NAIM

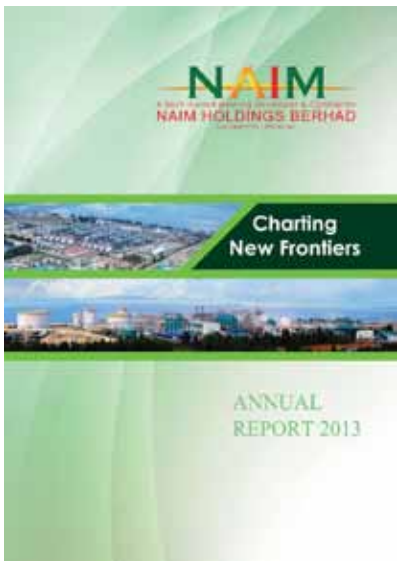
A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD

(Company No.: 585467-M)

Charting New Frontiers

ANNUAL REPORT 2013



Theme and Cover Design

2013 was an epitome of perseverance and teamwork for the Naim Team. We weathered storms, had the business in our hearts and our hearts in the business, and strived as one towards a common goal – the continued growth and sustainability of the Group.

More importantly, 2013 signalled the dawning of a new era for Naim, as we chartered new frontiers by virtue of our foray in the oil and gas construction sector. Our achievements in this sector via our collaborations and involvement with Samsung Engineering Co. Ltd for the Sabah Oil and Gas Terminal and JGC Corporation, Japan for the LNG Train 9 project in Bintulu, are indeed notable.

With lessons gained on top notch project management and other aspects from these global giants, they set the platform for new and exciting opportunities for our Group in time to come.

Logo Rationale

The logo type displays the word Naim in green, red and gold colours which reflects 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.

NAIM
NAIM HOLDINGS BERHAD

Contents

OUR VISION

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

OUR MISSION

- To provide the finest products and services to our customers.
- To provide increasing value and superior returns for our shareholders.
- To empower every member of our staff to develop their potential to the maximum.
- To be a role model customer for our suppliers, sub-contractors and service providers.
- To contribute meaningfully and positively to the community and the society that nurture us.

CORPORATE RESPONSIBILITY STATEMENT

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

Cautionary Statement Regarding Forward-Looking Statements

Perspective of Sapphire On The Park @ Kuching Paragon, Batu Lintang, Kuching, Sarawak

This Annual Report contains some forward-looking statements in respect to the Naim Group's financial condition, results of operations and business. These forward-looking statements represent the Naim Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby 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. In this respect, readers must therefore not rely solely on these statements in making investment decisions regarding the Naim Group. The Board and the Naim Group shall not be responsible for any investment decisions made by readers in reliance on those forward-looking statements. 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 that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report.

Performance At A Glance

Corporate Profile


Pujut 7 Bridge, Miri, Sarawak

Commencing operations in 1995 with its landmark development in Tudan, Miri (now known as Bandar Baru Permyjaya), Naim ventured into construction with its first low cost housing project for the then Housing and Development Commission and the construction of the Pujut 7 bridge across Miri River in 1997.

In 1999, it expanded to Kuching with its Desa Ilmu development, followed by its upmarket satellite township called the Riveria Bay development in Kota Samarahan, Kuching. Naim was listed on the Main Board of Bursa Malaysia Berhad on 12 September 2003.

Today, Naim Holdings Berhad, an investment holding company with two main subsidiaries, Naim Land Sdn. Bhd. (NLSB) and Naim Engineering Sdn. Bhd. (NESB), is a fully-integrated property and construction player focusing on integrated property developments, construction, civil engineering, oil and gas and infrastructure projects and oil and gas services through its investment in Dayang Enterprise Holdings Bhd.

Naim is also a Class A Contractor with ISO 9001 certification and has emerged as one of Malaysia's largest Bumiputera contractors which has carried out more than RM5 billion worth of works (including its own development projects).

With its flagship property developments in Bandar Baru Permyjaya in Miri, Desa Ilmu, Riveria and Kuching Paragon, in Kuching, Bintulu Paragon in Bintulu and a number of smaller developments in Sarawak, Naim has also built over 16,000 properties for the Sarawak community.

Customer satisfaction year after year clearly demonstrates the philosophies of Naim's existence – excellent quality, timely delivery, value and customer service. This has resulted in a total of 16 industry awards being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.

ISO 9001:2008 Certified | ISO 14001:2004 Certified | OHSAS 18001:2007 Certified

Financial Performance		% Change From 2012
Revenue (RM'000)	711,461	+ 44.4
Profit Before Tax (RM'000)	252,611	+ 123.8
Net Profit Attributable to Owners of the Company (RM'000)	235,725	+ 163.4
Total Assets (RM'000)	1,715,092	+ 22.7
Shareholders' Equity (RM'000)	1,039,879	+ 25.0
Earnings Per Share (sen)	99.49	+ 163.4
NA Per Share (RM)	4.16	+ 24.9
Return On Equity (%)	22.67	+ 110.7
Gross Dividend (sen)	3.00	-
Gross Dividend Yield (%)	0.82 #	**

*** Gross Dividend Yield for 2012 was 4.55%. Effect of % change in yield is not presented.*
 # Based on year end share price of RM3.65

Financial Calendar

Financial Year End		31 Dec 2013
Announcement of Results	1st quarter	27 May 2013
	2nd quarter	28 Aug 2013
	3rd quarter	28 Nov 2013
	4th quarter	27 Feb 2014
Notice of Annual General Meeting		22 May 2013
Annual General Meeting		14 June 2013
First Interim Single-tier Dividend	Declaration	28 Nov 2013
	Ex-date	11 Dec 2013
	Book closure	13 Dec 2013
	Payment	8 Jan 2014

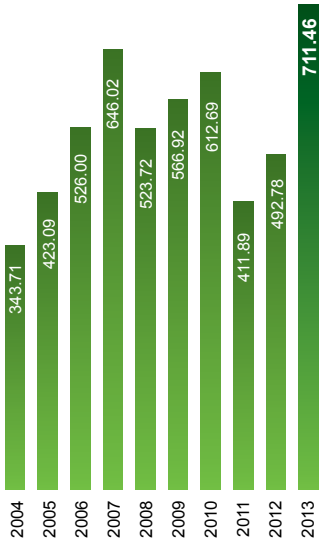
Investor Relations Service

The Group maintains a website (www.naim.com.my) which provides detailed information on the Group's operations and latest developments. For further details, please forward your queries to investorrelations@naim.com.my

