutive MCIE Award, and the honour of being chosen as Builder of The Year, have shown once again that our commitment to quality pays off. Our Quality Policy has played such an important role in our success that we have decided to allocate a separate section on page 78 to 79 of this Annual Report to discuss our various quality-related activities in detail. However, we would like to note that our home buyers and construction clients both cited the excellent quality of our developments and projects as one of their principal reasons for doing business with us.



Safety – Another Top Priority

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



Message to Our **SHAREHOLDERS**

Information Technology – Our Most Powerful Tool

The adoption of new and emerging technologies, where appropriate, 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 have devised a 5-year IT Plan with a budget of RM2.4 million which has been steadily implemented throughout the year in review. All projects are now managed using cutting-edge Primavera project management software, and our property sales, marketing and management activities have been run using IFCA Property Plus, the best integrated software product on the market for a company in our line of business.

Risk Management - Protecting Our Stakeholders

To mitigate against business risks we established a risk management committee in November 2003, which has since drawn up and implemented a comprehensive set of risk management policies and activities. For example, during the year in review seven members of the board (all five Executive Directors, the Non-Executive Chairman and the Non-Independent Non-Executive Director) attended a course entitled Strategic Enterprise-Wide Risk Management. Subsequently industry leaders Roots Consulting Sdn Bhd were engaged to facilitate an Enterprise-Wide Risk Management Framework through the application of a Corporate Risk Scorecard and the Establishment of a Key Risk Register. The results of the exercise show that the business risks faced by the group are generally recognized and well managed for the medium term. Further details can be found in the Corporate Governance Statement, the Statement of Internal Control and the Audit Committee Review.

CORPORATE ACTIVITIES

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 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.

Steps taken to reinforce the quality of our corporate governance include the setting up of a number of new Board Committees, bringing the total to nine in all and ensuring close board-level supervision of every aspect of the Group's business. In addition, we have also appointed two new Independent Non Executive Directors (see next page) to maximize the Board's independence and effectiveness.

Our 10th Anniversary

We are looking forward to celebrating our Group's 10th Anniversary during 2005, and it is sometimes hard to believe that ten years have passed since the Naim Group started operations, as it seems like only yesterday that we commenced work on our first project, Bandar Baru Permyjaya. Yet when we reflect on everything that has happened in those ten years, on all the hard work we have put in, all those late nights on site or in the office, and on everything we have achieved, it just makes all of us at Naim more determined to achieve even greater success over the next ten years.

New Faces on The Board

During the first four months of 2005, we were delighted to welcome two new faces to our Board of Directors. Both are Independent Non-Executive Directors who will bring 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. Dato' Peter Minos is a leading social activist and socio-political commentator, as well as a successful businessman in his own right. He is also our first board member from Sarawak's non-Muslim Bumiputera community, and will bring valuable new social perspectives to our activities.

We will be celebrating our 10th Anniversary with various events throughout the year. However at the time of writing our 10th Anniversary Dinner had already taken place, and a number of very special guests helped to make it a resounding success.

" The Group has always adhered to the highest standards of corporate governance set out by the various regulatory bodies ... "

Message to Our **SHAREHOLDERS**

Corporate Citizenship - The Naim Trust Fund

During the year our corporate donations amounted to almost three quarters of a million Ringgit. However the Board of Directors has long believed that we have a social and moral obligation to share our success with an even greater number of people less fortunate than ourselves. With the setting up of the Tabung Amanah Naim (Naim Trust Fund) we are confident that we can do even more to help others in the future.

The Tabung Amanah Naim (Naim Trust Fund) was officially launched on 12 September 2004. Held in conjunction with the 1st Anniversary Dinner of our listing on the Main Board of Bursa Malaysia, this auspicious occasion was witnessed by Sarawak's Chief Minister, Pehin Sri Dr Haji Abdul Taib Mahmud. For further details of the fund and its mission, please turn to the Corporate Citizenship feature on page 74 to 75.

FUTURE OUTLOOK

The future presents many exciting opportunities for the Naim Group, both for 2005 and for the years beyond.

Property

Our Property Division is expected to perform increasingly well, an expectation which is reinforced by the excellent first quarter 2005 sales for both Bandar Baru Permyjaya and Desa Ilmu. The outlook for the property sector in Sarawak 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.

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 RM2 billion.

Construction

With an order book now amounting to over RM1.5 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 Dewan Undangan Negeri Complex, the Bengoh Dam, the various Trans-Borneo Highway upgrade packages and the Police General Operations Force Camp - 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 successful completion 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.

Work is now well under way on the Kuching Commercial Centre, a 2.4 acre retail and commercial project whose sales launch will take place in the course of 2005. During the coming year we will also be considering starting work on one of our two high-end residential developments in central Kuching.

However the most exciting medium-to-long-term prospects are those of our two new satellite townships, ideally located within Kuching's fast-growing northern and southern development corridors. We will be starting work on the Southern Corridor project in the coming year, and will most probably start work on the Northern Corridor project in 2006-7.

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 3,300 acres of prime development land, is one of the largest and most valuable in Sarawak.

Message to Our **SHAREHOLDERS**

The Reasons For Our Confidence

We are confident about the Naim Group's prospects for long term growth and profitability for three principal reasons.

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. This is because we have established a first-class reputation in the marketplace for quality, reliability, customer care and after-sales service.

We are confident our Construction Division will go from strength to strength, expanding its capabilities and tackling ever larger and more complex projects. This is because we have built up a remarkable track record of offering award-winning quality, timely completion, financial transparency and value for money.

We are confident the Malaysian and Sarawak economies will grow steadily in an atmosphere of prosperity, peace, social justice and harmony. This is because our Federal and State Governments, under the capable and inspired leadership of YAB Datuk Seri Abdullah Ahmad Badawi and YAB Pehin Seri (Dr) Haji Abdul Taib Mahmud, have a track record of effective and stable government that is the pride of the developing world.

With thousands more comfortable and affordable homes to be launched and over RM1.5 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. Of course such excellent prospects also 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, and for all the personal sacrifices they have made throughout the year in order to get the job done. 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 2004. 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. 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 of people, or small investors seeking good returns to pay for your retirement years or your children's education, we value every single Sen you have invested in our company. 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 Sepawi
Non-Executive Chairman

Datuk Hasmi Bin Hasnan
Managing Director &
Chief Executive Officer

Board of **DIRECTORS**



Datuk Abdul Hamed bin Sepawi, aged 56, 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 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 Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For over 27 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 by the Sarawak State Government the *Panglima Gemilang Bintang Kenyalang* (PGBK) that carries the title *Datuk* on 11 September 1999. He sits on the board of Sarawak Timber Industry Development Corporation (STIDC), a state statutory body in Sarawak. He is also the Executive Chairman of Ta Ann Holdings Berhad, a company listed on the main board of the Bursa Malaysia Securities Berhad.

Non-Executive Chairman
Datuk Abdul Hamed bin Sepawi

Chairman
Board Executive Committee
Nomination Committee
Business Development Committee

Datuk Hasmi Bin Hasnan, aged 52, 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, Senior Certified Valuer with International Real Estate Institute, USA and a member of FIABCI (a Paris-based world-wide network for professionals involved with the property industry).

He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. 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 by the Sarawak State Government the *Panglima Gemilang Bintang Kenyalang (PGBK)* that carries the title *Datuk* on 9 September 2000.



Managing Director &
Chief Executive Officer
Datuk Hasmi Bin Hasnan

Chairman
Risk Management Committee

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

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 47, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003 and he currently oversees the overall operations 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 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 wholly owned subsidiary Naim Cendera Sdn. Bhd. in April 2003.

Executive Director

William Wei How Sieng

Member

Risk Management Committee
Business Development Committee

Mr. William Wei How Sieng, aged 54, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003, responsible for business development and special projects.

He holds a Diploma in Education (1979) a Diploma in Business Studies (1983), a Bachelor of Business Management (University of Melbourne, 1990) and an MBA from St Clement's University UK, majoring in Project Management in Construction.

He began his career as a Headmaster in the Sarawak State Education Department. From 1977 onwards he ventured into a wide range of businesses including newspaper publication, management, property development, property management, construction, manufacturing and trading. With almost 24 years experience in the property development and construction industry, his expertise and efficient management have contributed to the Group's timely delivery of construction projects as well as the success of



the Group since incorporation.

Mr Wei is a Malaysian Certified Company Secretary and a member of the Malaysian Institute of Chartered Secretaries and Administrators (ICSA) and the Malaysian Association of Company Secretaries (MACS), for whom he was recently elected as Sarawak Representative.

Executive Director
Kueh Hoi Chuang

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

Mr Kueh Hoi Chuang, aged 49, 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 Alliance of Approved Company Secretaries.

Mr Kueh has been involved in of 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 wholly owned subsidiary Naim Cendera Sdn. Bhd in 1993 and rapidly rose 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 Hasan

Abang Hasni Bin Abang Hasan, aged 54, 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 continued to be involved in timber related business when he joined Gegasan Sdn. Bhd. as Production and Research & Development Manager. He joined Naim Cendera Sdn. Bhd., in January 1997 and was gradually promoted to



Executive Director overseeing the business development of the Group.

Board of **DIRECTORS**

Non-Executive Director

Ir. Abang Jemat Abang Bujang

Chairman

Remuneration Committee
Business Process Engineering Committee

Member

Nomination Committee

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

Audit Committee

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

Human Resource Operations Committee

Ir. Abang Jemat Abang Bujang, aged 52, was appointed Independent Non-Executive Director on 25th July 2003 and was re-designated as Non-Executive Director on 14 March 2005. He holds a Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia. He is a registered Professional Engineer with Board of Engineers, Malaysia and also a member of the Institute of Engineer, 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 and he is currently the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd.

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 56, was appointed Independent Non-Executive Director on 25 July 2003. He is a Chartered Accountant by profession 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 member of ACCA.

He started his career as a Chief Accountant attached to Sarawak Land Development Board (SLDB), Sarawak from 1978 to 1982. He later set up his own accounting firm, Hamden Kiu dan Rakan Rakan in 1983. He is currently an elected member of Dewan Undangan Negeri Sarawak and holds directorships in



several private limited companies.

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 49, 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 and obtained his Masters Degree in Science from Universiti Pertanian Malaysia in 1983. He also holds a certificate in RIA techniques from Cornell University, United States of America.

He began his career in the education field as a lecturer in 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, Commonwealth Scientific and Industrial Research Organisation (CSIRO) Australia and later appointed as expert for Africa and South East Asia by the IAEA. In 1989, he joined Schmidt Scientific Sdn. Bhd. and



successfully restructured the Biomedical business in Malaysia. He was appointed the Executive Director of Schmidt Vietnam Co Ltd from 1995 – 1998. He was promoted to the position of Regional Managing Director in 1999 and is currently the Chief Executive Officer of Schmidt BioMedTech Asia Ltd., a multinational company with presence in over ten countries in Asia. He also holds directorships in several private limited companies.

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

Member
Audit Committee

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

Datu Haji Abdul Rashid Bin Mohd Azis, aged 59, was appointed Independent Non-Executive Director on 16 February 2005. He graduated with a Master in Business Administration from Brunei University, UK.

Datu Haji Abdul Rashid Bin Mohd Azis has been holding the post of Deputy Chairman/CEO of Sarawak Foundation since August 1997 and he is responsible for overall management including investment matters of 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 Board member of Aseambankers (M) Berhad for seven years since appointed as CEO of Sarawak Foundation and he resigned



from Aseambankers Board on 31 December 2004. He was an independent Board member of Tradewinds (Malaysia) Berhad for 3 years.

Board of **DIRECTORS**

Independent Non-Executive Director

Dato' Peter Anak Minos

Member

Audit Committee

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

Nomination Committee

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

Dato' Peter Anak Minos, aged 56, was appointed Independent Non-Executive Director of the Company on 18 April 2005. He holds a degree in Applied Economics from the University of Malaya, Kuala Lumpur, a degree in law from Edling College of Higher Education London and a Masters degree in Business Administration from the University of Hull, UK.

Dato' Peter Anak Minos started his career in 1972 as a Banking Officer in Bank Negara Malaysia, Kuala Lumpur, where he served for 3 years. Later he joined the Sarawak Timber Industry Development Corporation, Kuching, as a Marketing Officer from 1976 to 1980. Subsequently he started his own business as a hotel operator. He has subsequently been involved in business for more than 20 years, principally related to the petrochemical industry in Bintulu.

He was President of the Dayak Bidayuh National Association from 1988 to 1996 and a member of the National Economic Consultative Council I and

II in the year 1990 and 2000 respectively. He was formerly a Director of Sarawak Land Consolidation and Rehabilitation Authority the Sarawak Land Development Board. He is currently the Trustee of the Dayak Cultural Foundation and the Sarawak Heart Foundation. He is Deputy President of the Malaysia Budget Hotel Association, Director of Universiti Malaysia Sarawak and Sarawak Tourism Board, and panel member of the National Unity Council as well as Sarawak NCR Land Development Task Force.



Please refer to page 143 for Directors' securities holdings in the Company.

Save for Datuk Abdul Hamed Sepawi who holds directorship in Ta Ann Holdings Berhad, (a public listed company), and Dato' Peter Anak Minos who holds directorship in Amanah Saham Sarawak Berhad (a public company) none of the Directors holds any directorship in other public companies.

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 55 for Directors attendance at board meetings held during the financial year.

Management TEAM



Company No. 585467-M
(Incorporated in Malaysia)



Left to Right :

Edwin Chandra Nurdjajadi
Kembi ak Rigong
Jeffrey Sim
Haji Abdul Rahman Bin Abdul Rahim
Charles Bateman
Ricky Kho Teck Hock
Vincent Kueh Hoi Chuang
Abang Hasni Bin Abang Hasnan
Datuk Hasmi Bin Hasnan
Ir. Suyanto Osman
William Wei How Sieng
Tony Lau Hiang Chu
Edmund Leong Chin Chiew
Haji Radzali Bin Haji Alision
Affendi Sapiie
Haji Shamshudin Bin Bolhi
Alan Teng Cheong Ming

Senior MANAGEMENT



Company Technical Advisor
Teng Cheong Ming, Alan

Teng Cheong Ming, Alan, aged 55, holds a BSc (Building) from the University of Singapore (now National University of Singapore). He is a registered Quantity Surveyor with the Board of Surveyors, Malaysia, an Associate Member of the Royal Institute of Chartered Surveyors, UK, and a Member of the Institute of Surveyors, Malaysia and Singapore. He has served in Master Builder Association Malaysia as Council Member, Deputy Secretary General and Vice President for 14 years.

He has over 30 years of working experience in the construction industry and has held a wide range of senior positions in both government and private sectors, including Head of Departments, Executive Director/ Deputy Managing Director of IJM and Berjaya Subsidiaries and Project Advisor for Glomac Berhad.

He joined the Naim Group in May 2004 as Company Technical Advisor. His responsibilities include providing technical advisory and consultancy services to the group.



Head of Corporate Finance
Kho Teck Hock, Ricky

Kho Teck Hock, Ricky, aged 49, holds a Bachelor of Commerce (Accountancy) from the University of Otago, New Zealand. He is a registered Associated Chartered Accountant with the New Zealand Institute of Chartered Accountants and is a member of the Malaysian Institute of Accountants (MIA). He has over 24 years of experience in corporate finance, which includes holding positions of Accountant and Company Secretary.

He joined NCSB in February 1997 as Accounts Manager and was later promoted to Head of Corporate Finance, where he is both Group Financial Controller and Company Secretary. He is responsible for overall financial operations, financial planning and accounting as well as the company's secretarial functions and corporate affairs. He advises the Board of Directors on the optimal management of cash flow, credit instruments and investment options.



Head of Construction
Leong Chin Chiew, Edmund

Leong Chin Chiew, Edmund, aged 43, holds a Bachelor of Applied Science degree majoring in Quantity Surveying from Curtin University of Technology, Western Australia (1988). He is a registered Quantity Surveyor with the Board of Quantity Surveyors, Malaysia, and also a Member of the Institute of Surveyors, Malaysia.

During the past 17 years, he has gained extensive experience in the construction industry and was involved in many projects in Sarawak. He joined Contract Services Consultants as a Quantity Surveyor from 1988 to 1990. In 1990 he moved to Shinsung Corporation (Construction), a Korean construction firm, as Project Quantity Surveyor. He joined NCSB in March 1995. He is Head of Infrastructure and Works for Naim Group and is currently in charge of all construction projects, including project management, project planning and controlling, site management, tendering and project execution.



**Senior General Manager,
Land Administration**
Charles Arthur Bateman

Charles Arthur Bateman, aged 57, is an Associate Member of the Royal Institution of Chartered Surveyors, a Member of the Institution of Surveyors, Malaysia, and a Registered Valuer and Estate Agent with the Board of Valuers, Appraisers and Estate Agents of Malaysia. He was awarded by Sarawak State Government the Pingat Perkhidmatan Bakti (PPB) in 1990, Pingat Perkhidmatan Cemerlang (PPC) in 2000 and bestowed the Pingat Setia in 1997.

He joined the Sarawak Land and Survey Department in 1969 and retired on 31 December 2002. During his distinguished career, he held a variety of key positions throughout Sarawak, acquiring an unmatched knowledge of land administration in the state. From 1984 to 1989 he was in charge of valuation matters for the Sarawak Government. In 1989 he was promoted to Divisional Superintendent, serving in Sri Aman, Miri and subsequently Kuching. He joined NCSB in January 2003 as Senior General Manager, Land Administration, and is in overall charge of the Group's land administration functions. He is also a Director in one private limited company.



**Senior Business Development
Manager**
Abdul Rahman Bin Abdul Rahim

Abdul Rahman Bin Abdul Rahim, aged 47, holds a BSc in Business Administration from the United States International University of San Diego, and obtained his MSc in Planning from Universiti Sains Malaysia, Penang, in 1989.

He was attached to the Sarawak Housing and Development Commission (HDC) for over 20 years and held various senior positions including Project Manager, Human Resource Manager, Executive Officer and secretary to the Board. He was appointed Managing Director of Mutiara Perumahan Sdn Bhd, a wholly owned subsidiary of Sarawak Housing and Development Commission, where he was involved in the development of low cost housing projects valued from RM3.2 million to RM31 million. He joined NCSB on January 2002 as Senior Business Development Manager. His primary responsibilities are to explore new investment and business opportunities, and to support the Group's investment strategies and business direction.



Group Accountant
Affendi Sapiie

Affendi Sapiie, aged 42, holds a Bachelor's Degree in Accountancy and a Masters Degree in Business Administration from Universiti Teknologi Mara (UiTM) and is a member of the Malaysian Institute of Accountants (MIA).