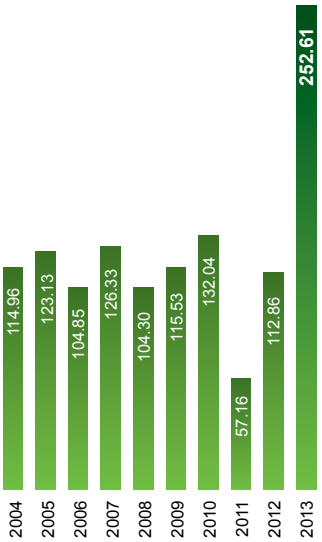
10-Year Financial Highlights (in RM million)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue	343.71	423.09	526.00	646.02	523.72	566.92	612.69	411.89	492.78	**711.46**
Profit before taxation	114.96	123.13	104.85	126.33	104.30	115.53	132.04	57.16	112.86	**252.61**
Net Profit Attributable to Owners of the Company	69.50	79.15	66.23	76.27	80.75	84.98	97.75	46.63	89.49	**235.72**
Total Assets	657.48	710.28	793.84	906.92	955.92	1,057.16	1,054.62	1,289.06	1,397.45	**1,715.09**
Net Tangible Assets	422.61	459.50	487.68	537.96	586.75	652.36	714.38	738.22	823.69	**1,032.28**
Shareholders' Equity	400.09	459.50	489.82	539.32	587.65	652.36	724.02	747.18	831.96	**1,039.88**
Total Number of Shares of RM1.00 each	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	**250.00**
Earnings Per share (sen)	27.80	32.00	27.10	31.20	33.32	35.85	41.25	19.68	37.77	**99.49**
Gross Dividend Rate (%)	12%	12%	15%	15%	13%	8%	10%	8%	8%	**3%**
Net Tangible Assets Per Share (RM)	1.69	1.84	1.95	2.15	2.35	2.61	2.86	2.95	3.29	**4.13**

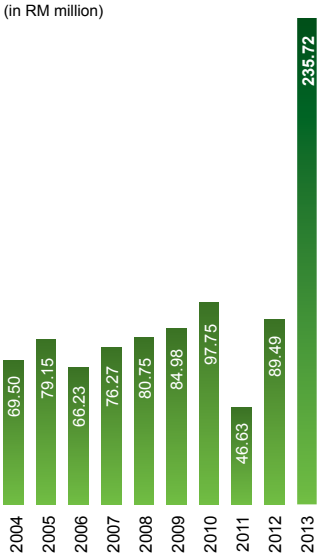
Revenue
(in RM million)



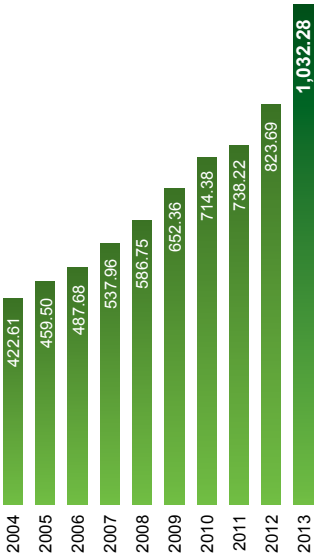
Profit Before Tax
(in RM million)



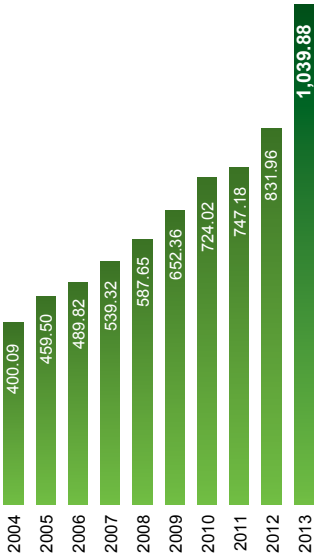
Net Profit Attributable to Owners of the Company
(in RM million)



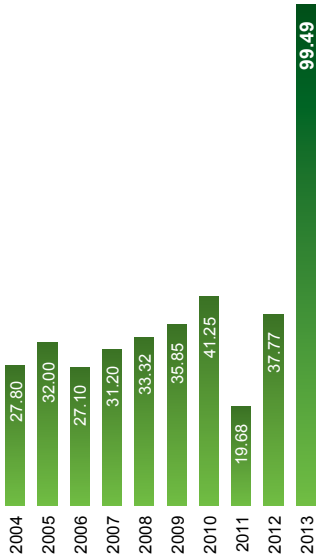
Net Tangible Assets
(in RM million)



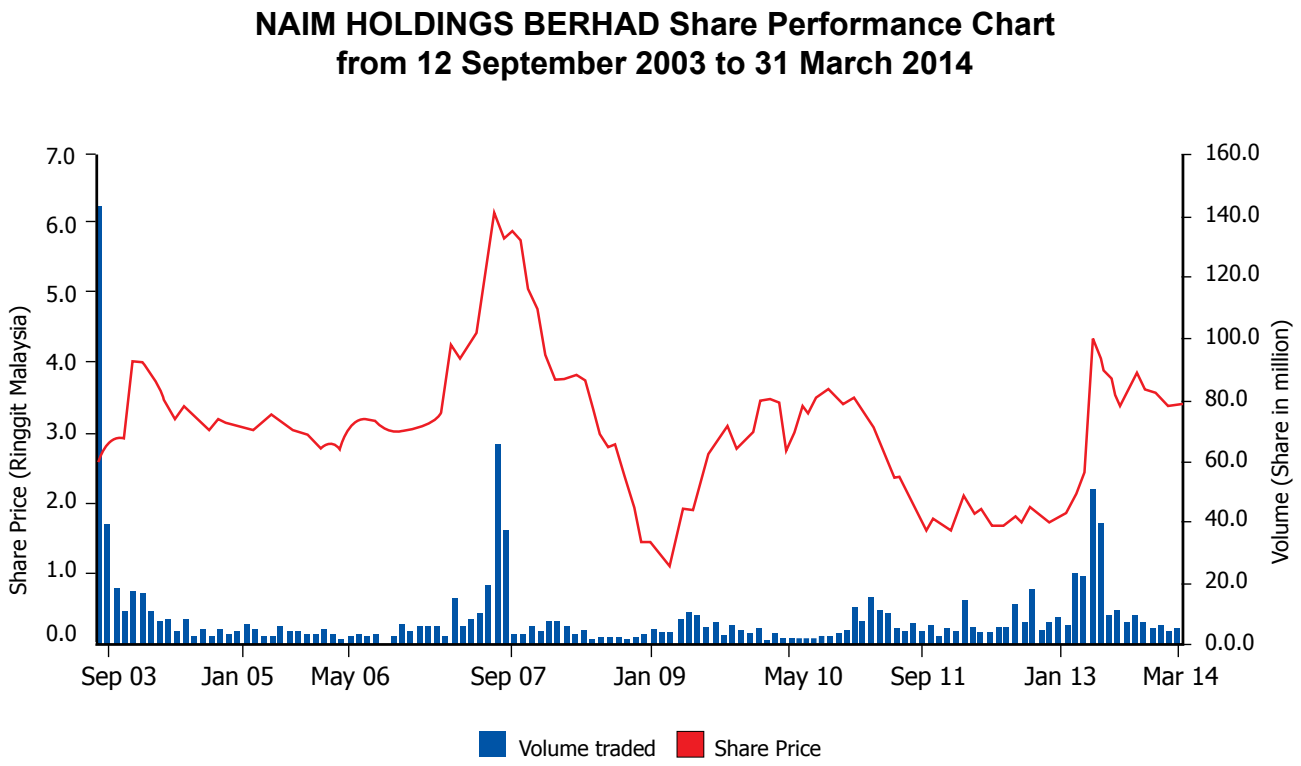
Shareholders' Equity
(in RM million)