He worked for Sarawak Timber Industry Development Corporation (STIDC) for over 11 years as an accountant before joining NCSB in January 2004 as Group Internal Auditor. He is currently the Group Accountant, supporting the Head of Corporate Finance and overseeing the Naim Group's financial operations, financial planning, cash flow management and general accounting operations and activities.

Senior **MANAGEMENT**



Group Internal Auditor
Kembi ak Rigong

Kembi ak Rigong, aged 38, obtained his membership of the Association of Chartered Certified Accountants (ACCA) in 1996, and is also a Member of the Malaysian Institute of Accountants (MIA).

He was attached to a local public accounting firm as an Audit Senior for approximately six years before joining NCSB in April 2002 as an Accountant, responsible for the financial management of the Group's subsidiaries. He was appointed as Internal Auditor in August 2004, and is tasked by the Audit Committee with identifying and addressing issues relating to financial control, financial reporting and financial risk management within the group.



Director of Sales
Tony Lau Hiang Chu

Lau Hiang Chu, Tony, aged 47, is the Director of Sales (DOS). He completed his Higher School Certificate (HSC) from Tanjong Lobang College, Miri in 1978. He obtained a Diploma in Marketing from the Institute of Commercial Management (ICM), UK in 1998 and Masters of Business Administration (MBA) from Charles Sturt University, New South Wales in 2002.

His 23 years working experience include banking and administration in MBF Finance Berhad, Kewangan Utama Berhad and sales at Hilti (Malaysia) Sdn Bhd. In 1996 he joined NCSB as Marketing Executive and was later promoted to Sales and Marketing Manager in 1997. He is responsible for all the sales and marketing activities of the group.



Group Senior Human Resource Manager
Jeffrey Sim Lai Hee

Jeffrey Sim Lai Hee, aged 42 is the Group's Senior Human Resource Manager responsible for the management of the Group's human resources and training function. He holds a Diploma in Management and has 22 years of working experience in Human Resources and Administrative field. Prior to his appointment with Naim Cendera Sdn Bhd, he has held various senior management positions with various public listed companies. He joined NCSB in February 2005.



Group Land Administrator
Haji Shamshudin Bin Bohli

Haji Shamshudin Bin Bohli, aged 56 is the Group's Land Administrator. He has 38 years of experience working in Sarawak's Land & Survey Department. He started working at the department in April 1966 and has handled various land matters that include administration, valuation, alienation.

He was the first local Enforcement Officer and his last posting was as the Land Officer with Land & Survey Department headquarters prior to joining Naim group in 2004.



Head of Property Investment and Overseas Business
Haji Radzali Bin Haji Alision

Haji Radzali Bin Haji Alision, aged 49 is the group's Head for Property Investment and Overseas Business. He has 27 years of experience in the property development and construction sector mainly with multinational firms such as CH Williams, Talhar, Wong & Yeo Sdn Bhd. He is a member of The Royal Institution of Surveyors, United Kingdom (MRICS) and a member of the Institute of Surveyors Malaysia (MSIM).

He is a registered valuer under the Valuers, Appraisers and Estate Agents Act of Malaysia, a registered estate agent under the Valuers, Appraisers and Estate Agents Act of Malaysia.

He holds a Bachelor of Science in Estate Management from Polytechnic of The South Bank, London (now known as London South Bank University). He joined NCSB in January 2005.



Group Public Relations Manager
Edwin Chandra Nurdjajadi

Edwin Chandra Nurdjajadi, aged 36, has 6 years of experience as a journalist and has 8 years experience as the Advertising and Promotion Manager then as the Corporate Affairs/ Public Relations Manager for LEA Group of Companies. He was also Sarawak's Group Agency Manager for ASM MARA Unit Trust Management Bhd and a media consultant prior to joining Naim on 5 January 2005.

His primary duties include implementing the group's PR Policy as well as maintaining good relations with members of the media at local and national level. He reports directly to the Corporate Affairs Department as well as Finance Department in promoting good relations between the group, investors fund managers and investments analysts.

Audit COMMITTEE

The demand for reliable financial information appears to be at an all time high, as advances in technology makes information readily available, thus raising expectations amongst investors and the general public. Additionally, the new dynamics of the capital market have presented companies an increasingly complex set of financial challenges. As a result, companies are under increasing pressure to meet earnings expectations and maintain positive earnings trends.

These issues all serve to highlight the importance of strong and effective Audit Committee. Effective oversight of the financial reporting process is fundamental to preserving the integrity of the Company's financial activities, and the Audit Committee is the best corporate participant to perform such an oversight function.

At Naim Cendera Holdings Berhad, the Audit Committee plays a vital role in overseeing the preparation of the year-end financial statements to ensure transparency, reliability and credibility. The Audit Committee is also required to review the interim quarterly financial information which facilitates early identification and resolution of material accounting and reporting issues because the auditors are involved earlier in the financial year.

Memberships

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

Ir. Abang Jemat Bin Abang Bujang – Member
Independent Non-Executive Director redesignated as Non-Executive Director on 14 March 2005 and resigned as Member of the Audit Committee on the same date

Datu Haji Abdul Rashid Bin Mohd. Azis – appointed
Member of the Audit Committee on 16 February 2005
Independent Non-Executive Director

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

Dato' Peter Anak Minos – appointed member of
the Audit Committee on 18 April 2005
Independent Non-Executive Director

During the financial year, the Audit Committee membership comprised two thirds Independent Non-Executive Directors and one third Executive Director as follows:-

Category	No. of Directors	Percentage
Independent Non-Executive Director	2	66.67%
Executive Director	1	33.33%
Total	3	100%

Attendance at the Audit Committee Meetings

The Audit Committee met six (6) times during the year 2004 and the details of attendance are as follows:-

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

* excluding 1 Audit Committee Meeting convened for Non-Executive members.

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 on Statement on Internal Control.
- 3) Based on the review and discussion referred to in 1 and 2 above, the Audit Committee recommends 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 audit plan and reports with external auditor.
- 7) Reviewed the Procurement Procedures and recommended these to the Board of Directors for approval.

FUNCTIONS OF THE INTERNAL AUDIT DEPARTMENT

The object of internal auditing is to assist the Board of Directors in the effective discharge of the responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed.

In the past, internal audit act mainly to suppress systemic problems, whereas today, it also attempts to address the key risk areas in the Company's business activities. Thus the role of internal audit is already changing from a passive one to a more active one of assessing control systems and working with individual units to improve them.

Successful completion of this transition to a more active and pre-emptive role involves a wide range of activities 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;
- Identifying gaps and recommending to the Risk Management Committee for further action;
- Ascertaining the extend of 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 Board of Directors
- Evaluating the economy and efficiency with which resources are employed and recommending improvements in operations.

Audit COMMITTEE

Authority :

To accomplish its objectives, the internal auditor 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, 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 example conflict of interest, embezzlement or theft shall be reported to the Chairman of the Audit Committee and the Managing Director & Chief Executive Officer immediately upon discovery by the audit staff.

Scope of Internal Audit Function

The scope of Internal Audit coverage during the year 2004 are as follows:-

- a) Financial and operation audit of subsidiary, Naim Citra Sdn. Bhd.;
- b) Operational audit on construction of Sibubintulu Road (Package I & II);
- c) Financial and operation audit of the engineering division;
- d) Operational audit on sales and marketing at Desa Ilmu;
- e) Review on the Proposed General Procedures and Authority;
- f) System audit on Naim's computerized information system;
- g) Operational audit on property development at Desa Ilmu and Bandar Baru Permyjaya;
- h) Financial audit on procurement of building materials by the trading arm;

- i) Procedural audit on acquisition and disposal of property plant and equipment and records;
- j) Operational audit on receipt of Bakau piles;
- k) Financial audit of Inter Company balances;
- l) Accounting, Taxation and Secretarial audit of Naim Cendera Holdings' Berhad

During the year, reviews on the existing internal controls covered under the audit plan reveals 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.

AUDIT COMMITTEE - TERMS OF REFERENCE

That 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 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 MIA member

- 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 that it has the necessary authority to carry out its work;
- ii) Evaluate the internal audit programmes, processes, the results of internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function.

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 to 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 the conflict of interest situations that may arise with in the Naim Group including any transaction, procedures 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

To 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

The Board of Directors is responsible for ensuring the Naim Group is properly managed and constantly improves its performance so as to protect and enhance shareholders' interests in a manner which is consistent with the Group's responsibility to meet its obligations to all parties with which the Group interacts.

The Corporate Governance practices have been designed to accord with good corporate governance principles and best practices and regulatory requirements.

These principles and best practices establish the framework of how the Board carries out its duties and obligations on behalf of the shareholders.

The Board will progressively formalize and update these practices in the manner required by the relevant authorities.

BOARD OF DIRECTORS

The Board of Directors is to provide entrepreneurial leadership within a framework of prudent and effective controls which enable risk to be assessed and managed.

BOARD COMPOSITION AND BALANCE

The composition and balance of the Board of Directors reflects, in the Board's opinion, the structure and size that best suits the Company's changing needs, its business activities, its operating environment and the interests of shareholders, customers, employees, suppliers and other stakeholders. The composition and balance of the Board is in accordance with the Company's Articles of Association and applicable law.

The Board recognizes that a degree of independence from management is vital for the Company's long term viability and success. Therefore the board must include a number of members who are able to exercise objective and independent judgment at all times. In order to reinforce the Board's independence and objectivity, Datu Haji Abdul Rashid Bin Mohd. Azis and Dato' Peter Anak Minos were appointed as additional Independent Non-Executive Directors on 16 February 2005 and 18 April 2005 respectively. These appointments increase the number of Independent Non-Executive Directors on the Board and helps to maximize the effectiveness of the Board and the Board Committees.

With the 2 new additions to the Board, the board now consists of eleven Directors (whose career profiles are shown on pages 38 to 44). As at todate, more than half of the Board of directors are Non-Executive Directors. Details of the Board composition are as follows:-

Category	Year under review		As at todate	
	No. of directors	(%)	No. of directors	(%)
Executive Director	5	55.56	5	45.46
Non-Executive Director	1	11.11	2	18.18
Independent Non-Executive Director	3	33.33	4	36.36
Total	9	100.00	11	100.00

The Board comprises Directors from various professions with a broad range of experience, knowledge and expertise.

The Non-Executive Directors draw upon their varied backgrounds and wide ranging commercial and professional expertise to maintain a balance between the interests of the shareholders, customers, employees and the community at large.

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

Note: The status of Ir. Abang Jemat Bin Abang Bujang changed from Independent Non-Executive Director to Non-Executive Director on 14 March 2005. For the financial year 2005 the composition of the various Board Committees on which he serves will be adjusted accordingly.

Board Meetings

The Board meets every quarter and convenes meetings as and when deemed necessary. The Board met five times during the year. Details of Board Members' attendance is as follows:-

Name of Directors	Number of Board Meetings attended	Percentage
Datuk Abdul Hamed Bin Sepawi	5/5	100
Datuk Hasmi Bin Hasnan	5/5	100
Ir. Suyanto Bin Osman	5/5	100
Mr. William Wei How Sieng	5/5	100
Mr. Kueh Hoi Chuang	5/5	100
Abang Hasni Bin Abang Hasnan	5/5	100
YB Tuan Haji Hamden Bin Haji Ahmad	3/5	60
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)	N/A	N/A
Dato' Peter Anak Minos (appointed on 18 April 2005)	N/A	N/A

The Board met at least once every quarter for the purpose of reviewing the Group's quarterly financial performance as compared to its annual operating plan, budget and strategic plan.

The role of the Chairman is different from that of the Managing Director & Chief Executive Officer. However, at Board meetings they share a common role of providing leadership and guidance to the Board and ensure proper deliberation of all matters requiring 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. Other visitors may also be invited to attend the meetings from time to time.

Each Committee will report to the Board on a regular basis and will keep the Board fully informed of the Committee's activities, decisions and recommendations.

SUPPLY OF INFORMATION

An Agenda will be prepared for each Board meeting and circulated to Directors prior to the meetings.

Agenda items for which resolution is sought will be identified and clearly stipulated in the board paper. Upon request by the Board, presentations will be scheduled during Board and Committee

meetings by management and/or consultants and advisors in order to provide the Board with additional information as might be appropriate with regards to issues, actions or decisions. Management will prepare such information in advance of each Board and Committee meeting to allow for adequate review and preparation.

Additionally, Board's decision will be sought for corporate proposals, business plans, acquisitions and disposals of properties of substantial value, and authority limits.

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

Restriction on Dealing in Securities

Directors and Principal Officers are discouraged from dealing in the Company's securities during the closed period, 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.

Statement on Corporate **GOVERNANCE**

Board Charter

The Board is collectively responsible for Company policy and strategic matters and for securing the optimum performance from its assets.

The Board of Directors is to provide general governance of the company's affairs and provide direction of a quality and nature that optimizes the development, growth and performance of the Company and its subsidiaries. The role of the Directors is essentially advisory in nature, with specific day-to-day management functions and decision-making delegated to the full-time officers and executive employees of the Company.

Corporate Responsibilities

The principal responsibilities of the Board of Directors are summarized as follows:-

1. To promote and act in the best interests of all stakeholders of the Group through the careful selection of senior management, including the development of compensation plans based on performance.
2. To consider and monitor the potential impact of Board and Senior Management decisions on the Group's stakeholders, employees, customers, suppliers, financial institutions and the communities in which it operates.

Board and Management Responsibilities

The Board is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is responsible for Strategic and Financial Plans of the Group and changes thereto. The Senior Management is responsible for developing the Group's annual operating plans and budgets for presentation to the Board. Once these plans and budgets have been reviewed and approved by the Board, the Senior Management is responsible for their implementation. The Board will monitor and evaluate Senior Management's performance against those Plans and Budgets on an on-going basis. The Senior Management is responsible for conducting the day-to-day operations of the Group.

ACCESS TO ADVICE

Directors are empowered to obtain independent advice, at the Company's expense, on any matters they consider crucial. Before exercising this right they are required to discuss the issue with the Chairman and Managing Director & Chief Executive Officer and 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.

APPOINTMENTS TO THE BOARD

It is the responsibility of the Board to identify and nominate candidates for appointment as members of the Board. The Nomination Committee reviews, evaluates and considers the required mix of skills, knowledge, expertise, experience and core competencies prior to recommending to the Board for appointment.

RE-ELECTION OF DIRECTORS

At the Annual General Meeting, one third (by number) of the Directors including the Managing Director & Chief Executive Officer must retire by rotation. 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 Sepawi	Non-Executive Chairman	56	2004	2007
Datuk Hasmi Bin Hasnan	Managing Director & CEO	52	2004	2007
Ir. Suyanto Bin Osman	Executive Director	47	N/A	2005
Mr. William Wei How Sieng	Executive Director	54	N/A	2006
Mr. Kueh Hoi Chuang	Executive Director	49	N/A	2005
Abang Hasni Bin Abang Hasnan	Executive Director	54	2004	2007
YB Tuan Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	56	N/A	2006
Ir. Abang Jemat Bin Abang Bujang	Non-Executive Director *	52	N/A	2006
Dr. Sharifuddin Bin Abdul Wahab	Independent Non-Executive Director	49	N/A	2005
Datu Haji Abdul Rashid Bin Mohd. Azis (appointed on 16 February 2005)	Independent Non-Executive Director	59	N/A	2005 @
Dato' Peter Anak Minos (appointed on 18 April 2005)	Independent Non-Executive Director	56	N/A	2005@

* Re-designated from Independent Non-Executive Director to Non-Executive Director on 14 March 2005.

@ Article 92 requires "any director so appointed (to fill a casual vacancy or as an addition to the existing Directors) shall hold office only 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 are encouraged to limit the number of boards on which they serve, given their time commitment to the Company's Board and its Committees.

Statement on Corporate **GOVERNANCE**

Directors' Training

Recent legislation imposes on Directors the requirement to attend a program of continuous education to support active service. Continuous education ensures skill enhancement to meet the expectations of a Director's role during this period of reform of Malaysia's business governance laws.

Directors were initially invited to join the Board on the basis of their experience and skills in relation to the Group's activities. The Board is appraised on an ongoing basis with the operations of the Company and all members are fully conversant with both the business of the Company and the environment in which it operates.

All the Directors complied with the Continuing Education Programme (CEP) point requirement as stipulated in Practice Note 15/2003 except the following directors:-

Directors	No. of CEP Points Required	No. of CEP Points Accumulated
Datuk Abdul Hamed Bin Sepawi	72	64
YB Tuan Haji Hamden Bin Haji Ahmad	48	16

Pursuant to an amendment in the CEP requirement, extension of time has been given for directors who have not complied with the provision to comply by 31 December 2005.

The following directors attended training during the year under review and a brief description of the training is as follows :-

Name of Directors	Description of Training
Datuk Abdul Hamed Bin Sepawi	- Strategic Enterprise-wide Risk Management
Datuk Hasmi Bin Hasnan	- Conference for the Board of Directors, CEOs and Senior Management - Strategic Enterprise-wide Risk Management

Name of Directors	Description of Training
Ir. Suyanto Bin Osman	- Practical Risk Management Conference/Workshop for Directors - Strategic Enterprise-wide Risk Management
Mr. William Wei How Sieng	- Corporate Practices & Governance for Company Directors – Modular Program (Module 1) - Strategic Enterprise-wide Risk Management
Mr. Kueh Hoi Chuang	- Corporate Practices & Governance for Company Directors – Modular Program (Module 1) - Strategic Enterprise-wide Risk Management
Abang Hasni Bin Abang Hasnan	- Conference for the Board of Directors, CEOs and Senior Management - Strategic Enterprise-wide Risk Management
Ir. Abang Jemat Bin Abang Bujang	- Conference for the Board of Directors, CEOs and Senior Management - Strategic Enterprise-wide Risk Management
Dr. Sharifuddin Bin Abdul Wahab	- Corporate Practices & Governance for Company Directors – Modular Program (Module 1) - Corporate Disclosures Rules and Regulations in Malaysia

BOARD COMMITTEES

The Board has established 9 Board Committees and they are as follows:-



The establishment of Committees is to assist the Board in the execution of its duties and to allow detailed consideration of complex issues. Each Committee is given a written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. 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.

The Nomination Committee shall periodically review the committee assignments and make recommendations to the Board for rotations 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.

Board and Directors' Performance Evaluation

The performance of the Board is evaluated by the Nomination Committee and reviewed by the full Board.

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

Management Succession

The Nomination Committee will review management development and succession planning. The Nomination Committee will oversee a process whereby the qualities and characteristics necessary for effective leadership are evaluated and updated, and advance planning for contingencies affecting Executive Directors and other senior members of management is conducted.