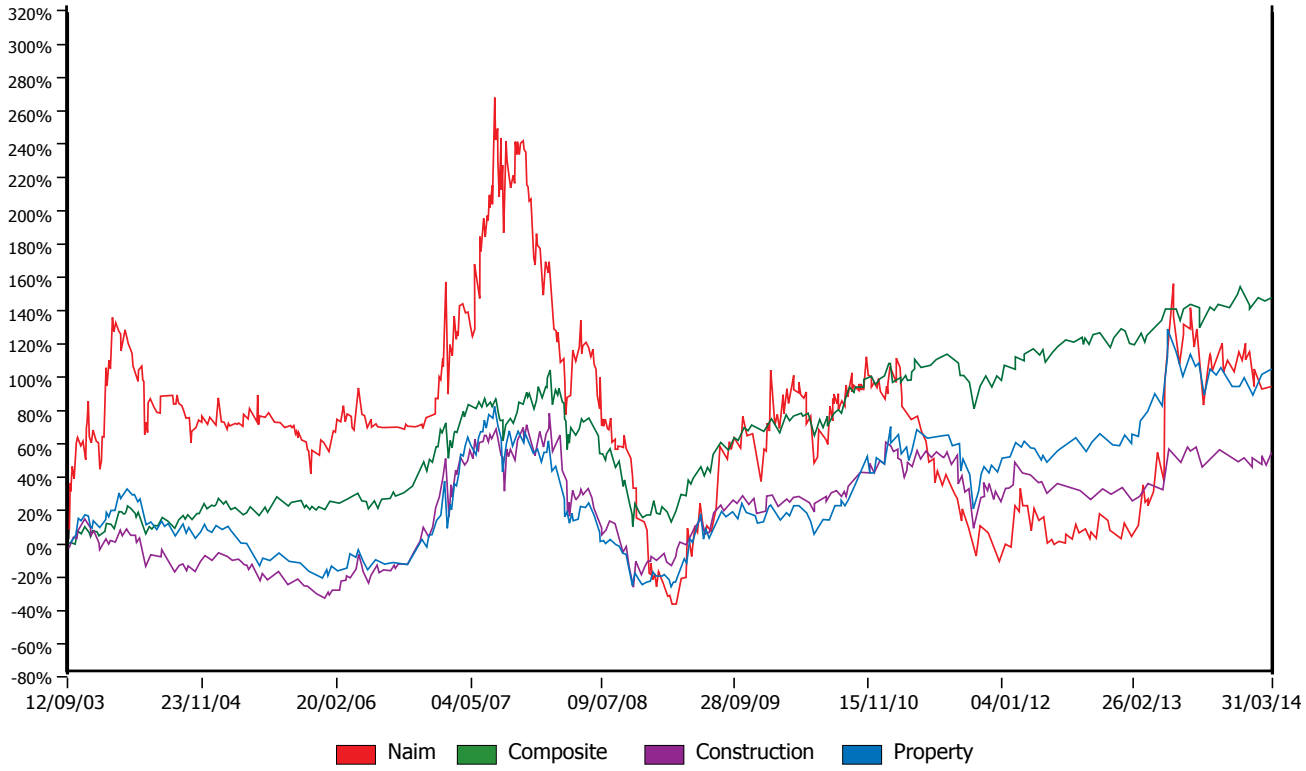


Earnings Per Share
(sen)



Share Performance





Corporate Information

Corporate Information

Board of Directors

Chairman

Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director

Datuk Hasmi Bin Hasnan

Deputy Managing Director

Wong Ping Eng

Independent Non-Executive Directors

Tan Sri Izzuddin Bin Dali

Dato Ir. Abang Jemat Bin Abang Bujang

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Datin Mary Sa'diah Binti Zainuddin

Tuan Haji Soedirman Bin Haji Aini

Company Secretaries

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

Registered Corporate Office

9th Floor, Wisma Naim,
2 ½ Mile, Rock Road,
93200 Kuching, Sarawak, Malaysia
Tel : 6 082 411667
Fax : 6 082 429869
Website : www.naim.com.my

Registrar

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens, North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 6 03 22643883
Fax : 6 03 22821886

Stock Exchange Listing

Bursa Malaysia
Listed on 12 September 2003
Sector : Property
Stock Code : 5073
Stock Name : Naim

Auditors

KPMG

Corporate Structure (at date of Annual Report)

OIL & GAS
- Dayang Enterprise Holdings Bhd.

PROPERTY
- Naim Land Sdn. Bhd.

PROPERTY DEVELOPMENT
- Total Reliability Sdn. Bhd.
- Khidmat Mantap Sdn. Bhd.
- Desa Ilmu Sdn. Bhd.
- Naim Commercial Sdn. Bhd.

PROPERTY INVESTMENT
- Yakin Pelita Sdn. Bhd.
- Naim Realty Sdn. Bhd.
- Peranan Makmur Sdn. Bhd.
- Samalaju Properties Sdn. Bhd.

ENGINEERING/CONSTRUCTION
- Naim Engineering Sdn. Bhd.

CONSTRUCTION
- Naim Binaan Sdn. Bhd.
- Kempas Sentosa Sdn. Bhd.
- Naim Capital Port Sdn. Bhd.

MANUFACTURING
- Naim Premix Sdn. Bhd.
- Unique Composite Sdn. Bhd.
- TR Concrete Sdn. Bhd.