Other Guidelines

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

The Board Policy Manual comprising the Corporate Philosophy, Code of Ethics, Corporate Structure, Board Responsibilities, Corporate Disclosure Policies and Procedures and Insider Trading Policy has been developed and implemented during the year.

Corporate Disclosure Policy

It is the policy of the Company 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.

Statement on Corporate **GOVERNANCE**

Corporate Disclosure Policy (continued)

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

- (1) To raise awareness about, and provide guidance to management concerning the Company's disclosure requirements and practices.
- (2) To provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, 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 & Chief Executive Officer of Naim are designated as the main contact 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 question from external sources to the Non-Executive Chairman and the Managing Director. Authorised spokes persons shall not disclose material information that has not been previously made public.

Business Ethics

The Code of Ethics guides the behavior and performance of all Employees and Directors.

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

The Code of Ethics 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 optimize all our resources and expand opportunities. In addition, the Code will help ensure that all those who deal with the Group are aware that they are dealing with a world-class company which adheres to high ethical, moral and business standards.

As important as the Code is, however, the Company 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.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing the compensation arrangement for the Managing Director & Chief Executive Officer and other Executive Directors of the Company. The Remuneration Committee, with the assistance of the Human Resource Operations Committee, is required to ensure the Company's remuneration policies and recruitment practices are as follows :-

- 1) consistent with the interests of shareholders and an appropriate balance between long and short-term goals;
- 2) in accordance with their respective contributions to the Naim Group's performance targets and profitability; and
- 3) at the prevailing rates paid by other competing employers in the industry.

On recommendation of the Remuneration Committee, the Board approved the remuneration of the Managing Director & Chief Executive Officer and other Executive Directors of the Company.

Fees for Non-Executive Directors are recommended by the Board and approved by shareholders from time to time.

Directors abstained from all deliberations in connection with decisions pertaining to their own remuneration and/or remuneration of persons connected with them.

Details of remuneration paid to each Director for the financial year ended 31 December 2004 are as follows:-

	Basic Salary RM'000	Allowance RM'000	Fees paid by		Benefit- in-kind RM'000	Total RM'000
			Company RM'000	Subsidiary RM'000		
Executive Directors						
Datuk Hasmi Bin Hasnan	936	nil	nil	7	25	968
Ir. Suyanto Bin Osman	420	nil	nil	nil	18	438
William Wei How Sieng	355	nil	nil	5	12	372
Kueh Hoi Chuang	297	nil	nil	5	12	314
Abang Hasni Bin Abang Hasnan	87	nil	nil	nil	7	94
Non-Executive Directors						
Datuk Abdul Hamed Bin Sepawi	nil	483	nil	nil	25	508
YB Tuan Haji Hamden Bin Haji Ahmad	nil	nil	37	nil	nil	37
Ir. Abang Jemat Bin Abang Bujang	nil	nil	30	nil	nil	30
Dr. Sharifuddin Bin Abdul Wahab	nil	nil	30	nil	nil	30
Datu Haji Abdul Rashid Bin Mohd Azis (appointed on 16 February 2005)	N/A	N/A	N/A	N/A	N/A	N/A
Dato' Peter Anak Minos (appointed on 18th April 2005)	N/A	N/A	N/A	N/A	N/A	N/A
Total	2,095	483	97	17	99	2,791

SHAREHOLDER COMMUNICATION

The Company has formalized its corporate disclosure policies and procedures to manage its communication with the stakeholders.

The Company promotes timely and balanced disclosure of all material information to ensure a fully informed market. Directors may seek external advice to ensure that announcements do not omit any material information.

The Company meets the investment community, comprising analysts and fund managers or an individual, on a regular basis to get a balanced understanding of their main issues and concerns. Non-Executive Directors may also attend such meetings but they are not expected to provide information on company performance.

Discussions at such meetings are restricted to matters that are in the public domain.

The annual general meeting has been a main forum for dialogue with shareholders. Opportunities will be given to shareholders to raise questions and seek clarifications on the business and performance of the Group.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

Responsibility for the preparation of financial statements and reports has been delegated to the management. 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 Malaysian Accounting Standard Board ("MASB") 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 on Corporate **GOVERNANCE**

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.

Share Buy-Back

During the financial year, the Company bought back 1,499,600 shares from the stock market as follows:-

Date	No. of Shares Purchased	Purchase Price Per Share			Total Consideration RM
		Highest	Lowest	Average	
May	2,000	3.40	-	-	6,850.52
October	1,328,200	3.16	2.98	3.06	4,034,480.52
November	2,000	3.28	3.24	3.26	6,568.73
December	167,400	3.20	3.18	3.19	534,530.48
Total	1,499,600				4,582,430.25

No resale of treasury shares took place during the financial year ended 31 December 2004.

1,499,600 shares bought-back during the year were retained as treasury shares.

No shares were cancelled during the financial year ended 31 December 2004.

The system includes documented organization structure, clear division of responsibility and job description, established policies and procedures, code of ethics and careful selection, training and development of people with the right personal chemistry.

The Internal Audit Department monitors the operation of the internal control system to mitigate risks to an acceptable level and reports its findings and recommendations to the Audit Committee and ultimately the Board of Directors. Corrective actions were and are continuously taken to address control deficiencies and other opportunities for improving the system as and when they are identified.

There are inherent limitations in the effectiveness of any system of internal control, and accordingly the internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and this can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

RELATIONSHIP WITH AUDITORS

The Audit Committee works closely with the external auditors and internal auditors. For details please refer to the Audit Committee Report on pages 50 to 53 of the Annual Report.

ADDITIONAL COMPLIANCE

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

Options, Warrants or Convertible Securities

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

American Depository Receipt ("ADR") or Global Depository 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 2004 amounted on RM48,724 for professional services rendered as follows:-

- i) Advisory fee for the setting up of Tabung Amanah Naim RM3,225.00;
- ii) Tax fee for the Naim Group RM15,499; and
- iii) Consolidation of accounts fee, review of quarterly announcements and Statement on Internal Control RM30,000.

Utilization of Proceeds

Purposes	As per Prospectus RM'000	Utilized as at 31.12.2004 RM'000	Balance unutilized RM'000
Acquisition of land for property development and property investment	25,000	-	25,000
Purchase of machinery	7,400	-	7,400
Purchase of information technology systems	3,082	1,311	1,771
Repayment of bank borrowings	7,430	6,000	1,430
Listing expenses	4,600	4,523	77
Working capital	13,036	-	13,035
Total	60,548	11,834	48,713

Related Party Transactions

The related party transactions are disclosed on pages 135 to 136 of the Annual Report. The Company is proposing a renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature at the forthcoming Annual General Meeting. For more details please refer to the Circular to Shareholders dated 4 May 2005.

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 or entered into since the end of the previous financial year other than those if any, disclosed in the accounts.

Variation between Audited and Unaudited Results for the Financial year ended 31 December 2004

Not applicable for the financial year.

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 2004, the Group had not adopted any revaluation policy in relation to its landed properties.

Statement on Corporate **GOVERNANCE**

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee was established on 13 November 2003. Its membership comprises the following:-

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

Datuk Hasmi Bin Hasnan as Member of the Board Executive Committee
Managing Director & Chief Executive Officer

Ir. Suyanto Bin Osman as Member of the Board Executive Committee
Executive Director & Chief Operating Officer

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

Category	No. of directors	Percentage %
Non-Executive Director	1	33.33
Executive Director	2	66.66
Total	3	100.00

The Board Executive Committee is crucial for articulating direction, evaluating effectiveness and helping to pursue excellence in organizational performance by encouraging constructive dialogue within the Board and Committee.

Board Executive Committee Terms of Reference

Composition

The Board Executive Committee shall be established and members thereto shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Responsibilities

The Board Executive Committee is responsible for implementing the decisions and policies by the Board as well as coordinating activities necessary to ensure successful implementation of the Group's business.

Duties

The duties of the Board Executive Committee are as follows:-

- to review and adopt the strategic plan for the Group;
 - to oversee the conduct of the Company's business plan and evaluate whether the business is properly managed;
 - to develop and implement an investor relations programme and shareholder communications policy for the Company;
 - to review the adequacy and the integrity of the Company's internal control systems and management information systems;
 - to decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations;
- f) The Board Executive Committee is also empowered to :-
- review, recommend and approve capital expenditure;
 - review, recommend and approve disposal of capital items;
 - review, recommend and approve the Award of Tenders

within the restricted authority given by way of authority limits determined by the Board.

NOMINATION COMMITTEE

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

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

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

Ir. Abang Jemat Bin Abang Bujang as member of the Nomination Committee
Non-Executive Director
(see Note under Board Composition & Balance above)
resigned as member of the Nomination Committee on 18 April 2005

Dato' Peter Anak Minos – appointed member of the Nomination Committee on 18 April 2005
 Independent Non-Executive Director

The structure of non-executive participation in the Nomination Committee for the financial year under review is as follows:-

Category	No. of directors	Percentage %
Executive Director	0	0.0
Non-Executive Director Independent	1	33.33
Non-Executive Director	2	66.66
Total	3	100.00

The main role of the Committee is to consider the nominees for appointment to the Board/ re-designation of directors and to assess the core competencies of each existing Board member and new appointments contributing particular knowledge, expertise or experience in one or more of the following:-

- **Strategy and Vision**
 Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends, and 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.
- **Management**
 Board members must be capable of monitoring management's performance through having an adequate knowledge of financial accounting and corporate finance.
- **Industry Knowledge**
 Businesses normally face new challenges and new opportunities which are unique to the industry. The Committee will recruit and/or maintain an appropriate level of industry-specific knowledge on the Board.

- **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. Large portion 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 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 including core competencies of non-executive Directors.

The Nomination Committee met once during the year under review.

NOMINATION COMMITTEE – 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.

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;

Statement on Corporate **GOVERNANCE**

- 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 Committees 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. The Committee consists of the following members :-

Ir. Abang Jemat Bin Abang Bujang as Chairman of the Remuneration Committee
Non-Executive Director
(see Note under Board Composition & Balance above)

Datuk Hasmi Bin Hasnan as member of the Remuneration Committee
Managing Director & Chief Executive Officer

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 during the year under review is as follows:-

Category	No. of directors	Percentage %
Independent Non-Executive Director	2	66.66
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 comparable companies. Aligning the Executive Directors' interests with those of shareholders, the remuneration package is pegged to performance-related indicators. The remuneration package is structured primarily as an arithmetic value determined by the actual financial performance of the Group. It also includes an additional non-arithmetic element determined by reference to personality traits, changes (if any) in job scope, special attributes and abilities, and overall responsibilities. The remuneration package is devised to retain a proven and stable team of Executive Directors.

The Remuneration Committee met three times, during the year under review.

REMUNERATION COMMITTEE – 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, of whom a majority 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 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. The Risk Management Committee comprises the following:-

Datuk Hasmi Bin Hasan as Chairman of the Risk Management Committee
 Managing Director & Chief Executive Officer

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 & Chief Operating Officer

Mr. William Wei How Sieng as member of the Risk Management Committee
 Executive Director

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

Mr. Leong Chin Chiew, Edmund as member of the Risk Management Committee
 Head of Construction

A representative from the Internal Audit Department

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

Category	No. of directors	Percentage %
Independent		
Non-Executive Director	1	14.29
Executive Director	4	57.13
Management Staff	1	14.29
Internal Auditor	1	14.29
Total	7	100.00

A risk, in business term, is the possibility of injury, damage or loss in the course of the Company's business operations. Risk management refers to the art and science of identifying, analyzing and responding to the chances (or causes) of loss on a construction or property development project in a manner which ideally, best achieves the objective:

on-time, on-budget completion and without litigation. Risk management is to effectively identify, quantify and control most construction and property development risks and exposures.

Risk management generally results in an overall positive effect on the project by improving contract performance, increasing cost-effectiveness, and creating a good working relationship between contracting parties.

As contractors and property developers, we set risk management goals and implement risk management procedures in order to control exposure to unwanted risks and liabilities.

Risk management requires a systematic and practical method of dealing with both the predictable and unpredictable risks inherent in the construction and property development industries. Risk management is implemented in order to manage and develop specific risk minimization strategies.

To ensure risk assessment and control is approached in a systematic, coordinated and continuous manner across the organization, Roots Consulting Sdn. Bhd. was engaged to facilitate the process of establishing an Enterprise-Wide Risk Management Framework through the application of the Corporate Risk Scorecard.

According to the findings of the exercise, 96% of the identified risks at enterprise gross level are exposed to high possibility and significant impact risks. After considering the internal controls in place, 16% of the risks remain at high possibility and significant impact risks and the balance have been toned down to lower possibility and lesser impact risks.

A Key Risk Register documenting the 10 component risks was also established during the exercise.

The result from the scorecards shows that the risks faced by the Group are generally recognized and well managed for the short and medium term. However, management has also identified some strategic risks that warrant attention because of their potential impact on future growth and achievement of the long-term corporate objectives.

During the year under review, the Risk Management Committee met twice.

Statement on Corporate **GOVERNANCE**

RISK MANAGEMENT COMMITTEE – 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 a 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 appropriate 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 system;
- 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.

Human Resource Operations Committee

The Human Resource Operations Committee was established on 24 May 2004. The Human Resource Operations Committee comprises the following:-

Dr. Sharifuddin Bin Abdul Wahab as Chairman of the Human Resource Operations Committee
Independent Non-Executive Director

Datuk Hasmi Bin Hasnan as Member of the Human Resource Operations Committee
Managing Director & Chief Executive Officer

Ir. Abang Jemat Bin Abang Bujang as Member of the Human Resource Operations Committee
Non-Executive Director (see Note under Board Composition & Balance above)

Mr. Kueh Hoi Chuang as Member of the Human Resource Operations Committee
Executive Director

Mr. Leong Chin Chiew, Edmund as Member of the Human Resource Operations Committee
Head of Construction

Mr. Jeffrey Sim appointed as Member of the Human Resource Operations Committee on 19 April 2005
Senior Human Resource Manager

The composition of executive, non-executive and management participation in the Human Resource Operations Committee during the year under review is as follows:-

Category	No. of directors	Percentage %
Independent		
Non-Executive Director	2	40.00
Executive Director	2	40.00
Management Staff	1	20.00
Total	5	100.00

**HUMAN RESOURCE OPERATIONS COMMITTEE
 – TERMS OF REFERENCE**

Composition

The Human Resource Operations Committee shall be established and members thereto shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Responsibilities

The Human Resource Operations Committee is responsible for forecasting the Company's manpower requirements and formulating staff recruitment and staff retention policies based on those corporate goals set for the coming 5-year period.

Duties

The duties of the Human Resource Operations Committee are as follows:-

1. to review the current organisation structure and manpower concerns of the Group;
2. to conduct a study into the current compensation and benefit system and, if necessary, to recommend changes thereto in conformance with the prevailing market rates;
3. to formulate an employee recognition programme to retain and recognise performing employees;
4. to formulate a 5 year organisation chart and set a schedule for human resources requirements planning for the Group;
5. to align the Human Resource Department's role with the Group's 5 year corporate goals; and
6. to assess short and long term human resource performance requirements.

Business Development Committee

The Business Development Committee was established on 24 May 2004. The Business Development Committee comprises the following:-

Datuk Abdul Hamed Bin Sepawi as Chairman of the Business Development Committee
 Non-Executive Chairman

Datuk Hasmi Bin Hasnan as Member of the Business Development Committee
 Managing Director & Chief Executive Officer

Ir. Suyanto Bin Osman as Member of the Business Development Committee
 Executive Director & Chief Operating Officer

Mr. William Wei How Sieng as Member of the Business Development Committee
 Executive Director

Mr. Kueh Hoi Chuang as Member of the Business Development Committee
 Executive Director

Mr. Leong Chin Chiew, Edmund as Member of the Business Development Committee
 Head of Construction

The composition of executive, non-executive and management participation in the Business Development Committee during the year under review is as follows:-

Category	No. of directors	Percentage %
Independent		
Non-Executive Director	0	00.00
Non-Executive Director	1	16.66
Executive Director	4	66.68
Management Staff	1	16.66
Total	6	100.00

Statement on Corporate **GOVERNANCE**

BUSINESS DEVELOPMENT COMMITTEE – TERMS OF REFERENCE

Composition

The Business Development Committee shall be established and members thereto shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Responsibilities

The Business Development Committee is responsible for identifying, exploring avenues, sourcing and locating opportunities and lobbying for potential projects to meet the 5 years' corporate goals.

Duties

The duties of the Business Development Committee are as follows:-

- a) to review the market analysis, feasibility studies and recommendations for potential projects or contracts;
- b) to conduct strategic analysis of projects, contracts, real estate deals and land acquisition deals;
- c) to gather market intelligence and to understand both our direct and indirect competitors;
- d) to develop contacts/exchanges of information and maintain good relations with government, authorities, ministries, property developers and others; and
- e) to plan and implement strategies to develop new business and opportunities.

Business Process Engineering Committee

The Business Process Engineering Committee was established on 24 May 2004. The Business Process Engineering Committee comprises the following:-

Ir. Abang Jemat Bin Abang Bujang as Chairman of the Business Process Engineering Committee
Non-Executive Director
(see Note under Board Composition & Balance above)

Datuk Hasmi Bin Hasnan as Member of the Business Process Engineering Committee
Managing Director & Chief Executive Officer

Ir. Suyanto Bin Osman as Member of the Business Process Engineering Committee
Executive Director & Chief Operating Officer

Mr. Kueh Hoi Chuang as Member of the Business Process Engineering Committee
Executive Director

Mr. Kho Teck Hock, Ricky as Member of the Business Process Engineering Committee
Head of Corporate Finance

Mr. Leong Chin Chiew, Edmund as Member of the Business Process Engineering Committee
Head of Construction

Mr. Teng Cheong Ming, Alan as Member of the Business Process Engineering Committee
Company Technical Advisor

Mr. Jeffrey Sim appointed as Member of the Business Process Engineering Committee on 19 April 2005
Senior Human Resource Manager

The composition of executive, non-executive and management participation in the Business Process Engineering Committee during the year under review is as follows:-

Category	No. of directors	Percentage %
Independent		
Non-Executive Director	1	14.28
Executive Director	3	42.86
Management Staff	3	42.86
Total	7	100.00

BUSINESS PROCESS ENGINEERING COMMITTEE – TERMS OF REFERENCE

Composition

The Business Process Engineering Committee shall be established and members thereto shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Responsibilities

The Business Process Engineering Committee is responsible for defining the necessary organizational changes that are required to achieve the 5 years' corporate goals.