TRADING / SERVICES
- Naim Supply & Logistic Sdn. Bhd.
- Naim Equipment Sdn. Bhd.
- Kempas Equipment Sdn. Bhd.

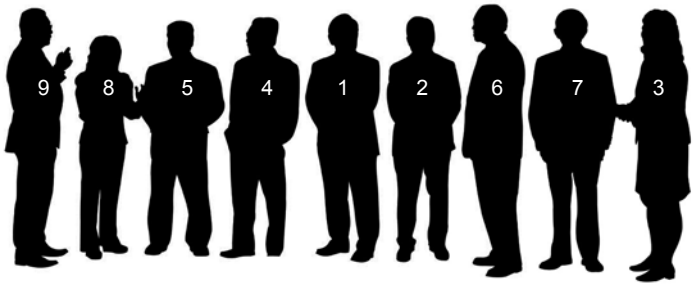
QUARRY OPERATIONS
- Naim Cendera Lapan Sdn. Bhd.
- Jelas Kemuncak Resources Sdn. Bhd.
- Simbol Warisan Sdn. Bhd.

OVERSEAS INVESTMENT
- Naim Overseas Sdn. Bhd.

FIJI COMPANIES
- Naim Engineering Construction (Fiji) Limited
- Naim Quarry (Fiji) Limited
- Naim Premix (Fiji) Limited

TWENTY SEVEN OTHER DORMANT COMPANIES

Board of Directors



1 **Datuk Amar Abdul Hamed Bin Haji Sepawi**
Chairman

2 **Datuk Hasmi Bin Hasnan**
Managing Director

3 **Wong Ping Eng**
Deputy Managing Director

4 **Tan Sri Izzuddin Bin Dali**
Independent Non-Executive Director

5 **Dato Ir. Abang Jemat Bin Abang Bujang**
Independent Non-Executive Director

6 **Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis**
Independent Non-Executive Director

7 **Professor Dato' Abang Abdullah Bin Abang Mohamad Alli**
Independent Non-Executive Director

8 **Datin Mary Sa'diah Binti Zainuddin**
Independent Non-Executive Director

9 **Tuan Haji Soedirman Bin Haji Aini**
Independent Non-Executive Director

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Malaysian aged
65

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)
- BSc (Hons) from University of Malaya
- Undergraduate studies in forestry at the Australia National University
- MSc in Forest Products from Oregon State University, USA

Present Directorship in other PLC(s)
Ta Ann Holdings Berhad
Sarawak Plantation Berhad
Smartag Solutions Berhad

Present Directorship in Non Listed Company
Sarawak Energy Berhad

Working Experience and Occupation
Prior to the Naim Group's listing he was the Non-Executive Chairman of Naim Land Sdn. Bhd. since 12 October 1995. Whilst remaining active in the timber and plantation industries, Datuk Amar Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 30 years, he has been active as an investor, manager and 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.

Directors' Profile (continue)

Datuk Hasmi Bin Hasnan
Managing Director

Malaysian aged
61

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)
- BSc in Estate Management from the London South Bank University, UK
- Senior Certified Valuer with International Real Estate Institute, USA
- Member of the International Real Estate Federation (FIABCI)

Present Directorship in other PLC(s)
Dayang Enterprise Holdings Bhd

Present Directorship in Non Listed Company
Naim Incorporated Berhad

Working Experience and Occupation
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 Land Sdn. Bhd. and has since been the main driving force behind the company's growth and expansion. He was awarded the Property Man of the Year for 2008 by FIABCI in Kuala Lumpur.

Wong Ping Eng
Deputy Managing Director

Malaysian aged
40

Date of Appointment
29 November 2012

Academic/Professional Qualification(s)
- Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur
- A Certified Accountant with Malaysian Institute of Accountants (MIA) and Association of Chartered Certified Accountants (ACCA)

Present Directorship in other PLC(s)
Dayang Enterprise Holdings Bhd

Present Directorship in Non Listed Company
Naim Incorporated Berhad

Working Experience and Occupation
She has more than 15 years' experience in financial and accounting field. She started her career as Audit Assistant at KPMG Kuching in September 1997 until December 2000. She then moved to Naim as Accountant overall in-charge of the Accounts Department in Miri until 2004. In July 2004 to 2008, she was appointed the Operations Manager for Naim's Bandar Baru Permyjaya project in Miri where she was responsible for managing the whole of Miri's operations. In July 2008, she was promoted as Vice President – Finance and Accounts to oversee the Group 's Finance and Accounts Division and subsequently promoted as Deputy Director, Finance and IT Division. In August 2012, she was promoted to the position of Senior Director for the Group Support Division comprising of Finance and Accounts, Administration, Human Resource and Information Technology. She was appointed Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013 she was re-designated as Deputy Managing Director.

Tan Sri Izzuddin Bin Dali
Independent Non-Executive Director

Malaysian aged
65

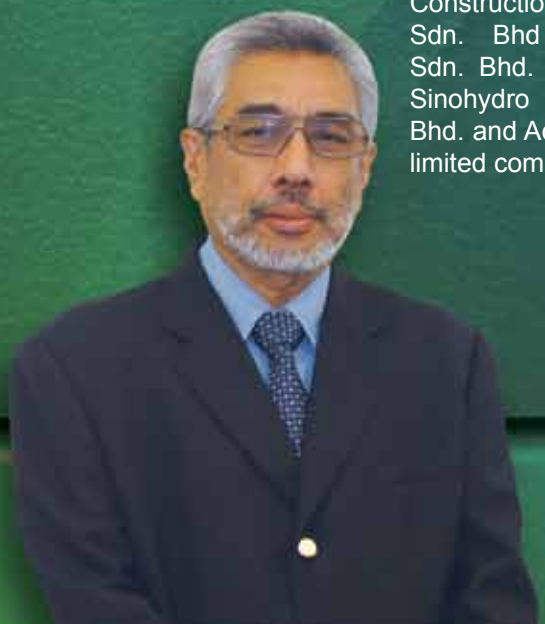
Date of Appointment
27 February 2013

Academic/Professional Qualification(s)
- Bachelor of Economics (Hons) from University of Malaya
- Masters of Arts (Economics) from University of Western Michigan, United States of America

Working Experience and Occupation
He has served the Government for more than 35 years in various departments within the Ministry of Finance. In 2004 he was promoted to the position of Secretary General of Treasury, Ministry of Finance. He retired from government service in March 2007.

He has previously served on a number of boards, including amongst others, Chairman of Kumpulan Wang Persaraan, Group Chairman of Syarikat Prasarana Negara Berhad, Chairman of Rapid Penang Sdn. Bhd, Chairman of Cyberview Sdn. Bhd, Chairman of Syarikat Pembinaan BLT Sdn. Bhd, Chairman of Sarawak Hidro Sdn. Bhd, Non-Independent Non-Executive Director of Petronas, Malaysia Airlines System Bhd, Perbadanan Insuran Deposit Malaysia, Bank Negara Malaysia, Syarikat Bekalan Air Selangor, Uda Holdings Berhad, Malaysia Airports Holdings Berhad, Bintulu Port Sdn. Bhd. and Kuala Lumpur International Airport Berhad. His international stint also included board membership in the International Islamic Trade Finance Corporation, a subsidiary of the Islamic Development Bank based in Jeddah.

He is currently the Chairman of Bina Mashor Sdn. Bhd, Proven Construction and Development Sdn. Bhd and Prima Gading Sdn. Bhd. as well as Director of Sinohydro Corporation (M) Sdn. Bhd. and Advisor of several private limited companies.



Directors' Profile (continue)

Dato Ir. Abang Jemat Bin Abang Bujang
Independent Non-Executive Director

Malaysian aged
61

Date of Appointment
i As Independent Non-Executive Director on 25 July 2003
ii Re-designated to Non-Independent Non-Executive Director on 14 March 2005
iii Reinstated as Independent Non-Executive Director on 21 March 2011 till now

Academic/Professional Qualification(s)
- Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia.
- Registered Professional Engineer with the Board of Engineers, Malaysia
- Member of the Institute of Engineers, Malaysia.

Working Experience and Occupation
He joined Telekom Sarawak as a Telecommunication Engineer from 1979 to 1986 and assumed the post of Director of Telecom Department Sarawak from 1987 to 1990. He was the General Manager of Syarikat Telekom Malaysia Sarawak Region from 1995 to 1998. Subsequently from 1999 to 2000, he served as the Chief Executive Officer of TM Cellular Sdn Bhd, a wholly-owned subsidiary of Syarikat Telekom Malaysia. From 2001 until his retirement on 31 October 2012, he was the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997 and Panglima Setia Sarawak (PSPS) in 2011 by TYT Yang Di-Pertua Negeri Sarawak.

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Independent Non-Executive Director

Malaysian aged
68

Date of Appointment
16 February 2005

Academic/Professional Qualification(s)
- Degree of Doctor (honoris causa) by Swinburne University of Technology, Australia
- Master in Business Administration from Brunel University, UK
- Diploma in Management Science (Finance), Institut Tadbiran Negara Malaysia (INTAN)
- Certificate of Executive Programme AIM
- Senior Executive Fellows Programme, Harvard University, USA

Working Experience and Occupation
He joined the Sarawak Administrative Service in 1965. He worked in Government Service for 41 years and has held various senior posts in Government Departments and Statutory Bodies until he retired from service in December 2005.

He was a Director of Sarawak Electricity Supply Corporation (SESCO), Aseambankers (M) Berhad, Tradewinds (Malaysia) Berhad and Sarawak Widows and Orphans Pension Fund (WOPF), Alternate Member to State Secretary Sarawak in Employees' Provident Fund (EPF) Board and a member of Majlis Islam, Sarawak. Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis is currently the Deputy Chairman of Yayasan Sarawak and he is also the Board Member of Sarawak Economic Development Corporation (SEDC).

He is currently the Chairman of the Charitable Trust, Bandar Sri Aman Mosque and a Council and Board Member of Swinburne University of Technology Sarawak Campus.

Datin Mary Sa'diah Binti Zainuddin
Independent Non-Executive Director

Malaysian aged
58

Date of Appointment
27 February 2013

Academic/Professional Qualification(s)
Bachelor of Social Science (Hons) Universiti Sains Malaysia

Present Directorship in other PLC(s)
KKB Engineering Berhad

Working Experience and Occupation
She has more than 30 years of experience in the oil and gas industry and was the General Manager, Petronas Sarawak Regional Office Kuching since 2009. Her wide experience covers many aspects of management, including public relations, administration, marketing, procurement and corporate affairs. She is also the President of Sarawak Women Hockey Association.

Tuan Haji Soedirman Bin Haji Aini
Independent Non-Executive Director

Malaysian aged
58

Date of Appointment
17 September 2013

Academic/Professional Qualification(s)
Fellow of the Association of Chartered and Certified Accountants, UK

Present Directorship in other PLC(s)
Sarawak Consolidated Industries Berhad

Working Experience and Occupation
He started his career with Petronas in 1982 and after serving 13 years with the Company, he resigned in 1995 to join the Sarawak State Government. He is currently the General Manager of Sarawak Economic Development Corporation (SEDC). His previous employment in the Sarawak Civil Service included the Permanent Secretary of Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer.

He currently sits on the Board of various Government-Linked Companies and Non-Governmental Organisations.

Directors' Profile (continue)

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Independent Non-Executive Director

Malaysian aged
61

Date of Appointment
15 May 2007

Academic/Professional Qualifications

- Bachelor degree in Civil Engineering from the University of Brighton
- Master degree in Structural Engineering from the University of Manchester
- Registered Professional Engineer (PEng) with the Board of Engineers, Malaysia, and Chartered Engineer (CEng) with the Engineering Council, UK
- Fellow of the Institution of Engineers, Malaysia (FIEM), Institution of Civil Engineers, UK (FICE), International Ferrocement Society (FIFS), Academy of Sciences, Malaysia (FASc) and ASEAN Academy of Engineering and Technology (FAAET).
- Honorary Member (Academician) of the Kazakhstan Engineering Academy, Honorary Fellow of the Institution of Engineers, Malaysia and the ASEAN Federation of Engineering Organisations

Working Experience and Occupation

Professor Dato' Abang Abdullah began his career as a lecturer at Universiti Putra Malaysia in 1976, promoted to Associate Professor in 1982 and full Professor in 1987. He was upgraded to Senior Professor (Special Grade B) in 1995 and in 2008 to Senior Professor (Special Grade A). At the same time he was made Deputy Dean, Faculty of Engineering in 1981 and Dean in 1982. He was the Chairman of the Malaysian Council of Engineering Deans and served as a Design Engineer of Malaysian International Consultants and Perunding Bakti Sdn. Bhd. He has served as a Board Member of Malaysian Highway Authority (LLM) and Board of Engineers, Malaysia (BEM). He is currently the President of the Malaysian Society for Engineering and Technology (MySET), and a past President of the Institution of Engineers, Malaysia (IEM) and Federation of Engineering Institutions of Islamic Countries (FEIIC).