Duties

The duties of the Business Process Engineering Committee are as follows:-

- a) to review the current work-flows within the organisation structure;
- b) to detect process weak points and to modify processes where gains can be obtained with low costs;
- c) to establish and implement creative solutions based on proven and effective business models to ensure that the correct information is supplied to the right person at the right time in order to fulfill the Group's objectives; and
- d) to introduce control procedures to ensure that the each and any change provides the expected improvement.

Corporate Disclosure Committee (CDC)

The CDC was established on 21 March 2005. The CDC comprises the following:-

Datuk Hasmi Bin Hasnan as Member of the CDC
 Managing Director & Chief Executive Officer

Mr. Kho Teck Hock, Ricky as Member of the CDC
 Head of Corporate Finance

Ms. Bong Siu Lian as Member of the CDC
 Company Secretary

The CDC has been established to oversee all matters relating to the Company's corporate disclosure policy and procedures.

The functions and responsibilities of the CDC include:

- 1) To promote and maintain market integrity and investor confidence;
- 2) To ensure equal access to material information in an accurate, clear, timely and complete manner and to avoid selective disclosure;
- 3) To propagate the exercise of due diligence to ensure that information disseminated will be as far as possible accurate, clear, timely and complete;
- 4) To instill an efficient management of information procedure that promotes accountability for the dissemination of material information.
- 5) To take advantage of advances made in information technology in dissemination information; and
- 6) To build good investor relations with the investing public that inspires trust and confidence.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 19 April 2005

Statement Of INTERNAL CONTROL

Introduction

This statement on internal control by the Board of Directors is made pursuant to Bursa Malaysia Listing Requirements with regard to the Group's compliance with the principles and best practices for internal controls 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 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 controls are embedded in the daily operations of the Group. The Risk Management Committee (comprising representatives from the Board, the management and the internal audit department) is continuously reviewing, updating and improving the Group's risk management practices. The Group has engaged a risk management consultant to facilitate the establishment of a strategic enterprise-wide risk management framework. This exercise involves identifying the key risk exposures of the Group, developing the key risk profiles/corporate risk scorecards as well as implementing a continuous risk monitoring system. The enterprise-wide risk management framework is expected to be endorsed for implementation in the second quarter of 2005.

Key Processes of Internal Controls

The key processes of internal controls 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 Review and Audit

The in-house Internal Audit Department was established in 2003. The internal auditor reviews the internal controls on the key activities of the Group on the basis of a detailed annual internal audit plan presented to the Audit Committee for prior approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group. The Audit Committee considers reports from internal audit before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems, on a quarterly basis or earlier as appropriate.

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 will be on-going to meet the changing needs.

This statement is made in accordance with a resolution of the Board of Directors dated 19 April 2005.

Human Resources

OUR STRONGEST ASSETS

The Naim Group's strongest asset is its human resource; a high quality management team and a dedicated, efficient and highly-skilled workforce of 477 people,* assembled through 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 the Group to become one an industry leader.

**At 31/12/2004, including 126 casual employees. This represents an increase of 69 people during the year in review.*

Developing an Optimal Working Environment

During the year in review, new change management and people management strategies were established to prepare staff for a more quality-driven and performance-oriented work environment, in line with our new status as a public listed company and our vision to compete in the global marketplace.

Rewarding Excellent Performance

The Group seeks to maintain the loyalty, motivation and dedication of its staff in an increasingly competitive labour market. Therefore it strives to ensure that contributions from staff are appropriately recognized and appreciated through its "Pay for Performance" philosophy. This philosophy has led to the implementation of Key Performance Indicators (KPI) as an additional quality measurement tool in the Group's performance management system. This has in turn led to the development and implementation of key result areas (KRA's) at the departmental level

As an additional measure to maintain the Group's status as an "Employer of Choice" the compensation and benefits structure is constantly being reviewed to ensure that it remains fully competitive with industry norms

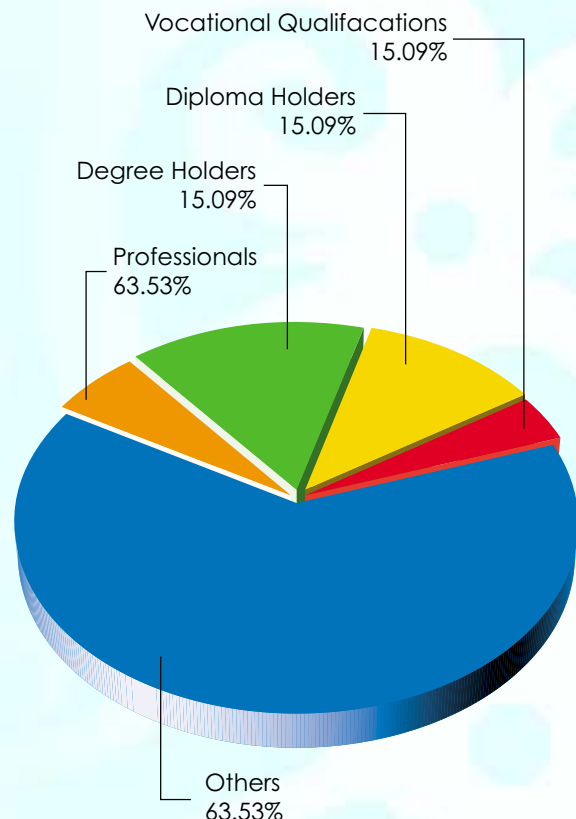
Developing a Knowledge-Based Workforce

The ongoing transition to a knowledge-based economy has further emphasized the importance of staff training and development. In our efforts to become a knowledge-and -skills-based organization, staff training and development has become one of the Group's key priorities, in order to ensure the creation of a competitive, dynamic, efficient and flexible workforce , able to compete in the ever changing business environment. In view of this, RM120,000 was spent on both hard and soft skills training for 142 staff during 2004, and an enhanced training budget of RM1.2 million has been allocated for 2005.

Quality of the Workforce

- 19 are full members of professional Institutions or Associations.
- 9 are Master Degree holders
- 72 are Bachelors Degree holders
- 55 have Diploma-Level qualifications
- 19 have Vocational qualifications

The following chart shows the distribution of educational and professional qualifications amongst the Naim Group's 280 permanent staff.



Corporate CITIZENSHIP

Overview



"To balance the interest of all stakeholders with an equal measure of social responsibility is to close the gap between the vision of an organization and its perception in a community - yielding both financial and societal benefits."

At Naim we owe much of our success to the support of the local community members who buy our products. In recognition of this support, and to reflect our strong commitment to strengthening social values and community ties, we do our very best to contribute to the community ourselves.

To ensure that our developments are thriving, people-friendly communities, we ensure that playgrounds, landscaping and generous peripherals are provided in all our housing development, and that trees are planted, open spaces beautified and green buffer zones retained to preserve a spacious and natural living environment.



And to assist the less fortunate in the community and those organisations that contribute to our quality of life, we make substantial charitable donations and sponsor a host of community events. During the year in review the Naim Group has donated to or sponsored a host of charitable and community organisations. Some of the most notable are listed below.

List of Donation Recipients



- Dayak Association Miri
- Football Assoc. of Sarawak
- Huared Education
- Institut Kemahiran Belia Negara
- Institution of Engineers Malaysia
- Institution of Surveyors
- JKK Kpg. Abg. Amin
- Kelab Kebajikan Rekreasi Sukan
- Kelab Polis IPK
- Kelab Rekreasi Imigresen
- Kesatuan Pekerja-Pekerja
- Lembaga Amanah Kebajikan Masjid Sarawak
- Lembaga Pembangunan LND
- Maksak Bahagian Mukah
- MAKSWIP
- Malam Perdana Perkim
- Malaysia Book of Records
- Masjid Darul Ibadah
- MRCS Dialysis Centre
- National Tsunami Disaster Fund
- Perkim Kuching
- Persatuan Anak Yatim
- Persatuan Bisaya Sarawak
- Persatuan Harapan Miri
- Persatuan Kebajikan Anak Yatim
- Persatuan Pesara Kerajaan Sarawak
- Pertubuhan Amal Kebajikan
- Rukun Tetangga Desa Ilmu
- Sarawak Chamber of Commerce
- SMB St. Teresa
- Sokanjaya Sarawak
- SRJK Chung Hua Miri
- St. Peter's Church
- Sunflower Homes
- Tabung Anak Yatim Masjid
- Tabung Kebajikan Yayasan Yalip
- Tabung Pendidikan dan Kebajikan
- Yayasan Pembangunan

Total Sum Donated: RM768,032.63

Tabung Amanah Naim – The Next Step

Although we are proud of our excellent record of corporate support for deserving organizations and the less fortunate, we at Naim feel we need to take a bold step on our journey to becoming a role model corporate citizen. Thus far, all of our corporate giving has been on an ad-hoc basis, and we will continue to give on an ad-hoc basis as and when circumstances make it necessary. However the time is now ripe to set up an independent trust fund which is able to make a real and tangible difference to people's lives on a long term basis.

Therefore the Tabung Amanah Naim (Naim Trust Fund) was officially launched on 12 September 2004 in conjunction with the 1st Anniversary Dinner in celebration of our being listed on the Main Board of Bursa Malaysia. This auspicious occasion was witnessed by Sarawak's Chief Minister, Pehin Sri Dr Haji Abdul Taib Mahmud. The Launching Fund of RM1 million was established by the Naim Group (corporate donation of RM500,000), our Chairman, Datuk Hamed Bin Sepawi, and our Managing Director & Chief Executive Officer, Datuk Hasmi Hasnan (personal donations of RM250,000 each). A brief synopsis of Tabung Amanah Naim's structure, activities and objectives is set out below.

Tabung Amanah Naim – Synopsis

1) Status

Tabung Amanah Naim is a charitable body established under trust.

2) Mission & Objective

The trust fund has been established for the benefit of the Malaysian public, irrespective of race, creed or religion, with the following objectives:

- (a) To provide assistance, scholarships, incentives or awards for the establishment, advancement or excellence in educational or research work in Malaysia.
 PROVIDED ALWAYS that in making such assistance, scholarships, incentives or awards, the Trustees shall take account of the financial means of the beneficiaries and their parents or guardians.
- (b) To provide assistance for the relief of distress amongst the Malaysian public.
- (c) To provide assistance for the promotion of national unity through sports, arts and culture in Malaysia.
- (d) To provide contribution for the purposes of religious worship or advancement of religion.
- (e) To make donations for other patriotic or charitable purposes.

3) Board of Trustees

- (a) Datuk Abdul Hamed Bin Sepawi, Executive Chairman, Naim Cendera Holdings Berhad (see Profile of Directors for further details).
- (b) James Alexander Ritchie, leading Author, Journalist and Social Activist.



Social RESPONSIBILITY

Conserving the Environment

The Naim Group firmly believes that environmental conservation and stewardship is one of the key attributes of a successful development and construction company. Therefore we make every effort to ensure that our development works in harmony with the natural environment. This includes incorporating environmental buffer zones into our projects, minimizing tree felling, replanting with natural species, and leaving abundant green spaces between residential areas and on verges, approach roads and other unbuilt areas.

We undertake the following steps to protect the environment:

- Prevent or minimize any potential adverse impact arising from our operations, products and services.
- Review and improve continuously 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.

Benefiting the Community

The Naim Group believes that its role as a property and infrastructure specialist enables it to make a significant contribution to the communities in which it operates. Therefore it focuses much of its efforts on projects and initiatives which have tangible socio-economic benefits, including:

- Building affordable homes offering high quality and value.
- Developing integrated communities with green spaces and essential amenities.
- Providing opportunities for small businesses through affordable commercial and industrial projects.
- Building roads, bridges, water supplies and other essential infrastructure.
- Constructing award-winning educational and training facilities.
- Focusing on prompt completion to ensure timely delivery of essential housing, infrastructure and services.





Promoting Occupational Health and Safety

We at Naim are committed to maintaining a safe and healthy working environment for all our employees, customers, sub-contractors, service providers and the general public, insisting on total compliance with legislative requirements in every area of our activities.

The following steps are taken to maintain a safe and healthy working environment:

- Provide continuous training and supervision to all employees to build a safe and healthy workplace culture.
- Equip all employees with adequate personal protective equipment, wherever appropriate.
- Develop each individual's sense of personal responsibility and accountability for their own activities, and for persons and facilities under their charge.
- Require sub-contractors, service providers and suppliers working on our behalf to adhere to our safety and health standards.

Implementing our Commitment

To ensure that this commitment is more than mere words, the Group has put into place internal rules to deal with pollution, depletion and conservation of natural resources as well as to protect human health and safety. Where necessary, new modes of behaviour will be inculcated and construction processes redesigned to be environment and people-friendly.

The internal rules cover the following areas:

- Minimum disturbance to soil condition
- Prevention of pollution and effective waste management
- Proper sewage treatment
- Adherence to occupational health and safety regulations
- Adherence to fire prevention and personal safety 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

Commitment To QUALITY & VALUE

A Track Record of Quality

The Naim Group's commitment to quality and value has already been recognized by our industry colleagues on two occasions. In 2002 we were the first Sarawak based company to be awarded The Builders' Award (Building Works Category - Institutional Building Project) by Malaysia's Construction Industry Development Board (CIDB) for our work on the Institut Kemahiran Belia Negara (IKBN) Miri. And in 2003 we won the same award, now known as the Malaysian Construction Industry Excellence Award (MCIEA) for two schools we built at Bandar Baru Permyjaya, Miri. We were this one of a very select group of companies to win this prestigious award two years running. We have also been acknowledged for the quality of our corporate reporting, receiving the Sarawak Chamber of Commerce and Industry (SCCI) Award for Best Annual Report (Non-Listed Companies Category) for our 2002 Annual Report.

A Remarkable Hat-Trick

To our great delight we were once again winners of the prestigious MCIEA for the third consecutive year. This time we won the Project Award for the Medium Engineering Category, which was awarded based on quality workmanship, work, timely completion of project and sound management and financial systems. The winning project was the International Go-Kart Racing Track at Miri, the first international standard motorsports facility in East Malaysia. The demanding technical standards demanded by this kind of project presented us with many difficult technical challenges, and our success in overcoming them may have been a contributing factor in the judges' final decision. We are now the first and only company to win the Award 3 years in a row, a notable achievement for a Sarawak-based company who has been in business for about 10 years.

CIDB Builder of The Year

Our remarkable hat-trick in the MCIEA may well have helped to impress the judges when it came to awarding the blue ribbon of the Malaysian construction industry. Naim Group was awarded "Builder Of The Year" - the most coveted award in our entire sector. Builder Of The Year is awarded on the basis of a company's excellent track record, timely delivery of projects, consistently high quality workmanship, excellent health and safety record, care for the community and environment, and overall excellent financial achievements. The award was graciously presented by the Federal Minister of Public Works, Dato' Sri S. Samy Vellu, and received by our Chairman, Datuk Abdul Hamid Sepawi.

All of these national awards are important symbols of recognition to individuals, teams and organizations who have demonstrated excellence and creativity in the construction sector. The MCIEA Steering Committee provides the overall framework for the conduct of the awards; the panel of judges carefully set the benchmark for excellence in the judging process, and the winners for each category are verified and endorsed by the Central Secretariat of MCIEA. This considerable degree of diligence and transparency reflects the CIDB's seriousness in sustaining the quality, integrity and prestige of the awards.

Recognition by The International Business Community

During the year we received an additional award from a most unexpected source. The Malaysian Canada Business Council (MCBC) has chosen Naim Group as the recipients for their Business Excellence Award for Construction Industry Excellence 2004. This indicates that our reputation for quality and performance is gradually becoming known beyond the local construction sector, and that we have created the awareness of our activities amongst the wider business community. This bodes extremely well for our future growth.

Customer Satisfaction Equals Market Leadership

Quality and Value are the cornerstones of our business, because Quality and Value mean customer satisfaction. Therefore our housing projects are attractive, self-contained, people-friendly communities with homes to suit every family and every budget. Quality of construction and finish are unsurpassed, and backed up by comprehensive after-sales service.

However, this commitment to quality and value is not simply an example of Naim Group's social responsibility; it also makes excellent business sense, because thousands of satisfied home owners are the most powerful sales force a property developer can possess. Therefore we are firmly convinced that customer satisfaction is one of the most significant factors contributing to our market leadership in Sarawak's property sector. Testimonials from our buyers certainly bear out this belief.

Customer Satisfaction Equals Repeat Business

Quality and Value are just as important to our Construction Division. Our Class A Bumiputera Contractor Status, coveted ISO 9000 certification and implementation of a Total Quality Management (TQM) system, as well as our track record of timely completion within budget, has helped us achieve hundreds of millions of Ringgit worth of repeat business from satisfied clients in both public and private sectors.

Formal Accreditations and Registrations

Our formal Quality and Capability accreditations and registrations include the following:

- ISO 9002 Accreditation by Moody International Certification Ltd and AOQC 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

Naim Group IN THE NEWS





Enhancing rapport with the people

為鎮安：確保各領域更具競爭力
我國積極培育專業人才

study on failed bumi firms

Naim terima sajian JuruBina Tahun Lai

Naim posts RM55 million profit in first six months

ILJIM penuli keputusan perindustrian

Naim Cendera bags yet another business excellence award

Naim gets a boost from positive news

Chance for skilled workers to get degree

CM lays foundation for new DUN

砂將設第3間工業學院

NAIM catat keuntungan pracukai RM54.964 juta

Naim named Builder of the Year

Naim Cendera gets RM550m construction jobs

Naim Cendera dapat tiga surat hasrat projek

Menteri Persekutuan diminta lebih kerap buat lawatan



Naim named Builder of the Year

Sarawakian company shows it is able to produce work at par with the premier league players - Chairman



Local companies that scale pinnacle of success



By Alexian Barayan

SHREKEMANTHAN Naim Cendra (NCSB) has been proud to witness the "Builder of the Year & The Malaysia Good Industry Excellence Award (MGIIEA) 2006".

What made this feat a reality? NCSB is a totally owned wholly owned subsidiary of Naim Cendra Holdings Sdn Bhd (NCH).

Naim Cendra 荣获 2006 年工业界卓越成就奖
Pusat Bandar 于帝宫展

歡迎聯邦部長多到訪
 有良：實探視發展情況

NAIM 贈 10 萬學金

Naim cendera xie tuan bu feng zongzhu

Diary of GROUP EVENTS

8th January 2004

Bandar Baru Permyjaya, Miri

Launching of Cassia, single storey detached house at Bandar Baru Permyjaya in Miri.



1st April

1st April 2004

Bandar Baru Permyjaya, Miri

Launching of Tulip Gold double storey detached bungalow at Bandar Baru Permyjaya in Miri.



14th-16th January 2004

Desa Ilmu, Kota Samarahan

Launching of Emerald, Ruby Plus and Sapphire model houses at Desa Ilmu together with the new 3-storey shophouses.

2nd February 2004

Bandar Baru Permyjaya, Miri

Hundreds of visitors came in to participate in Naim's Chinese New Year Open House, which was held at Lotus Villa showhouse, Bandar Baru Permyjaya, Miri.



23rd April

23rd April 2004

International Go Kart Racing Track, Miri

Official handing over ceremony of Sarawak's International Go Kart Racing Track to Sarawak Ministry of Infrastructure Development & Communication.



1st May 2004

Desa Ilmu, Kota Samarahan. Dewan Dato Permaisuri, Desa Pujut, Miri
 Over 400 people took part in Kuching's leg of Naim's Labour Day 2004 celebration held at Desa Ilmu, Kota Samarahan.

In the Miri leg, over 500 took part in the exciting event, held at Dewan Dato Permasuari of Desa Pujut and graced by State assemblyman for Senadin, YB Lee Kim Shin.



15th May 2004

Mega Hotel, Miri
 Naim Group organized "Home Buying Made Simple" Seminar for 118 participants.



1st May

20th May

20th May 2004

Bandar Baru Permyjaya, Miri
 Launching of Cordia, single storey detached bungalow at Bandar Baru Permyjaya in Miri.



22nd May

22nd May 2004

Damai Golf & Country Club Pantai Damai, Santubong.
 Naim Cendera Charity Golf 2004 and charity donation handing over ceremony to Federal Minister of Natural Resources & Environment, YB Dato Sri Haji Adenan Haji Satem.



Diary of **GROUP EVENTS**

23rd May 2004

**Holiday Inn Resort Damai Lagoon
Pantai Damai, Santubong**

Brain Storming session for senior staff members of Naim Group including 3 independent directors, namely YB Tuan Haji Hamden Haji Ahmad, Ir Abang Jemat Bin Abang Haji Bujang and Dr. Sharifuddin Bin Abdul Wahab.



10th June 2004

Bandar Baru Permyjaya, Miri

Naim Group donates RM50,000 towards the extension works of Masjid Ar Rayyan at Bandar Baru Permyjaya.

12th June

12th June 2004

Merdeka Palace & Suites Hotel, Kuching

Kuching leg of "Home Buying Made Simple" Seminar organized by Naim Group where 250 participants took part.



15th June

15th June 2004

Naim HQ, Kuching

Naim Group gives update presentation, including the latest development on its projects to one of its key shareholders - the Employees' Provident Fund (EPF). The EPF was represented by Ms Rita Benoy Bushon.

20th June

20th June 2004

Petra Jaya, Kuching

Naim Group donates RM20,000 to Sarawak's Association of Wives of Ministers and Assistant Ministers (SABATI). On hand to receive the donation was State Chief Minister Pehin Sri Dr Haji Abdul Taib Mahmud.

12th August

12th August 2004

UNIMAS campus Kota Samarahan

Naim Group participated in the 4-day property exhibition held in conjunction with the Universiti Malaysia Sarawak (UNIMAS) Convocation.

Among those who visited was Sarawak Head of State, His Excellency Yang di-Pertua Negeri Sarawak, Tun Datuk Patinggi Abang Haji Muhammad Salahuddin.



20th September

20th September 2004

Pangkalan Sapi, Petra Jaya Kuching.

Sarawak Chief Minister, YAB Pehin Sri Dr Haji Abdul Taib Mahmud performed the earth breaking ceremony for the RM 300 million new Dewan Undangan Negeri (State Legislative Assembly) Building .

Naim Group is all proud to be associated with the construction of the new landmark for the new DUN Building which is jointly undertaken by Naim Cendera Sdn Bhd and PPES Works Sdn Bhd, a subsidiary of Cahya Mata Sarawak Berhad, on a joint venture basis.



12th September

12th September 2004

Kuching Hilton Hotel, Kuching

The Tabung Amanah Naim (Naim Trust Fund) was officially launched during the 1st Year Anniversary Dinner for the group being listed on the Main Board of Bursa Malaysia Securities. This auspicious occasion was witnessed by Sarawak's Chief Minister, Pehin Sri Dr Haji Abdul Taib Mahmud.

During the evening, donations to a total value of RM 1 million were handed over as starting capital for the Naim Trust Fund.



24th September

24th September 2004

Kuala Lumpur

Naim Group through its subsidiary Naim Cendera Sdn Bhd wins the coveted CIDB Builder of the Year award and The Malaysia Construction Industry Excellence Award (MCIEA) in the Medium Engineering Category for the successful construction of the International Go Kart Racing Track in Miri.



Diary of **GROUP EVENTS**

21st October 2004

Kuala Lumpur

Naim wins the prestigious "Business Excellence Award" in conjunction with Malaysian Canada Business Council (MCBC) Excellence Awards 2004.



5th December

5th December 2004

Kuala Baram

NAIM Trust Fund donated RM 200,000.00 towards the building fund of SJK(C) Chung Hua Tudan in Miri.

The handing over ceremony was performed by Naim's Chief Operating Officer (COO), Ir. Suyanto Osman, who handed the mock cheque to the Federal Minister of Education, Datuk Seri Hishammuddin bin Tun Hussein. The ceremony was held in conjunction with the Asean Bridge Education Run.



17th November 2004

Miri Civic Centre

Naim Group through its Naim Trust Fund donated RM 50,000 to the Lembaga Amanah Kebajikan Melayu Miri (LAKMM). The donation was handed over by Chief Operating Officer (COO) Ir. Suyanto Osman and witnessed by Sarawak Chief Minister, YAB Pehin Sri Dr. Haji Abdul Taib Mahmud.



26th December

26th December 2004

Naim Group HQ, Kuching

Naim Trust Fund represented by its trustee, James Ritchie handed over a donation of RM100,000 towards the national Tsunami Disaster Fund.

Witnessed by Naim Group's Chief Executive Officer (CEO), Datuk Hasmi Bin Hasnan, the donation was received by New Straits Times Sarawak bureau chief, Encik Mohd Firdaus Abdullah.





Appendix 1

OUTLOOK FOR THE MALAYSIAN ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Malaysian Economy for 2005 and beyond. Unless otherwise stated, these organisations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are used under the rule of fair comment.

Asian Development Outlook 2005- ADB

The region's developing economies achieved their strongest performance in 2004 since the Asian financial crisis of 1997-98. Aggregate gross domestic product for the region expanded by a remarkable 7.3%. Growth was underpinned by a combination of sustained external demand and generally buoyant domestic demand. Spurred by a robust expansion in major industrial countries, continued strong growth in the People's Republic of China and deepening regional integration, exports from regional countries surged.

Malaysia

After recording strong growth in 2004, expansion will slow somewhat over 2005-2007. Robust private domestic demand will spur activities as external demand eases and the Government cuts spending. Challenges include achieving fiscal consolidation without abruptly slowing growth, maintaining FDI inflows, and reforming government-linked companies (GLCs).

Macroeconomic assessment of 2004

Led by robust expansion in consumption spending, the economy accelerated to its fastest pace in four years in 2004. From a SARS-induced low base in 2003, growth picked up to 8.0% in the first half, with a combination of strong external and domestic demand outweighing a reduction in fiscal stimulus. As the benefit of the low base faded, growth slowed to 6.7% in the third quarter and 5.6% in the fourth. For the year as a whole, the economy grew by 7.1%.

Tradewatch Economic Overview

Malaysia is a high middle-income, export orientated economy. Careful economic planning and management has enabled Malaysia to weather the impact of several external shocks, most notably the 1997 Asian financial crisis, the 2001 international dotcom contraction and the 2003 outbreak of Severe Acute Respiratory Syndrome (SARS) in the region.

Recent Economic Performance

The Malaysian economy grew by an impressive 7.1 % in 2004 (real GDP), the fastest in four years and in line with expectations. Growth was underpinned by private consumption and inventory growth.

A more diversified manufacturing base partly offset the slowdown in electronic equipment production. The services sector continued to remain firm. Primary commodities grew strongly, supported by higher palm oil and natural gas production. The construction sector is likely to rebound following an additional RM8.5 billion (A\$3.2 billion) allocation by the Malaysian government for development projects.

World Trade Organisation (WTO)

Outlook

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 financial 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.

Malaysian Ministry of Finance - Outlook for 2005

Public-private partnership with high-performance culture in ensuring continued success. The outlook for 2005 will generally remain favourable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. The emergence of these risks, that became apparent in the second half of 2004 and are expected to continue into 2005, will have a larger impact on growth next year. Global economic growth is projected to moderate to 4.4% in 2005 from 4.6% in 2004. The stronger macroeconomic fundamentals and resilience, backed by sturdy domestic demand and broad-based growth, will however, continue to support Malaysia's GDP growth, forecast at 6% in 2005.

The manufacturing sector, the forerunner in economic activity, will continue to spearhead growth although at a slightly slower pace as the electronics demand tapers in the global semiconductor cycle. The services sector will continue to maintain its largest share of 57% in GDP, largely supported by higher consumer spending, growth in tourism, communications and finance activities. The sector is also expected to diversify into new growth areas and export markets including education, health and ICT. Higher palm oil output and expansion in other agricultural activities, particularly from aquaculture, horticulture and livestock, from the measures put in place by the Government, are expected to drive growth in the agriculture sector. Growth is expected to emanate from rigorous efforts to increase food production and processing, especially halal food. Continued expansion in crude oil and gas production on account of favourable prices and higher demand will support the mining sector. Construction activity is anticipated to pick up on account of increased activities, particularly in the residential property sub sector and low cost housing programme.

The high value-added agro-based industries in livestock breeding, aquaculture and fruit and vegetable farming as well as food processing on a large scale basis have been identified as niche areas with huge potential where private investors can venture into. Activities in agrobased industries have been singled out for further development to

transform the agriculture sector into a vibrant and economically viable source of growth. Efforts will be taken to reorientate the smallholders into a modern farms utilising the research output, particularly from biotechnology. Large-scale, professionally managed and mechanised farms will contribute to higher output and yields. Greater emphasis will also be given to packaging, marketing and promotion to increase sales. A high value-added, modern and developed agriculture sector will help to uplift rural incomes and alleviate poverty in the rural areas. Ultimately, the transformed agriculture sector will no longer be associated with rural poverty.

Private sector initiatives will remain the driving force of the economy and all efforts will be geared towards supporting those initiatives. With rising income levels, greater employment opportunities, stable inflation and low interest rate environment, growth in private consumption is forecast to be sustained at a high level of 7.9%. Private investment is projected to increase strongly by 11.9% in 2005, alongside the gradual reduction in public investment. Efforts will continue to be taken to support domestic demand and private sector activity to compensate for the moderation in the global economy. Incentives will be for investment in higher value-added activities in the priority areas such as agriculture, ICT, Islamic banking and finance, and tourism as new sources of growth. In addition, to promote entrepreneurship, the current assistance will be reviewed to improve the effectiveness of those supports to the entrepreneurs. The Government will continue its fiscal consolidation process. Prudent financial management remains a key feature of fiscal policy towards improving the overall financial position of the Government, through gradual and progressive reduction of the fiscal deficit. A lower deficit level will improve the macroeconomic policy options for the Government to mitigate future external shocks in the economy. Federal Government deficit will show a definite downward trend to 3.8% of GDP while the consolidated public sector will turn around to show a surplus of 1%. Expenditure will be moderate and wastefulness is discouraged. Expenditure will be directed towards maintenance and repairs to extend the economic life of public sector assets and smaller-sized projects with lower costs, so that more projects can be implemented to benefit a wider spectrum of people. A large portion of the budget will also be for projects that will benefit the poor, lower income and disadvantaged groups.

OUTLOOK FOR THE MALAYSIAN ECONOMY

Monetary policy will continue to be supportive of domestic economic activities, with the interbank and retail rates sustained at low levels over the near term, within an environment of low inflation and ample liquidity. It is also expected that growth in monetary aggregates will remain firm to finance the increased activities of the private sector.

The underlying thrust of public sector measures will continue to draw upon the success achieved thus far, from the long history of public-private partnership since the 1980s to enhance the nation's competitiveness. This is to be achieved through a culture of high performance made possible through a change in mindset. Improvements in the delivery system will be addressed by way of implementing KPIs in the public sector and the review and streamlining of processes and procedures, on a continuous basis, with the view towards making approvals more automatic. More importantly, the underlying premise of a good delivery system will be the inculcation and practice of values that stress on integrity, ethics, transparency and good governance. While greater enforcement of laws and regulations will ensure compliance, the way forward is to build a society that is more trusting and self-regulating.

Human resource development is the key to productivity enhancement and mindset change. Emphasis will be given to increase the number of skilled manpower through skills training to match industry requirements. Strengthening human resource capabilities as the basis for continued success remains a top priority. Towards this end, measures will continue to be undertaken to re-orientate the education system to nurture creativity and innovativeness, re-examine the brain-gain programme to attract and retain talented Malaysians who are currently working abroad and develop comprehensive incentive packages to attract high-quality foreign talents. While skilled foreign workers will be recruited to bridge talent gaps in critical areas, dependence on unskilled foreign labour will be gradually reduced.

To ensure long-term sustainability, the nation will have to be more self-reliant. In this respect, there must be less dependence on the Government for projects and financial assistance. Individuals and corporations alike have to be more self-sufficient and self-financing, including reducing over-dependence on foreign labour. Industries are encouraged to further automate and mechanise

their production processes. As the nation is already strong in the production level, future efforts will focus more on packaging, marketing and promotion, with the view to world branding local products. Innovativeness and creativity will enhance the nation's competitiveness, which will be achieved through a more focussed R&D strategy.

To achieve the Government's objective of reducing poverty, relentless efforts to eradicate hardcore poverty will be continued, particularly through rural and agriculture development, enhancing accessibility and providing opportunities for selfimprovement and income upliftment. Special programmes for targetted groups, such as Orang Asli, to improve their household income will be implemented to encourage them to participate in income generating activities, particularly the commercialisation of herbal products and handicraft. Community and welfare development will be enhanced through programmes to be implemented with close collaboration with NGOs, which will work together in partnership with the public and private sectors. The private sector will be encouraged to meet the social obligations as good corporate citizens. The family unit and good parenting skills will form the strategy to reduce social problems including drug abuse, rape and incest. Safety and security will be given priority, as part of the overall measures to improve the quality of life of the people living in a progressive, prosperous, united and harmonious country.

Extracted from 2004-2005 Economic Report.

Affin Securities

Sabah, Sarawak set to gain from 9th Malaysia Plan

Sabah and Sarawak are expected to be among the states that will benefit the most from the Government's development expenditure budget in the upcoming 9th Malaysia Plan (9MP) according to Affin Securities's "Look East Malaysia" report. The report stated that the Federal Government had been supportive in sustaining the pace of economic growth in Sabah and Sarawak and development spending allocations to Sabah and Sarawak have risen substantially over the years.

For example, under the 8th Malaysia Plan (8MP), the development expenditure allocation for East Malaysia amounted to RM24.5 billion (\$6.4 billion); almost double the RM12.9 billion (\$3.4 billion) spent under the 7th Malaysia Plan (7MP).

Sarawak State Government

The economic structure of Sarawak is quite similar to that of its neighbour Sabah, whereby, it is largely export-oriented and primary commodities dominated. The primary sectors (i.e., mining, agriculture, and forestry) make up about 40% of the state's total real Gross Domestic Product (GDP), followed by the secondary sector (i.e., manufacturing and construction) with about slightly more than 30% of total real GDP.

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.

Ministry of Industrial Development, Sarawak.

As the largest state in Malaysia, Sarawak aims to be fully developed along with the rest of the country by 2020. Sarawak has identified four sectors as key sources of growth:

- manufacturing
- commercial agriculture
- construction
- services sectors

The availability of vast competitively priced land and rich reserves of natural resources has made Sarawak an attractive choice for manufacturing operations among investors.

OUTLOOK FOR THE SARAWAK ECONOMY

WTWY Property Market 2005

2005 Market Outlook

The agricultural sector is expected to drive the market in Sarawak in 2005. There is an expected diversification of local corporates to move into agricultural oil palm plantation; developing the ample unplanted peat soil land.

The residential sector is expected to remain stable throughout 2005. Miri is expected to witness better growth in 2005 when the town is upgraded to "Miri Resort City" in May 2005. In Kuching, there are some concerns for the non landed residential sub sector.

Both commercial sectors ie office and retail are expected to remain generally stable in all four major towns in Sarawak with no significant new supply expected in 2005. However, several commercial complexes are currently in the pipeline e.g. a significant addition of retail space would be seen in Miri with the extension of the Bintang Plaza Shopping Complex to accommodate another 100 shoplots with an additional 130,000 sq feet. Several hypermarkets are also due to come into the Sarawak market in the next two years.

The Prime Minister of Malaysia

The development allocation for the East Coast Corridor is RM2.5 billion in 2005 and RM3.8 billion for Sabah and Sarawak. The Government proposes a second round of Pioneer Status or Investment Tax Allowance be given to existing companies that relocate their manufacturing activities to the promoted areas, which includes the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak.

*Extract from 2005 Budget Speech by
YAB Datuk Seri Abdullah Ahmad Badawi
(Prime Minister of Malaysia/Minister of Finance)*

Sarawak State Budget 2005

Extracted from speech by YB Daniel Ngieng

"Our State Budget for 2005 falls in line with the thrust of our Federal Budget which has been tabled in the Parliament last September."

"Prudent spending is our guiding principle and there shall be a reduction in the development expenditure for next year. When the health of our economy has improved as indicated by a fairly high growth rate of about 7% for this year, the public sector must take a back seat. This is the time for the private sector to become the main engine of growth."

financial statements

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Directors' REPORT

for the year ended 31 December 2004

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 2004.

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	69,495 =====	14,855 =====

Dividends

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

- (i) a final dividend of 4.5 sen per share less tax at 28% totalling RM8,100,000 in respect of the year ended 31 December 2003 on 16 June 2004; and
- (ii) an interim dividend of 5.0 sen per share less tax at 28% totalling RM8,952,000 in respect of the year ended 31 December 2004 on 2 December 2004.

The final dividend recommended by the Directors in respect of the year ended 31 December 2004 is 7.0 sen per share less tax at 28% totalling RM12,524,420.