He was elected as an Honorary Adviser of the Master Builders Association, Malaysia (MBAM) and the Chairman of CIDB Steering Committee on Industrialised Building System. He was appointed Advisor to King Abdullah University of Science and Technology (KAUST), Saudi Arabia, Adjunct Professor of Universiti Malaysia Sarawak, Board/Council Member of Universiti Kuala Lumpur (UniKL), Board Member of National Accreditation Board (LAN), Director of Housing Research Centre (HRC), Universiti Putra Malaysia and Board Member, Polytechnic Curriculum Board, Ministry of Higher Education.

He has written a book on Industrialised Buildings Systems (IBS) and been involved in research work on housing and construction technology, specifically in the areas of low cost materials of construction, industrialised building systems and affordable quality housing.

Please refer to page 138 for Directors' securities holdings in the Company.

There is no other family relationship between the Directors and/or major shareholders of the Company.

All Directors are Malaysians.

None of the Directors was convicted for any offence.

Please refer to page 44 for Directors' attendance at board meetings held during the financial year.


Naim Academy's
'Ethics & Integrity" Workshop

We recognise the importance of talent management and development in sustainability of the Group and as such, are committed to invest in honing our talent, developing our people and rewarding them for their efforts and initiatives. We have also put in place succession plans to ensure the Group's continued growth.

It was a whirlwind of activities for our people in the year under review, ranging from recruitment and professional development conferences to implementation of new performance management programme and participation in various Government talent development schemes.

Our initiatives reaffirm our commitment to make Naim **A TRULY GREAT PLACE TO WORK**.

Human Capital Development

Naim Academy

We believe that as the Group grows, our people grow with us. This philosophy has led to the establishment of Naim Academy, the Group's training and development arm focusing on continuous development of our people via structured training and development interventions held throughout the year. These training interventions were the result of a detailed training needs analysis done in an effort to close the performance gap. Combining internal and external sessions on a wide range of soft and technical skills areas such as project management, finance, customer service excellence and positive work attitude, the total training hours achieved in 2013 was 19,121, with a total of 1,212 staff involved in the said training sessions.

Professional Development Conferences

We organised the following inaugural conferences to facilitate construction and site management excellence:

a. Construction Management Conference 2013 (9 and 10 November 2013)

Themed 'Transformation Towards Site Management Excellence', the conference was attended by 150 participants comprising mid and senior construction staff involved in a diversified range of construction sectors such as infrastructure, building, MRT and oil and gas from Kuching, Miri, Bintulu, Murum, Kuala Lumpur and Fiji. Presentation of papers by internal and external experts, such as the representative of JGC Corporation's Bintulu LNG project was held to educate our staff on international best practices in site management.

b. Project Conference 2013 (16 December 2013)

The conference which was attended by more than 30 project and site managers saw sharing sessions to facilitate project management excellence.

Recruitment and Related Initiatives

2013 saw the recruitment of 281 new staff for executive to senior management positions in civil engineering, quantity survey and project management.

In addition, we also participated in the following career expos to boost our talent pool:

- Jabatan Tenaga Kerja career fairs in Bintulu and Mukah (27 April and 6 July 2013 respectively)
- The Sarawak Career and Training Fair in Kuching (15-16 March 2014)

National Talent Enhancement Programe (NTEP)

We participated in the NTEP, a programme launched by the Performance Management and Delivery Unit (PEMANDU), a unit under the Prime Minister's Department and in collaboration with the Workforce Development Unit under the Sarawak Chief Minister's Department, which was designed to accelerate the development of skilled workers in Malaysia, with specific reference to engineering graduates as well as technical and vocational qualification holders.

Under the programme, a 12-month traineeship is provided to participants and upon completion, the trainees demonstrating good potential can be


Construction Management Conference

Talent Management and Development (continue)

absorbed into our Group. A total of 2 engineering and quantity surveying degree holders participated in this programme for 2013.

This programme forms part of our recruitment and talent development initiatives now, and in the future.

Succession Planning

Naim Management Trainee Programme (NMTP)

The NMTP launched in 2011, is now into its third year of implementation. NMTP was designed to facilitate succession planning and involved the taking in of elite graduates and providing them with opportunities to learn via attachment with various departments or divisions and other relevant training interventions to groom them to become Naim's future leaders.

This 12-month intensive programme includes both office and site attachment, and participants are also required to attend the Executive Certificate in Management (ECIM) programme, which comprises of 12 modules in total. Upon completion of the programme, participants are required to submit a training report on their observations, project assignment, learning points and proposals for improvement. Participants will then be assessed for their employment suitability.

Performance Management

We successfully implemented the new performance management system to drive performance and productivity among our team. This comprehensive programme aims to measure and drive human capital performance quantitatively and qualitatively, objectively reward performers and develop human capital based on specific job-related competencies.

In addition, we also introduced an improved employment benefits package, in line with our objective to be the Employer of Choice and to enhance our talent pool.

Process Improvement

We introduced an online claims process known as the 'E-claim' to expedite and streamline the claims process. This process is part of our initiatives to facilitate operational excellence within the Group.

Employee Engagement and Productivity Improvement Programme

We encourage management engagement with our team to develop and motivate them in their work. Under this programme, periodic sessions are organised whereby senior management staff are invited to share their experience and best practices with our team.

Year 2013 also saw the implementation of compulsory daily tool box meetings at project sites to facilitate sharing on specific health, safety and environment information, and to ensure greater teamwork and discipline at site.

In addition, the following were also organised to allow for greater employee engagement in relation to various operational, work culture and site management aspects:

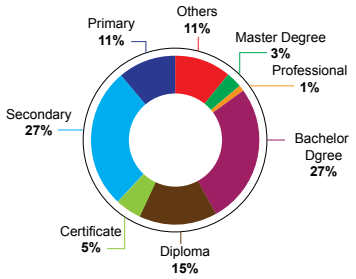
- Mass Tool Box Meeting in Miri (5 July 2013)
- Town Hall Session in Kuching (28 February 2014)

Our Workforce and Workplace Diversity

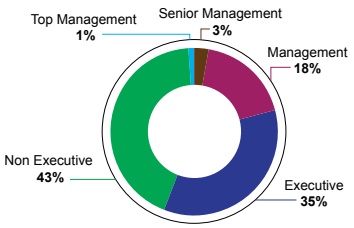
We encourage workplace diversity and provide equal opportunity for all team members – all team members irregardless of age, gender, race, religion, nationality and education work in harmony and have equal opportunity to succeed.