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
William Wei How Sieng
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 (appointed on 16 February 2005)
Dato' Peter Anak Minos (appointed on 18 April 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 1.1.2004	Bought	Sold	At 31.12.2004
Shareholdings in the Company in which Directors have direct interests				
Datuk Abdul Hamed Bin Haji Sepawi	13,650,000	-	500,000	13,150,000
Datuk Hasmi Bin Hasnan	28,297,850	571,000	-	28,868,850
Ir Suyanto Bin Osman	135,000	-	-	135,000
William Wei How Sieng	160,000	-	-	160,000
Kueh Hoi Chuang	144,100	-	-	144,100
Ir Abang Jemat Bin Abang Bujang	25,000	-	25,000	-
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	44,375,700	-	3,500,000	40,875,700
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
Asas Megamaju Sdn. Bhd.	-	355,000	-	355,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Shareholdings in which a Director, Datuk Hasmi Bin Hasnan, has deemed interests				
The Company	61,963,300	1,313,900	1,330,000	61,947,200
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
Asas Megamaju Sdn. Bhd.	-	355,000	-	355,000

Shareholdings in which a Director, William Wei How Sieng, has deemed interests

The Company	8,597,550	-	-	8,597,550
Total Reliability Sdn. Bhd.	180,000	-	-	180,000
TR Smart Piles Sdn. Bhd.	45,000	-	-	45,000

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 Directors 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 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 and repurchase of shares

There were no changes in the issued and paid-up capital of the Company during the financial year, except for the repurchase of 1,499,600 ordinary shares of RM1.00 each by the Company from the open market for a total consideration of RM4,584,000. The repurchase was financed by internally generated funds (see Note 16 to the financial statements).

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

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 2004 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: 19 April 2005

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 103 to 141 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 2004 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 : 19 April 2005

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 103 to 141 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 19 April 2005

Kho Teck Hock

Before me:

PETER SIM HOI PENG
Commissioner For Oaths
Lot 9691, 1st Floor,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak.

Report of the AUDITORS

to the members of Naim Cendara Holdings Berhad

We have audited the financial statements set out on pages 103 to 141. 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 2004 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 : 19 April 2005

Balance SHEETS

as at 31 December 2004

	Note	Group		Company	
		2004	2003 (Restated)	2004	2003
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	2	36,871	39,879	-	-
Investment in subsidiaries	3	-	-	279,962	279,962
Investment in an associate	4	1,894	1,622	-	-
Investment in jointly controlled entities	5	2,590	566	-	-
Other investments	6	425	474	-	-
Land held for property development	7	258,012	247,790	-	-
Deferred tax assets	8	10	21	-	-
Current assets					
Inventories	9	13,915	4,809	-	-
Property development costs	10	104,994	76,838	-	-
Trade and other receivables	11	107,905	75,160	210	197
Amount due from subsidiaries	12	-	-	4,030	3,700
Tax recoverable		1,024	2,464	-	-
Deposits, cash and bank balances	13	129,841	128,204	48,367	56,650
		<u>357,679</u>	<u>287,475</u>	<u>52,607</u>	<u>60,547</u>
Current liabilities					
Trade and other payables	14	122,729	88,034	358	553
Amount due to subsidiaries	12	-	-	58	943
Borrowings	15	638	533	-	-
Taxation		2,824	1,121	29	108
		<u>126,191</u>	<u>89,688</u>	<u>445</u>	<u>1,604</u>
Net current assets		231,488	197,787	52,162	58,943
		<u>531,290</u>	<u>488,139</u>	<u>332,124</u>	<u>338,905</u>
		=====	=====	=====	=====

Balance SHEETS

as at 31 December 2004 (continued)

	Note	Group 2004 RM'000	Group 2003 (Restated) RM'000	Company 2004 RM'000	Company 2003 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	68,579	16,136	616	2,813
Treasury shares	16	(4,584)	-	(4,584)	-
		<u>400,087</u>	<u>352,228</u>	<u>332,124</u>	<u>338,905</u>
Reserve on consolidation	18	22,520	28,629	-	-
Minority shareholders' interests	19	32,405	28,540	-	-
Long-term and deferred liabilities					
Borrowings	15	237	1,640	-	-
Deferred tax liabilities	8	76,041	77,102	-	-
		<u>531,290</u>	<u>488,139</u>	<u>332,124</u>	<u>338,905</u>
		=====	=====	=====	=====

The financial statements were approved and authorised for issue by the Board of Directors on 19 April 2005.

The notes set out on pages 110 to 141 form an integral part of, and should be read in conjunction with, these financial statements.

Income STATEMENTS

for the year ended 31 December 2004

	Note	Group		Company	
		2004	2003 (Restated)	2004	2003
		RM'000	RM'000	RM'000	RM'000
Revenue	20	343,710	143,434	22,367	15,411
Cost of sales	20	(218,262)	(96,266)	-	-
Gross profit		125,448	47,168	22,367	15,411
Other operating income		2,231	570	-	3
Selling and distribution costs		(2,855)	(1,428)	-	-
Administrative expenses		(19,598)	(9,684)	(1,286)	(238)
Operating profit	20	105,226	36,626	21,081	15,176
Income from investments	22	2,488	828	-	-
Reserve on consolidation recognised	18	6,299	2,562	-	-
Interest expense		(82)	(251)	-	-
		113,931	39,765	21,081	15,176
Share of profit of an associate		725	132	-	-
Share of profit of jointly controlled entities		308	446	-	-
Profit before taxation		114,964	40,343	21,081	15,176
Tax - Company and subsidiaries		(31,905)	(12,311)	(6,226)	(4,252)
- associate		(201)	(2)	-	-
- jointly controlled entities		(84)	(125)	-	-
Tax expense	23	(32,190)	(12,438)	(6,226)	(4,252)
Profit after taxation		82,774	27,905	14,855	10,924
Minority interests		(13,279)	(3,658)	-	-
Net profit for the year		69,495	24,247	14,855	10,924
		=====	=====	=====	=====
Basic earnings per ordinary share (sen)	24	27.8	23.4		
		=====	=====		
Dividends per ordinary share - net (sen)	25	8.6	6.5		
		=====	=====		

The notes set out on pages 110 to 141 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 2004

Group	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Treasury shares RM'000	Total RM'000
At 1 January 2003		106	-	(11)	-	95
Issue of shares		249,894	90,615	-	-	340,509
Share issue expenses		-	(4,523)	-	-	(4,523)
Net profit for the year		-	-	24,247	-	24,247
Dividend	25	-	-	(8,100)	-	(8,100)
At 31 December 2003		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
		=====	=====	=====	=====	=====
		Note 16			Note 16	
Company						
At 1 January 2003		106	-	(11)	-	95
Issue of shares		249,894	90,615	-	-	340,509
Share issue expenses		-	(4,523)	-	-	(4,523)
Net profit for the year		-	-	10,924	-	10,924
Dividend	25	-	-	(8,100)	-	(8,100)
At 31 December 2003		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
		=====	=====	=====	=====	=====
		Note 16		Note 17	Note 16	

The notes set out on pages 110 to 141 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow STATEMENTS

for the year ended 31 December 2004

	Note	Group		Company	
		2004	2003 (Restated)	2004	2003
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation		114,964	40,343	21,081	15,176
Adjustments for:					
Depreciation		5,074	2,370	-	-
Dividend income		(27)	(7)	(20,940)	(14,800)
(Gain)/Loss on disposal of property, plant and equipment		(130)	152	-	-
Gain on disposal of quoted shares		(5)	(44)	-	-
Gain on disposal of land held for development		(110)	-	-	-
Interest expense		82	347	-	-
Allowance for diminution in value of quoted investments		63	-	-	-
Interest income		(2,461)	(821)	(1,285)	(491)
Reserve on consolidation recognised		(6,299)	(2,562)	-	-
Share of profit of an associate		(725)	(132)	-	-
Share of profit of jointly controlled entities		(308)	(446)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Opening profit/(loss) before working capital changes		110,118	39,200	(1,144)	(115)
(Increase)/Decrease in working capital:					
Inventories		1,283	632	-	-
Property development costs		(30,663)	(5,860)	-	-
Trade and other receivables		(49,479)	24,407	(47)	(197)
Trade and other payables		34,696	106	(196)	549
Amount due from/to subsidiaries		-	-	(1,215)	(2,758)
		<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from/(used in) operations		65,955	58,485	(2,602)	(2,521)
Income taxes paid		(29,813)	(14,343)	(441)	(4,144)
Interest paid		(8)	(95)	-	-
Interest received		1,202	491	1,319	491
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from/ (used in) operating activities		37,336	44,538	(1,724)	(6,174)
		=====	=====	=====	=====

Cash Flow STATEMENTS

for the year ended 31 December 2004 (continued)

	Note	Group		Company	
		2004	2003	2004	2003
		(Restated)			
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Additional investment in existing subsidiary (Note 31)		(1,800)	-	-	-
Acquisition of subsidiaries, net of cash acquired (Note 31)		145	65,022	-	-
Proceeds from disposal of property, plant and equipment		2,504	101	-	-
Proceeds from disposal of other investments		-	113	-	-
Purchase of other investment		(9)	(7)	-	-
Purchase of property, plant and equipment [Note (i)]		(4,378)	(562)	-	-
Increase in deposits pledged to licensed banks		(1,105)	(3,747)	-	-
Dividends received		279	6	15,077	14,800
Interest received		-	330	-	-
Investment in jointly controlled entity		(1,800)	-	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash (used in)/generated from investing activities		(6,164)	61,256	15,077	14,800
		=====	=====	=====	=====
Cash flows from financing activities					
Proceeds from issuance of shares		-	60,548	-	60,548
Proceeds from bankers' acceptances		434	-	-	-
Purchase of own shares		(4,584)	-	(4,584)	-
Share issue expenses		-	(4,523)	-	(4,523)
Repayment of term loans		(1,443)	(91)	-	-
Repayment of hire purchase loans		(351)	(6,770)	-	-
Dividends paid by the Company		(17,052)	(8,100)	(17,052)	(8,100)
Dividends paid to minority shareholders of subsidiaries		(7,570)	(3,688)	-	-
Special dividend paid by direct subsidiary to its former shareholders		-	(18,560)	-	-
Interest paid		(74)	(252)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash (used in)/generated from financing activities		(30,640)	18,564	(21,636)	47,925
		=====	=====	=====	=====

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Net increase/(decrease) in cash and cash equivalents	532	124,358	(8,283)	56,551
Cash and cash equivalents at beginning of year	124,457	99	56,650	99
Cash and cash equivalents at end of year [Note (ii)]	124,989	124,457	48,367	56,650

Notes

(i) Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,440,000 (2003 : RM1,662,000), of which RM62,000 (2003 : RM1,100,000), was financed by hire purchase loans while the balance was 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	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits (excluding deposits pledged)	86,173	92,060	42,145	52,235
Short term cash fund	5,000	-	5,000	-
Cash and bank balances	33,816	32,397	1,222	4,415
	124,989	124,457	48,367	56,650

The notes set out on pages 110 to 141 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 except for the adoption of MASB 32, Property Development Activities. Other than the new policy and extended disclosures where required by this new standard and the restatement of certain comparative figures (see Note 33), the adoption thereof has no effect on the financial statements as the previous policy was in line with this standard.

(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.

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

(d) Joint venture

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

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 installation of information software system is capitalised as capital work-in-progress until the system is fully commissioned and operational.

(f) Investments

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

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

(g) Land held for property development

Land held for property development consist 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.

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 associate and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associate 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.

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

(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.

(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.

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

(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, associate 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.

(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 to reserves as appropriate.

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

(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 properties 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.

(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.

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

(u) Revenue*(continued)*

(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 to 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 tenant.

(v) Interest expense

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

2. Property, plant and equipment - Group

	Outright purchase			Under hire purchase			Total RM'000	
	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000		Motor vehicles and machinery RM'000
Cost								
Opening balance	18,522	3,873	2,467	6,595	3,184	13,136	337	
Additions	-	-	260	2,632	476	206	78	
Disposals	-	-	(66)	(694)	(32)	-	-	
Transfer to property development cost (Note 10)	-	(2,313)	-	-	-	-	-	
Reclassification	(263)	260	-	1,193	-	212	(1,193)	
Closing balance	18,259	1,820	2,661	9,726	3,628	13,554	893	
	=====							125
	=====							57,528
	=====							
Depreciation								
Opening balance	472	322	1,112	3,829	1,817	7,047	164	
Charge for the year	309	33	334	1,213	498	2,130	354	
Disposals	-	-	(9)	(588)	(6)	-	-	
Transfer to property development cost (Note 10)	-	(128)	-	-	-	-	-	
Reclassification	(6)	6	-	1,080	-	156	(1,080)	
Closing balance	775	233	1,437	5,534	2,309	9,333	287	
	=====							76
	=====							20,657
	=====							
Net book value								
At 31 December 2004	17,484	1,587	1,224	4,192	1,319	4,221	606	
	=====							49
	=====							36,871
	=====							
At 31 December 2003	18,050	3,551	1,355	2,766	1,367	6,089	995	
	=====							173
	=====							39,879
	=====							
Depreciation charge for the year ended 31 December 2003	295	83	134	87	206	362	499	
	=====							641
	=====							2,370
	=====							

Notes to the FINANCIAL STATEMENTS (continued)

2. Property, plant and equipment (continued)

Restrictions on titles of land

The title to one parcel of long-term leasehold land and the building thereon costing RM811,000 (2003: RM811,000) and the title to another one (2003: five) parcel(s) of long-term leasehold land costing RM1,078,000 (2003: RM1,343,000) have yet to be issued by the relevant authorities. Three (2003: Three) parcels of long term leasehold land costing RM16,747,000 (2003: RM16,747,000) have only been issued provisional titles by the relevant authorities.

The titles to four (2003: four) parcels of long-term leasehold land costing RM25,000 (2003: 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 (2003: three) buildings costing RM1,994,000 (2003: RM2,151,000) are in the process of being obtained from the authorities.

Depreciation charge for the year is allocated as follows:

	Group	
	2004 RM'000	2003 RM'000
Income statements (Note 20)	4,125	1,803
Property development costs (Note 10)	432	313
Construction contract (Note 11)	517	254
	5,074	2,370
	=====	=====

3. Investment in subsidiaries

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares - at cost	279,962	279,962
	=====	=====

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

Subsidiaries	Principal activities	Effective ownership interest	
		2004 %	2003 %
Naim Cendera Sdn. Bhd.	Property developer, civil and building contractor	100	100
<u>Subsidiaries of Naim Cendera Sdn. Bhd.</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	60

3. Investment in subsidiaries *(continued)*

Subsidiaries	Principal activities	Effective ownership interest	
		2004 %	2003 %
NCSB Engineering Sdn. Bhd. (formerly known as TR Earthwork Sdn. Bhd.)	Earthwork contractor and rental of machinery	100	100
TR Smart Piles Sdn. Bhd.	Manufacturing and sale of reinforced concrete piles	51	51
TR Bricks Sdn. Bhd.	Manufacturing 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
Naim Cendera Tujuh Sdn. Bhd.	Dormant	100	100
Naim Cendera Lapan Sdn. Bhd.	Dormant	100	100
Naim Realty Sdn. Bhd.	Dormant	100	100
Naim Management Sdn. Bhd.	Dormant	100	100
Khidmat Mantap 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	-
Sefia Intrajaya Sdn. Bhd.	Dormant	100	-
Asas Megamaju Sdn. Bhd. #	Dormant	61.2	-

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

Name changed to Naim Ready Mix Sdn. Bhd. on 26 February 2005.

Notes to the FINANCIAL STATEMENTS (continued)

4. Investment in an associate

	Group	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	1,492	1,492
Share of post acquisition reserves	402	130
	1,894	1,622
	=====	=====
Represented by:		
Group's share of net assets	1,894	1,622
	=====	=====

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

Associate	Principal activity	Effective equity interest *	
		2004 %	2003 %
TR Concrete Sdn. Bhd.	Manufacturing 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..

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	
	2004 RM'000	2003 RM'000
Long-term assets	203	91
Current assets	7,365	6,279
Current liabilities	(3,783)	(3,322)
Long-term liabilities	(1,195)	(2,482)
Net assets	2,590	566
	=====	=====
Income	7,436	13,045
Expenses	(7,128)	(12,599)
Share of profits	308	446
Tax expense	(84)	(125)
Net profit	224	321
	=====	=====

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	
		2004 %	2003 %
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		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<i>At cost</i>				
Quoted shares	325	319	-	-
Unit trusts	100	155	-	-
	<u>425</u>	<u>474</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

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

7. Land held for property development - Group

	RM'000
At 1 January 2003	-
Acquisition of subsidiaries	249,427
Transfer to property development cost (Note 10)	(1,637)
Restated at 31 December 2003	<u>247,790</u>
Additions	18,320
Transfer to property development costs (Note 10)	(7,883)
Disposals	(215)
At 31 December 2004	<u>258,012</u>
	=====

Restriction on title of land

A subsidiary has only been issued provisional title to one parcel of long term leasehold land costing RM3,929,000 by the relevant authority.

Security

One (2003: Three) parcel(s) of long-term leasehold land costing RM56,052,000 (2003: RM104,895,000) is/are charged to banks to secure banking facilities granted to certain subsidiaries (Note 15).

Notes to the FINANCIAL STATEMENTS (continued)

8. Deferred tax

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. The amounts, determined after appropriate offsetting, are as follows:

Group	At	(Charged)/ Credited to	At
	1.1.2004 RM'000	income statement RM'000	31.12.2004 RM'000
Deferred tax asset			
Property, plant and equipment	21	(11)	10
	=====	=====	=====
		(Note 23)	
Deferred tax liabilities			
Property, plant and equipment	(249)	66	(183)
Allowances	89	-	89
Fair value adjustment on acquisition of subsidiaries *	(76,942)	995	(75,947)
	-----	-----	-----
	(77,102)	1,061	(76,041)
	=====	=====	=====
		(Note 23)	

* This relates to the land held of property development, property development costs as well as property, plant and equipment of the subsidiaries acquired in July 2003 (see Note 31). This deferred tax liability is reversed to the income statements progressively when the subject land is developed and sold or when the property, plant and equipment are amortised/depreciated, as the case may be.