We also believe in recruiting the best talent available and developing them to realise their full potential. As at 31 December 2013, there was a total of 930 monthly staff working at various locations, with 51% holding tertiary and technical qualification consistent with our objective to absorb more young graduates and technically qualified persons into the workforce. Among our executive level employees, 79. 9% possesses professional and/or postgraduate qualifications.

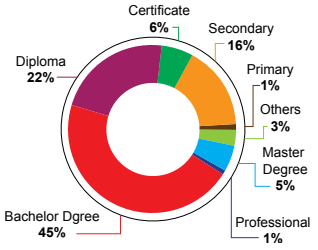
Manpower Distribution for Monthly Paid Employees as at 31 December 2013



Manpower Distribution by Job Category as at 31 December 2013



Manpower Distribution for Monthly Paid Employees (Executives & Above) as at 31 December 2013



Our Awards and Accolades

2013
APEA
Outstanding Entrepreneurship Category

2010
The Sarawak CMEA Award:
Large Enterprise Category (Construction)

2012
The BrandLaureate Best Brands Awards 2011-2012:
The BrandLaureate Conglomerate Awards 2011-2012

2012
The Sarawak CMEA Award:
Large Enterprise Category (Construction)

2005
Malaysia Corporate & Social Environment Responsibility Award

2007
The Malaysian Construction Industry Excellence Awards:
Contractor Award Grade7

2008
FIABCI Malaysia Property Award:
Property Man of The Year

2009
SHEDA Execellence Awards:
Top Developer In Residential Development

2004
KPMG Shareholder Value Awards

2004
The Malaysian Construction Industry Excellence Awards:
Builder of The Year Award

2004
The Malaysian Construction Industry Excellence Project Awards:
Medium Scale Project Engineering Category

2005
17th International Construction Awards:
New Millennium Award Spain, Madrid

2002
CIDB Builders Building Works Category Awards:
Institutional Building Project

2003
SCCI Annual Corporate Report Awards:
Best Annual Report Award

2003
The Malaysian Construction Industry Excellence Project Awards:
Medium Building Category

2004
Malaysia Canada Business Council Excellence Awards:
Industry Excellence for Construction Award

Business Review


Bandar Baru Permyjaya, Miri, Sarawak

Dear Valued Shareholders

It has been a commendable year for Naim Holdings Bhd. with the Group achieving the highest net profit attributable to owners and property sales in our history.

We have persevered against challenges, chartered new frontiers and strived for excellence in 2013.

Letter to our Shareholders (continue)

FINANCIAL PERFORMANCE

Profit before tax was up 123.8% at RM252.6 million

Overall Results

The Group achieved commendable revenue of RM711.5 million for 2013, which represented a 44.4% increase as compared with 2012. Profit before tax was up 123.8% at RM252.6 million, and profit attributable to shareholders was up by 163.4% at RM235.7 million, compared with 2012. Earnings per share rose by 163.4% to 99 sen as compared with 38 sen in 2012.

Perspective of Sapphire On The Park @ Kuching Paragon, Batu Lintang, Kuching, Sarawak

Contributions to Results

Contributions to overall revenue of RM711.5 million were as follows:

Property Division	:	RM298.0 million /41.9%
Construction Division	:	RM372.6 million / 52.4%
Others	:	RM40.9 million / 5.7%

Apart from revenue, other contributions to profit included a share of results in relation to our associates amounting to RM56.5 million as compared with RM42.6 million in 2012, and share of results of joint ventures of RM15.4 million (2012: RM11.3 million).

Dividends

Despite the fact that Naim does not pursue a written dividend policy since its listing, it has consistently rewarded shareholders with good dividend payouts, amounting to an average payout ratio of 33.5% illustrated as follows:

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Dividend rate	12%	12%	15%	15%	13%	8%	10%	8%	8%	3%
Payout Ratio	43.2%	37.5%	55.4%	48.1%	39.0%	22.3%	24.2%	40.7%	21.2%	3%
Gross Dividend payout (RM million)	29.7	29.5	36.7	36.7	31.2	19.0	23.7	19.0	19.0	7.1

Since listing, Naim has paid a total of RM274 million in gross dividends, more than its paid-up capital of RM250 million.

Since listing, Naim has paid a total of RM274 million in gross dividends, more than its paid-up capital of RM250 million.

REVIEW OF FINANCIAL PERFORMANCE

Property Division

The Property Division's revenue was up by RM69.5 million, from RM228.5 million in 2012 to RM298.0 million in 2013. At the same time, the property profit also increased two-fold, from RM44.5 million in 2012 to RM86.4 million in 2013. This was partly attributed to the contribution from prior year sales as a result of increased progress of development works, resulting in higher quantum of revenue recognized. The Property segment also achieved additional new sales of about RM331 million in 2013, which will be progressively contributing positive results to this segment within the next two years.

The Property Division's revenue was up by RM69.5 million, from RM228.5 million in 2012 to RM298.0 million in 2013.

Construction Division

Although the Construction Division's revenue was up by RM149.2 million, from RM223.4 million in 2012 to RM372.6 million in 2013 due to substantial progress of works achieved and contribution from new construction projects secured during 2012 and 2013 such as MRT, port extension and LNG Train 9 projects, this segment registered a loss of RM84.3 million against a profit of RM19.9 million in 2012. This was mainly due to substantial deterioration in profit margins for the Fiji Road Rehabilitation project (changes in work scopes by the client), resettlement projects (challenging projects in the interior of Sarawak resulting in higher than anticipated logistics, material and labour costs, inclement weather resulting in lower productivity and land blockage issues, and cost of 'rescuing' sub-contractors), as well as substantial amount of provisions made for liquidated and ascertained damages (LAD), bad debts and potential obligations/liabilities.

Dayang Enterprise Holdings Bhd.

Other Division

Despite consistent revenue of about RM40.9 million for 2013 and 2012, the performance by this segment (a majority of which comprises supply, trading and manufacturing businesses) still fell below expectation, registering RM3.8 million loss in 2013 against RM2.5 million profit in 2012. This was mainly due to rising overhead costs caused by lower operational activities in our quarry, premix and sand extraction operations, which are running below capacity.

Associate Company – Dayang Enterprise Holdings Bhd.

Dayang Enterprise Holdings Bhd. performed very well throughout 2013, registering a profit after tax of approximately RM149 million, an increase of approximately 46% as compared with 2012. With its ongoing contracts of above RM4


Perspective of
MRT Projects, Peninsular Malaysia

Letter to our Shareholders (continue)


Sabah Oil and Gas Terminal (SOGT) in Kimanis, Sabah

billion to last at least until 2018, we expect this investment to contribute positively to the Group's results.