9. Inventories

	Group	
	2004 RM'000	2003 RM'000
At cost:		
Developed properties held for sale	10,931	666
Building materials	2,150	3,606
Raw materials	310	72
Consumables	436	350
Trading inventories	23	-
Botanical plants	-	115
	-----	-----
	13,850	4,809
	-----	-----
At net realisable value:		
Botanical plants	65	-
	-----	-----
Total	13,915	4,809
	=====	=====

10. Property development costs - Group

	Land RM'000	Development costs RM'000	Accumulated costs charged to income statement RM'000	Total RM'000
At 1 January 2003	-	-	-	-
Acquisition of subsidiaries	49,429	191,626	(178,670)	62,385
Transfer from land held for property development (Note 7)	1,637	-	-	1,637
Costs incurred during the year	747	63,747	-	64,494
Costs charged to income statement	-	-	(50,909)	(50,909)
Transfer of completed properties to:				
- inventories, net of sales	(2,313)	(48,954)	50,770	(497)
- property, plant and equipment	(171)	(101)	-	(272)
	<u>49,329</u>	<u>206,318</u>	<u>(178,809)</u>	<u>76,838</u>
Restated at 31 December 2003	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 (Note 2)	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)
	<u>57,466</u>	<u>222,776</u>	<u>(175,248)</u>	<u>104,994</u>
At 31 December 2004	=====	=====	=====	=====

Notes to the FINANCIAL STATEMENTS (continued)

10. Property development costs – Group *(continued)*

Property development costs incurred during the financial year include:

	Group	
	2004 RM'000	2003 RM'000
Depreciation (Note 2)	432	313
Directors' remuneration	175	170
Interest expense	22	45
Hiring of equipment	-	369
Rental of premises	9	46
	=====	=====

Directors' remuneration of the Group includes contribution to the Employees Provident Fund of RM18,000 (2003: RM18,000)

Interest is capitalised in property development costs at rate of 3.25% to 3.30% (2003: 3.00% to 3.30%) per annum.

11. Trade and other receivables

	Group		Company	
	2004 RM'000	2003 (Restated) RM'000	2004 RM'000	2003 RM'000
Trade receivables	69,623	57,169	-	-
Accrued billings	17,378	6,754	-	-
Amount due from contract customers				
Gross amount (see below)	17,529	5,095	-	-
Allowance for doubtful debts	(636)	-	-	-
	16,893	5,095	-	-
Deposits	1,626	1,260	-	-
Prepayments	22	987	-	-
Other receivables	2,363	3,895	210	197
	-----	-----	-----	-----
	107,905	75,160	210	197
	=====	=====	=====	=====

11. Trade and other receivables (continued)

Amount due from contract customers

	Group	
	2004	2003
	RM'000	RM'000
Aggregate costs incurred to date	254,221	177,226
Attributable profits	57,433	56,134
	<u>311,654</u>	<u>233,360</u>
Progress billings	(304,001)	(241,016)
	<u>7,653</u>	<u>(7,656)</u>
Amount due to contract customers reclassified to trade and other payables (Note 14)	9,876	12,751
	<u>17,529</u>	<u>5,095</u>
	=====	=====

Additions to aggregate costs incurred during the year include:

	Group	
	2004	2003
	RM'000	RM'000
Depreciation (Note 2)	517	254
Directors' remuneration	137	166
Hire of equipment	3,685	833
Interest expenses	-	51
Rental of premises	75	53
	=====	=====

Directors' remuneration of the Group includes contribution to the Employees Provident Fund of RM7,000 (2003 : RM18,000)

Included in the trade receivables of the Group are retention sums of RM4,791,000 (2003 : RM4,482,000) in respect of construction contracts.

Other receivables of the Group include an amount of RM3,000 (2003: RM38,000) due from the associate, which is non-trade in nature, unsecured and interest free.

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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Fixed deposits placed with licensed banks	91,025	95,807	42,145	52,235
Short term cash fund	5,000	-	5,000	-
Cash and bank balances	33,816	32,397	1,222	4,415
	<u>129,841</u>	<u>128,204</u>	<u>48,367</u>	<u>56,650</u>
	=====	=====	=====	=====

Fixed deposits of the Group amounting to RM4,852,000 (2003 : RM3,747,000) are pledged to banks to secure bank guarantee facilities granted.

Notes to the FINANCIAL STATEMENTS (continued)

14. Trade and other payables

	Group		Company	
	2004	2003	2004	2003
	(Restated)			
	RM'000	RM'000	RM'000	RM'000
Trade payables	92,916	54,055	-	-
Progress billings	11,508	10,525	-	-
Accruals	4,794	4,368	225	202
Other payables	1,163	5,152	133	351
Advances from property buyers	2,472	1,183	-	-
	<u>112,853</u>	<u>75,283</u>	<u>358</u>	<u>553</u>
Amount due to contract customers (Note 11)	9,876	12,751	-	-
	<u>122,729</u>	<u>88,034</u>	<u>358</u>	<u>553</u>
	=====	=====	=====	=====

Included in the trade payables of the Group are retention sums amounting to RM17,929,000 (2003: RM16,177,000).

Included in the other payables of the Group is an amount owing to a minority shareholder of a subsidiary of RM149,000 (2003: RM235,000) for the acquisition of land in prior years. Other payables also include an amount of RM5,000 (2003: RM Nil) due to an associate, which is non-trade in nature, unsecured and interest free.

15. Borrowings

	Group	
	2004	2003
	RM'000	RM'000
Current		
Term loans – secured	-	182
Hire purchase loans – secured	204	351
Bankers' acceptances – unsecured	434	-
	<u>638</u>	<u>533</u>
	-----	-----
Non-current		
Term loans – secured	-	1,261
Hire purchase loans – secured	237	379
	<u>237</u>	<u>1,640</u>
	-----	-----
Total	<u>875</u>	<u>2,173</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% (2003: 3.25% to 3.30% flat per annum)	441	204	207	30
Bankers' acceptances - interest fixed at 3.20% per annum plus acceptable commission of 1.00%	434	434	-	-
	<u>875</u>	<u>638</u>	<u>207</u>	<u>30</u>
	=====	=====	=====	=====

Hire purchase loans

Hire purchase loans are payable as follows:

Group	Payments RM'000	Interest RM'000	Principal RM'000
2004			
Less than one year	227	23	204
Between one and two years	218	11	207
Between two and five years	33	3	30
	<u>478</u>	<u>37</u>	<u>441</u>
	=====	=====	=====
2003			
Less than one year	386	35	351
Between one and two years	204	19	185
Between two and five years	200	11	189
More than five years	5	-	5
	<u>795</u>	<u>65</u>	<u>730</u>
	=====	=====	=====

The term loans, which were previously secured over certain parcels of leasehold land and buildings thereon costing RM4,104,000, have been fully settled during the current financial year.

The Group has five (2003: five) unutilised overdraft facilities of RM5.0 million (2003: RM26.9 million). The first overdraft facility is on a clean basis. The second overdraft facility is secured on one parcel of land of a subsidiary. The third to fourth overdraft facilities are guaranteed by the direct subsidiary. The fifth overdraft facility is covered by assignment of proceeds in respect of construction works performed by a subsidiary.

Notes to the FINANCIAL STATEMENTS (continued)

16. Share capital

	Group and Company	
	2004	2003
	RM'000	RM'000
Ordinary shares of RM1.00 each		
<u>Authorised</u>		
Opening balance	500,000	500
Created during the year	-	499,500
Closing balance	500,000	500,000
	=====	=====
<u>Issued and fully paid</u>		
Opening balance	250,000	106
Issued during the year	-	249,894
Closing balance	250,000	250,000
	=====	=====

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 24 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 1,499,600 of its issued shares from the open market. The average price paid for the shares purchased was 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 248,500,400 ordinary shares of RM1.00 each. Treasury shares have no rights to voting, dividends and participation in other distributions.

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 2004 as dividends.

18. Reserve on consolidation - Group

	RM'000
Cost	
Opening balance	31,191
Acquisition of subsidiaries (Note 31)	190
Closing balance	31,381

Recognition	
Opening balance	2,562
Recognised during the year	6,299
Closing balance	8,861

Net book value	
At 31 December 2004	22,520
	=====
At 31 December 2003	28,629
	=====
Reserve on consolidation recognised for the year ended 31 December 2003	2,562
	=====

Notes to the FINANCIAL STATEMENTS (continued)

20. Operating profit *(continued)*

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
and after charging:				
Allowance for diminution in value of quoted investments	63	-	-	-
Allowance for doubtful debts	1,575	4,100	-	-
Audit fee	140	123	10	10
Depreciation (Note 2)	4,125	1,803	-	-
Directors' remuneration				
- fees	296	118	210	113
- other emoluments	2,319	1,374	33	-
Interest on overdue balances	17	-	-	-
Inventories written down	32	-	-	-
Loss on disposal of property, plant and equipment	-	152	-	-
Property development cost written off	857	-	-	-
Rental of equipment	38	108	-	-
Rental of premises	160	10	-	-
	=====	=====	=====	=====

The estimated monetary value of Directors' benefits-in-kind is RM105,00 (2003: RM34,000).

Directors' remuneration of the Group include contributions to the Employees Provident Fund of RM258,000 (2003: RM183,000).

21. Employee information

	Group	
	2004 RM'000	2003 RM'000
Staff costs	17,127	5,602
	=====	=====

The Company does not have any employees except the Directors.

The number of employees of the Group (excluding Directors) at the end of the year were 485 (2003: 408).

Staff costs include contributions to the Employees Provident Fund of RM1,591,000 (2003: RM624,000).

22. Income from investments

	Group	
	2004 RM'000	2003 (Restated) RM'000
Interest on fixed deposits	2,461	821
Dividend income from :		
- quoted investments	19	7
- unit trusts	8	-
	=====	=====
	2,488	828
	=====	=====

23. Tax expense

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current tax expense				
Malaysian - current	33,261	12,405	6,200	4,252
- prior year	(21)	-	26	-
	33,240	12,405	6,226	4,252
	-----	-----	-----	-----
Deferred tax expense (Note 8)				
Malaysian - current	(1,028)	33	-	-
- prior year	(22)	-	-	-
	(1,050)	33	-	-
	-----	-----	-----	-----
Total	32,190	12,438	6,226	4,252
	=====	=====	=====	=====

Reconciliation of tax expense

Profit before taxation	114,964	40,343	21,081	15,176
	=====	=====	=====	=====
Income tax using Malaysian tax rates (28%)	32,190	11,296	5,900	4,250
Non-deductible expenses	1,038	1,142	300	2
Realisation of fair value adjustment (see Note 8)	(995)	-	-	-
	32,233	12,438	6,200	4,252
(Over)/Under provisions in prior years	(43)	-	26	-
	32,190	12,438	6,226	4,252
	=====	=====	=====	=====

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 RM69,495,000 (2003: RM24,247,000) and the weighted average number of ordinary shares outstanding during the year of 249,652,000 (2003: 103,605,000).

Weighted average number of ordinary shares

	2004 '000	2003 '000
Issued ordinary shares at beginning of the year	250,000	106
Effect of shares issued in July and September	-	103,499
Effect of shares repurchased in May	(1)	-
Effect of shares repurchased in October	(332)	-
Effect of shares repurchased in December	(15)	-
	249,652	103,605
	=====	=====

Notes to the FINANCIAL STATEMENTS (continued)

25. Dividends

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

The proposed final dividend of 7.0 sen per share less tax at 28% in respect of the year ended 31 December 2004 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 and proposed final 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, earthwork services and trading activities.

All the business segments are operated solely in Malaysia.

26. Segmental information – Group (continued)

	Property development		Construction		Others		Elimination		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External customers	208,889	78,581	116,203	59,101	18,618	5,752	-	-	343,710	143,434
Inter segment sales	-	-	629	-	10,884	6,260	(11,513)	(6,260)	-	-
	<u>208,889</u>	<u>78,581</u>	<u>116,832</u>	<u>59,101</u>	<u>29,502</u>	<u>12,012</u>	<u>(11,513)</u>	<u>(6,260)</u>	<u>343,710</u>	<u>143,434</u>
Segment results	<u>86,214</u>	<u>23,591</u>	<u>21,131</u>	<u>12,455</u>	<u>141</u>	<u>749</u>	<u>(964)</u>	<u>(324)</u>	<u>106,522</u>	<u>36,471</u>
Unallocated (expense)/income									(1,296)	155
Operating profit									<u>105,226</u>	<u>36,626</u>
Income from investments									2,488	828
Reserve on consolidation recognised									6,299	2,562
Interest expense									(82)	(251)
Share of profit of associate and jointly controlled entities									1,033	578
Profit before taxation									<u>114,964</u>	<u>40,343</u>
Tax expense									(32,190)	(12,438)
Minority interests									(13,279)	(3,658)
Net profit for the year									<u>69,495</u>	<u>24,247</u>

26. Segmental information – Group (continued)

	Property development		Construction		Others		Elimination	
	2004	2003 (Restated)	2004	2003	2004	2003	2004	2003 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	425,397	382,405	85,423	53,401	10,873	8,631	521,693	444,437
	=====	=====	=====	=====	=====	=====	=====	=====
Long-term investments							4,909	2,662
Unallocated assets							130,879	130,727
							=====	=====
Total assets							657,481	577,827
							=====	=====
Segment liabilities	145,238	127,628	47,455	34,027	5,977	3,382	198,670	165,037
	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated liabilities							3,799	3,393
							=====	=====
Total liabilities							202,469	168,430
							=====	=====
Capital expenditure	2,221	1,065	2,017	589	202	8	4,440	1,662
Depreciation	2,493	1,317	2,301	937	280	116	5,074	2,370
							=====	=====

27. Contingent liability - unsecured

	Company	
	2004	2003
	RM'000	RM'000
Corporate guarantee favouring bank for facility granted to a subsidiary	15,000	-
	=====	=====

28. Capital commitments

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Authorised but not contracted for	5,659	8,456	4,568	-
- Contracted but not provided for in the financial statements	372	1,226	-	-
	-----	-----	-----	-----
	6,031	9,682	4,568	-
	=====	=====	=====	=====

29. Related parties

Controlling related party relationships are as follows:

- (i) Its subsidiaries as disclosed in Note 3;
- (ii) Its associate as disclosed in Note 4;
- (iii) Jointly controlled entities as disclosed in Note 5;
- (iv) Companies in which Directors have substantial interests; and
- (v) Directors of the Company.

	Company	
	2004	2003
	RM'000	RM'000
Transactions with a subsidiary		
Dividend income	(20,940)	(14,800)
Management fee	(142)	(120)
	=====	=====

Transactions with an associate, TR Concrete Sdn. Bhd.

Purchase of raw materials and others	1,219	54
Sales of construction materials	(5,371)	-
	=====	=====

Notes to the FINANCIAL STATEMENTS (continued)

29. Related parties (continued)

	Group	
	2004	2003
	RM'000	RM'000
Transactions with companies in which William Wei How Sieng has interest		
HWS Properties Sdn. Bhd. - Rental expenses	18 =====	15 =====
Primehold Point Sdn. Bhd. - Watchman and cleaning services	7 =====	43 =====
Azam Seterus Sdn. Bhd. - Sales of properties	(1,408) =====	- =====
Transactions with a charitable foundation of which a Director is the chairman		
Donation to Tabung Amanah Naim	500 =====	- =====

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 RM19,378,000 receivable from two contract customers constituting 18% of the gross outstanding trade and other receivables of 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 and bankers' acceptances. In the current operating environment, the risk of interest rates fluctuating adversely is regarded as low.

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.

30. Financial instruments (continued)

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	2004			2003		
	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	91,025	91,025	2.50 - 4.00	95,807	95,807
		=====	=====		=====	=====
Financial liabilities						
Term loans	-	-	-	7.00 - 8.00	1,443	1,443
Bankers' acceptances	4.20	434	434	-	-	-
		=====	=====		=====	=====
Company						
Financial asset						
Deposits with licensed banks	2.50 - 2.70	42,145	42,145	2.70	52,235	52,235
		=====	=====		=====	=====

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 and liability carried on the balance sheet as at 31 December are shown below:

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Long-term:				
Quoted shares	325	473	319	412
Unit trusts	100	100	155	172
	=====	=====	=====	=====
	425	573	474	584
	=====	=====	=====	=====
Financial liability				
Term loans	-	-	1,443	1,443
	=====	=====	=====	=====

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 2004 and 31 December 2003.

Notes to the **FINANCIAL STATEMENTS** (continued)

31. Acquisition of subsidiaries

In July 2003, the Company acquired the entire issued and paid-up share capital of Naim Cendera Sdn. Bhd. ("NCSB") for a consideration of RM279,962,000, satisfied by the issuance of shares. By virtue of the Company's equity interest in NCSB, the Company is deemed to have acquired the equity interests of its subsidiaries (existing and newly acquired) to the extent NCSB has interests.

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, on 1 July 2004 and 7 July 2004 respectively.

On 5 November 2004, NCSB acquired 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. On 26 November 2004, NCSB and a subsidiary collectively acquired a 61% equity interest in Asas Megamaju Sdn. Bhd. ("AMSB") [name changed to Naim Ready Mix Sdn. Bhd. on 26 February 2005] 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:

(a) Acquisition of new subsidiaries

	2004 RM'000	2003 RM'000
Non current assets		
Property, plant and equipment	-	40,840
Other investments	-	2,272
Land held for property development	-	249,427
	-	292,539
Current assets	500	228,846
Current liabilities	-	(107,727)
Deferred taxation	-	(77,048)
Minority shareholders' interests	(145)	(25,457)
Net assets	355	311,153
Reserve on consolidation	-	(31,191)
Purchase consideration	355	279,962
Portion discharged by issuance of shares	-	(279,962)
Cash paid for acquisition	355	-
Cash acquired	500	65,022
Net cash inflow	145	65,022
	=====	=====

31. Acquisition of subsidiaries *(continued)*

(b) Additional investment in existing subsidiary

	2004 RM'000	2003 RM'000
Net assets acquired	1,990	-
Reserve on consolidation	(190)	-
	<hr/>	<hr/>
Cash outflow on acquisition	1,800	-
	=====	=====

Effect of acquisition

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

The effect of the acquisition of NCSB on the Group's pro-forma operating results for the year ended 31 December 2003, as if NCSB and its subsidiaries were part of the Group from 1 January 2003, is tabulated below:

	2003 Pro-forma RM'000
Revenue	270,950
Cost of sales/operations	(179,953)
	<hr/>
Gross profit	90,997
Other operating income	1,232
Distribution cost	(57)
Administrative expenses	(18,455)
	<hr/>
Operating profit	73,717
Income from investments	1,064
Reserve on consolidation recognised	2,562
Interest expense	(548)
	<hr/>
	76,795
Share of profit of an associate	408
Share of profit of jointly controlled entities	784
	<hr/>
Profit before taxation	77,987
Tax expense	(23,622)
	<hr/>
Profit after taxation	54,365
Minority interests	(5,881)
	<hr/>
Net profit for the year	48,484
	=====

Notes to the FINANCIAL STATEMENTS (continued)

32. Events subsequent to the balance sheet date

a) Share repurchase

On 21 February 2005, the Company purchased 1,165,600 of its issued shares from the open market. The average price paid for the shares purchased was RM3.06 per ordinary share. The repurchase transactions were financed by internally generated funds.

b) Suit over land

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), a wholly owned subsidiary, received in 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 matters 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.

33. Comparative figures

The following comparatives have been restated to conform with :

a) the disclosures as required by MASB 32, Property Development Activities,

	Group	
	As restated RM'000	As previously stated RM'000
Balance sheets		
Property development costs	76,838	73,067
Trade and other receivables	75,160	68,368
Trade and other payables	88,034	77,509
	=====	=====
Income statements		
Cost of sales	96,266	97,637
Selling and distribution costs	1,428	57
	=====	=====
Notes to the financial statements		
Accrued billings (under trade and other receivables)	6,754	-
Progress billings (under trade and other payables)	10,525	-
	=====	=====

33. Comparative figures *(continued)*

b) the current year's presentation

	Group	
	As restated RM'000	As previously stated RM'000
Balance sheets		
Amount due from associate	-	38
	=====	=====
Income statements		
Revenue	143,434	143,925
Income from investments	828	337
	=====	=====
Notes to the financial statements		
Other receivables (under trade and other receivables)	3,895	3,857
	=====	=====

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

The comparatives for the Income Statements, Statements of Changes in Equity and Cash Flows Statements of the Group as well as the comparatives in the notes to the financial statements relating to the Income Statements for the previous year are not comparable to that for the current financial year as NCSB and its subsidiaries acquired in July 2003 (see Note 31) only started contributing to the Group results from the date of acquisition.

Analysis of SHAREHOLDINGS

as at 4 April 2005

Authorized Share Capital	: RM500,000,000.00 comprising 500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	: RM250,000,000.00 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 100	200	.00	4	.37
000000100 – 000001000	317,400	.13	351	32.26
000001001 – 000010000	1,820,300	.73	411	37.78
000010001 – 000100000	7,899,700	3.16	202	18.57
000100001 – 012499999	122,289,100	48.92	115	10.57
012500000 & Above	117,673,300	47.06	5	.45
	250,000,000	100.00	1,088	100.00

Substantial Shareholders

Name of Directors	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Island Harvests Sdn. Bhd.	31,769,700	12.71	Nil	-
Datuk Hasmi Bin Hasnan	28,918,850	11.57	62,127,200 *	24.85
Lembah Rakyat Sdn. Bhd.	26,448,800	10.58	Nil	-
Lambaian Kukuh Sdn. Bhd.	20,484,750	8.19	Nil	-
Tapak Beringin Sdn. Bhd.	14,406,900	5.76	Nil	-
Datuk Abdul Hamed Bin Sepawi	13,350,000	5.34	41,055,700 &	16.42
Employees Provident Fund Board	9,730,900	3.89	3,045,300@	1.22

* Deemed interested by virtue of his substantial shareholding in Island Harvests Sdn. Bhd., Lambaian Kukuh Sdn. Bhd., Hasmi & Associates Management Sdn. Bhd. and Custodev Sdn. Bhd.

& Deemed interested by virtue of his substantial shareholding in Lembah Rakyat Sdn. Bhd., Tapak Peringin Sdn. Bhd. and Custodev Sdn. Bhd.

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

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.	20,484,750	8.19
5	Tapak Beringin Sdn. Bhd.	14,406,900	5.76
6	Datuk Abdul Hamed Bin Sepawi	13,350,000	5.34
7	Employees Provident Fund Board	9,730,900	3.89
8	Hasmi & Associates Management Sdn. Bhd.	9,672,750	3.87
9	HWS Properties Sdn. Bhd.	8,597,550	3.44
10	HSBC Nominees (Asing) Sdn. Bhd. (Universities Superannuation Scheme Limited)	5,400,000	2.16
11	Citicorp Nominees (Asing) Sdn. Bhd. (AIG International Funds-Acorns of Asia Balanced Fund)	4,768,500	1.91
12	AMMB Nominees (Tempatan) Sdn. Bhd. Amtrustee Berhad for SBB Dana Al-Ihsan)	3,397,100	1.36
13	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustee Bhd for Prudential Equity Income Fund)	3,079,300	1.23

No.	Name of Shareholder	No. of Shares Held	% of Shareholding
14	Naim Cendra Holdings Berhad Share Buy-Back Accounts	2,665,200	1.07
15	BHLB Trustee Berhad (Prugrowth Fund)	2,548,000	1.02
16	Citicorp Nominees (Tempatan) Sdn. Bhd. (Prudential Assurance Malaysia Berhad Prulink Eqty Fd)	2,432,800	.97
17	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for RHB Dynamic Fund)	2,312,800	.93
18	HSBC Nominees (Asing) Sdn. Bhd. (JPMCB for The Malaysia Fund Incorporated)	2,311,000	.92
19	Yayasan Sarawak	2,150,000	.86
20	Citicorp Nominees (Asing) Sdn. Bhd. (American International Assurance Co. Ltd AIA Reg Eqty Fd)	2,010,000	.80
21	Lembaga Tabung Haji	1,857,900	.74
22	Universal Trustee (Malaysia) Berhad (SBB Dana Al-Mizan)	1,636,500	.65
23	HSBC Nominees (Tempatan) Sdn. Bhd. (Nomura Asset Management for Employees Provident Fund)	1,352,900	.54
24	RHB Nominees (Tempatan) Sdn. Bhd. for Kumpulan Wang Simpanan Pekerja	1,328,400	.53
25	HSBC Nominees (Asing) Sdn. Bhd. for DBS Malaysia Equity Fund	1,300,000	.52
26	SBB Nominees (Tempatan) Sdn. Bhd (Pertubuhan Keselamatan Sosial)	1,236,000	.49
27	Universal Trustee (Malaysia) Berhad (SBB Emerging Companies Growth Fund)	1,225,000	.49
28	AMMB Nominees (Tempatan) Sdn. Bhd. (HLG Penny Stock Fund)	1,117,900	.45
29	Universal Trustee (Malaysia) Berhad (SBB Dana Al-Ihsan 2)	1,093,200	.44
30	AMMB Nominees (Tempatan) Sdn. Bhd. (Majlis Islam Sarawak)	1,080,000	.43

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	13,350,000	5.34	41,055,700 &	16.42
Datuk Hasmi Bin Hasnan	28,918,850	11.57	62,127,200 *	24.85
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 as Director on 16 February 2005)	Nil	Nil	Nil	Nil
Dato' Peter Anak Minos (appointed as Director on 18 April 2005)	Nil	Nil	Nil	Nil

* Deemed interested by virtue of his substantial shareholding in Island Harvests Sdn. Bhd., Lambaian Kukuh Sdn. Bhd., Hasmi & Associates Management Sdn. Bhd. and Custodev Sdn. Bhd.

& Deemed interested by virtue of his substantial shareholding in Lembah Rakyat Sdn. Bhd., Tapak Peringin Sdn. Bhd. and Custodev Sdn. Bhd.

Director appointed after reporting date i.e. after 4 April 2005

Name of Directors	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Dato' Peter Anak Minos (appointed as Director on 18 April 2005)	Nil	Nil	Nil	Nil

List of PROPERTIES

as at 31 December 2004

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 431, Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2055	201,351	6,584,792
Lot 772, Kuala Baram Land District, Miri	Land For Development	21.08.1997 Expiring 20.08.2057	1,770,036	51,870,000
Lot 800, Block 10 Kuala Baram Land District, Miri	Land For Development	21.08.1997 Expiring 20.08.2057	1,890,067	56,131,200
Lot 5156, Block 10, Kuala Baram Land District, Miri	Land For Development	21.08.1997 Expiring 20.08.2057	341,938	13,255,962
Lot 4281, Block 10, Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2055	1,260,045	52,097,200
Lot 5451, Block 10, Kuala Baram Land District, Miri	Land For Development	21.08.1997 Expiring 19.07.2055	1,199,936	32,468,088
Lot 2280, Block 1, Samarahan Land District, Samarahan	Land For Development	09.03.2000 Expiring 19.03.2060	59,208	
Lot 2283, Block 1, Samarahan Land District, Samarahan	Land For Development	09.03.2000 Expiring 19.03.2060	1,578	
Lot 2284, Block 1, Samarahan Land District, Samarahan	Land For Development	09.03.2000 Expiring 19.03.2060	4,300	
Lot 2294, Block 1, Samarahan Land District, Samarahan	Land For Development	09.03.2000 Expiring 19.03.2060	15,236	
Lot 2281, Block 1, Samarahan Land District, Samarahan	Land For Development	08.01.2001 Expiring 07.01.2061	4,697	
Lot 2638, Block 1, Samarahan, Land District, Samarahan	Land For Development	08.01.2001 Expiring 07.01.2061	22,785	

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Lot 2634, Block 1, Samarahan Land District, Samarahan	Land For Development	08.01.2001 Expiring 07.01.2061	9,604	25,295,308
Lot 3149, Block 1, Samarahan Land District, Samarahan	Land For Development	05.03.2002 Expiring 04.03.2062	24,541	
Lot 3170, Block 1, Samarahan Land District, Samarahan	Land For Development	03.01.2003 Expiring 02.01.2063	647,325	
Lot 2801, Block 1, Samarahan Land District, Samarahan	Land For Development	09.03.2000 Expiring 08.03.2060	3,282	
Lot 531, Block 14, Muara Tuang Land District	Land For Development	04.06.2004 Expiring 04.06.2064	412,064	3,928,744
Lot 3625, Block 14, Salak Land District	Land For Development	22.06.2004 Expiring 21.06.2064	1,029,250	14,390,878
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				258,012,000

**PROPERTIES UNDER PROPERTY
PLANT & EQUIPMENT**

Long Term Leasehold

Lot 23, Block 34, Kemena Land District, Bintulu	Land For Development	13.02.2001 Expiring 12.02.2060	30,601	14,489,131
Lot 431, Block 6, Kuala Baram Land District, Miri	Industrial Land and Building (Age: 7 Years)	08.06.1997 Expiring 19.07.2055	10,118 (1,297)	1,237,808
Sublot 182, Lot 1539, Block 6, Kuala Baram District, Miri	Land and Buildings (Age: 4 Years)	12.03.2001 Expiring 19.07.2055	49,292 (493)	266,907

List of **PROPERTIES** as at 31 December 2004 (continued)

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Sublot 183, Lot 1537, Block 6, Kuala Baram District, Miri	Land and Buildings (Age: 4 Years)	12.03.2001 Expiring 19.07.2055	50,871 (509)	259,335
Sublot 180, Lot 1534, Block 6, Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	47,593	62,866
Sublot 181, lot 1535, Block 6, Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	47,593	62,866
Lot 3162, Block 10, Kuching Central Land District, Kuching	Vacant Land	24.07.2002 Expiring 20.08.2062	12,351	1,053,392
Lot 3161, Block 10, Kuching Central Land District, Kuching	Vacant Land	24.07.2002 Expiring 20.08.2062	7,140	608,987
Lot 2949-3-2, Apartment B3, Westmoore Apartment, Kuching	Apartment (Age: 9 Years)	29.06.2002 Expiring 11.04.2055	(141)	258,300
Lot 2679, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District, Kuching	Office Building (Age: 9 Years)	31.07.2000 Expiring 11.04.2055	(568)	1,893,120
Sublot 5747, Lot 4279, Block 10, Kuala Baram Land District, Miri	Tulip Showhouse (Age: 6 Years)	15.08.2000 Expiring 30.09.2055	299 (500)	208,414
Sublot 5748, Lot 4279, Block 10, Kuala Baram Land District, Miri	Rose Showhouse (Age: 6 years)	15.08.2000 Expiring 30.09.2055	90 (500)	111,948
Sublot 5637, Lot 4279, Block 10, Kuala Baram Land District, Miri	Daisy Showhouse (Age: 6 years)	15.08.2000 Expiring 30.09.2055	112 (680)	129,872
Sublot 6024, Lot 4279, Block 10, Kuala Baram Land District, Miri	Lily Showhouse (Age: 6 years)	15.08.2000 Expiring 30.09.2055	90 (525)	103,074
Sublot 4290, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 8 years)	31.08.2000 Expiring 28.06.2055	75 (350)	86,442
Sublot 4291, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 8 years)	31.08.2000 Expiring 28.06.2055	75 (350)	86,442

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
Sublot 4292, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 8 years)	31.08.2000 Expiring 28.06.2055	84 (350)	108,042
Sublot 4293, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 8 years)	31.08.2000 Expiring 28.06.2055	84 (350)	108,042
Sublot 4575, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 7 years)	31.08.2000 Expiring 28.06.2055	110 (350)	65,656
Sublot 4576, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 7 years)	31.08.2000 Expiring 28.06.2055	69 (350)	65,656
Lot 2631, Block 1, Samarahan Land District, Samarahan	Apartment/ Site office (Age: 2 years)	31.12.2003 Expiring 30.12.2057	(140)	50,369
Lot 2631, Block 1, Samarahan Land District, Samarahan	Apartment/ Site office (Age: 2 years)	31.12.2003 Expiring 30.12.2057	(98)	50,369
Sublot 1, Lot 676, Block 10, Kuching Central Land District, Kuching	Office Building (Age: 4 years)	12.06.2001 Expiring 13.08.2063	270 (464)	763,332
Short Term Leasehold				
Lot 838, Block 10, Kuching Central Land District, Kuching	Land and Buildings (Age: 46 Years)	17.12.2002 Expiring 16.12.2038	2,060 (112)	716,005
Lot 885, Block 9, Miri Concession Land District, Miri	4 Storey Shophouse (Age: 9 Years)	11.09.1997 Expiring 30.09.2052	110 (698)	515,765
Lot 889, Block 9, Miri Concession Land District, Miri	Office Building (Age: 10 Years)	27.01.1999 Expiring 30.09.2052	185 (740)	1,104,000
Building				
Lot 1648, Permy Technology Park, Miri	Office			12,192
Sub-total				24,478,332
Total				282,490,332

Notice Of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd 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 Wednesday, 25 May 2005 at 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 2004.

ORDINARY RESOLUTION 1

2. Approval of Final Dividend

To approve a final dividend of 7 sen per share less 28% Income Tax for the year ended 31 December 2004.

ORDINARY RESOLUTION 2

3. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31 December 2004

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.

Ir. Suyanto Bin Osman
Mr. Kueh Hoi Chuang
Dr. Sharifuddin Bin Abdul Wahab

ORDINARY RESOLUTION 4
ORDINARY RESOLUTION 5
ORDINARY RESOLUTION 6

In accordance with Article 92 of the Company's Articles of Association, the following Directors retire from the Board and being eligible, offer themselves for re-election.

Datu Haji Abdul Rashid Bin Mohd. Azis
Dato' Peter Anak Minos

ORDINARY RESOLUTION 7
ORDINARY RESOLUTION 8

5. Re-Appointment of Auditors

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

ORDINARY RESOLUTION 9

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 10

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT, subject to the Companies Act 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Paragraph 2.4 of the Circular to Shareholders dated 4 May 2005 with the specific related parties mentioned therein which are necessary for the Naim Group's day-to-day operations subject further to the following :-

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders;
- (b) the transactions are recurrent transactions of a revenue or trading nature; and
- (c) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, amongst others, based on the following information:-
 - (i) the type of the recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer

AND THAT such approval shall continue to be in force, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act.)

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

ORDINARY RESOLUTION 11

8. 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 the amount not exceeding the total Company's latest unaudited net cash resources of RM47 million as at 31 March 2005, be allocated for the proposed share buy-back,

Notice Of ANNUAL GENERAL MEETING (continued)

- (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 be and are hereby authorised and empowered to do all acts and things and 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 the next annual general meeting after the 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 12

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 2005

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.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate.

Explanatory Notes on Special Business

a) Ordinary Resolution 10 – 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 11 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 4 May 2005 for further information.

c) Ordinary Resolution 12 – Proposed Renewal of Authority to Purchase Own Shares

Please refer to the Circular to Shareholders dated 4 May 2005 for further information.

Statement accompanying Notice of Annual General Meeting

1. THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION

a) The Directors who are standing for re-election at the 3rd Annual General Meeting of the Company are as follows:-

Ir. Suyanto Bin Osman
 Mr. Kueh Hoi Chuang
 Dr. Sharifuddin Bin Abdul Wahab
 Datu Haji Abdul Rashid Bin Mohd. Azis
 Dato' Peter Anak Minos

b) Further details of the above named Directors are available on pages 40 to 44 and their securities holdings on page 143 of the 2004 Annual Report.

c) The Board met 5 times during the financial year ended 31 December 2004. Details of attendance of Directors at Board Meetings during the year are set out in page 55 of the 2004 Annual Report.

2. DATE, TIME AND PLACE OF THE BOARD MEETINGS

Details of Board meetings held are as follows:-

Date	Venue	Time
28 January 2004	Conference Room, 9 th Floor, Wisma Naim, 2 1/2 Mile, Jalan Rock, 93200 Kuching, Sarawak.	3.00 p.m.
26 April 2004	Conference Room, 9 th Floor, Wisma Naim, 2 1/2 Mile, Jalan Rock, 93200 Kuching, Sarawak.	9.30 a.m.
24 May 2004	Pinnacle 1 and 2, Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching, Sarawak.	9.00 a.m.
23 August 2004	Conference Room (Miri's Office), Lot 5906-5911 Block 10, Desa Pujut Shoplot, Bandar Baru Permyjaya, 98107 Lutong, Miri.	1.20 p.m.
28 October 2004	Boardroom, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur.	11.30 a.m.

Notice Of **ANNUAL GENERAL MEETING** (continued)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 7 sen per share less 28% Income Tax in respect of the financial year ended 31 December 2004, if approved at the 3rd Annual General Meeting, will be payable on 17 June 2005 to depositors listed in the Records of Depositors on 31 May 2005.

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 2005 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 2005



NAIM CENDERA HOLDINGS BERHAD

(585467 - M)

(Incorporated in Malaysia)

FORM OF PROXY

I/We NRIC NO

(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

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 3rd Annual General Meeting of the Company to be held at Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching, Sarawak, Malaysia on Wednesday, 25 May 2005 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:-

Table with 4 columns: No., Resolutions, FOR, AGAINST. Contains 12 rows of resolutions for voting.

(Please indicate with an "X" in the spaces above how you wish your votes to be casted 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 of2005.

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.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate.

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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.

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From where we began...



Annual Report 1998
NAIM CENDERA SDN BHD



Annual Report 1999
NAIM CENDERA SDN BHD



Annual Report 2000
NAIM CENDERA SDN BHD



Annual Report 2001
NAIM CENDERA SDN BHD



**SCCI Award winning
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Wisma Naim



Registered and Head Office

9th Floor Wisma Naim,
2 1/2 Mile, Rock Road,
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E-mail : cendera@po.jaring.my

www.naimcendera.com