Other Oil and Gas Project

Our Sabah Oil and Gas Terminal project secured in 2010 via an alliance contract with Samsung Engineering Col Ltd and PETRONAS continued to contribute positively to the Group. In addition, our LNG Train 9 project in Bintulu, Sarawak which was secured in 2013, has started to contribute to the Group's bottom line, which was taken into account in our Construction Division's performance.

LOOKING AHEAD

Economic Situation

2013 saw the global economy's slow and jagged recovery. It was still a struggle, with the eurozone in recession for much of the year and living standards in most of the developed world still below their 2007 peak. While the developed economies showed signs of improvements, growth was at a slower pace as compared to the past, as recorded by the US, China and India. Although Europe also showed signs of recovery, it was an uneven one, and as such, this region and the euro are not out of the woods yet.

Looking back in 2013, Malaysia's economy can be described as a year of two halves – the first half was solely focused on the highly fought elections, and the period thereafter during which economic growth slowed as investors, especially foreign ones adopted a 'wait and see' attitude. The second half of the year showed stronger growth, with GDP expanding 5.1% in Q4 2013, due to strong domestic fundamentals, spurred by strong domestic demand and improvement in exports.

Looking ahead to 2014, although Malaysia's economy is expected to build on the momentum from the end of 2013, backed by strong fundamentals locally, a potentially better external outlook and comprehensive measures in the Budget 2014, growth in demand is expected to be moderate as consumers feel the impact of removal of subsidies (due to the Government's fiscal consolidation measures) and constraints in private sector spending due to inflationary pressures triggered by various reforms. With Malaysia being an open economy with a significant export industry, it is expected to be impacted by the global economy, the recovery of which is anticipated to be a bumpy one in 2014.

Looking ahead to 2014, although Malaysia's economy is expected to build on the momentum from the end of 2013, growth in demand is expected to be moderate.

As such, 2014 is set to be another challenging year for us.

We have exercised great caution in planning, embarked on changes in processes and key personnel towards continuous improvement, maintained operational excellence and worked as one in 2013 - our commendable results this year was the outcome of fruits of our labour. We will continue to charge on and are cautiously optimistic for the medium and long terms, for reasons highlighted herein.

Perspective of Sapphire On The Park @ Kuching Paragon, Batu Lintang, Kuching, Sarawak

Show Unit Sapphire On The Park @ Kuching Paragon, Batu Lintang, Kuching, Sarawak

Property

This is a challenging sector, with increased competition, higher construction costs, stricter bank lending regulations and higher logistics costs. The sector was made even more challenging by the recent imposition of new regulations to curb property speculation such as higher real property gains tax (RPGT) and banning of interest capitalization schemes – all such regulations created an unfavourable buyer sentiment in that buyers adopted a 'wait and see' attitude in the later part of 2013 in anticipation of the implementation of such regulations in 2014.

To capitalize on the increased preference for affluent 'live, work and play' lifestyle in Kuching, we have launched our iconic Kuching Paragon Integrated Development, commencing with its first component Sapphire On The Park upmarket condominium development on 2 February 2014. This component was also the first product under our newly established upmarket brand known as the 'Naim Signature Collection' (hereinafter referred to as 'the Collection'), designed to move Naim up the value chain. In addition to Kuching, our Bahagia Residences apartments in Miri, which were also launched on 2 February 2014 have received overwhelming response. Although we expect some degree of slowdown in the take-up of our Kuching Paragon's Sapphire development and Bintulu Paragon's Street Mall and Small Office Versatile Office (SOVO) developments, competitive pricing and attractive product packages may sustain demand for these properties. In addition, the bustling business environment brought about by the Sarawak Corridor of Renewable Energy (SCORE) helps to sustain market demand in the State.

> 'Naim Signature Collection' is designed to move Naim up the value chain.

As part of our long term plans, we continue to actively seek opportunities to acquire strategic land banks in Sarawak, Sabah and Semenanjung Malaysia to further strengthen the growth of the Property segment in terms of sales, profit and market share.

Perspective of Street Mall, Bintulu Paragon, Bintulu, Sarawak

Interior perspective of SOVO, Bintulu Paragon, Bintulu, Sarawak

Letter to our Shareholders (continue)


Permy Mall, Bandar Baru Permyjaya, Miri, Sarawak

Since December 2012, we have managed to secure, cumulatively, about RM849 million new order book

Construction

We would like to report that since December 2012, we have managed to secure, cumulatively, about RM849 million new order book (including Naim's share in JV projects), which should sustain our short term earnings growth. For the short to medium term, a number of sizeable construction tenders has been submitted and we are cautiously optimistic to secure some to replenish and increase our order book which currently stands at about RM1.25 billion (including Naim's share in JV projects). For the longer term, we have our eyes firmly on SCORE – with our track record, we are capable of tackling these projects.

In terms of operations, the revamp of our Construction Division is now underway, with a new construction project team and revamp of existing operational procedures and processes. In addition, various proactive efforts and measures have been put in place to tighten cost controls and improve efficiency to closely monitor operational costs and improve construction margins. In view of the competitive market in recruiting the best talents, we have appointed a renowned human resource consultant, Aon-Hewitt to study and work out suitable Long Term Incentive Plan for our Group and is expected to be completed by the third quarter of 2014.

Other

For the near term, we still continue to improve the quarry, premix and sand extractions by putting various measures to market and sell the products to achieve economies of scale and performance improvements.

There are also plans to divest non-performing business.

Our successful venture into retail property, Permy Mall which exceeded our expectations, has spurred us to embark on similar ventures in Bintulu, Miri and Kuching. In addition to retail property, we are planning to embark on other types of commercial properties in the above mentioned regions for recurring income.

Associate Company

Our associate, Dayang Enterprise Holdings Bhd. is expected to contribute positively to our results in the near future with its ongoing hook-up and commissioning contracts and delivery of a new workboat, MV Dayang Opal capable of boosting its marine services business.

Oil and Gas

Our achievement in Oil and Gas construction projects is notable, via our partnership with Samsung Engineering Co. Ltd (Sabah Oil and Gas Terminal) and involvement with JGC Corporation, Japan (LNG Train 9 project in Bintulu, Sarawak). With these collaboration and involvement, particularly with JGC (one of the largest LNG contractors in the world), it has given us a valuable insight and lesson in world class project management system by virtue of 'transfer of technology', which will further strengthen our operations and enhance staff efficiency.

These projects signal the dawning of a new frontier for the Group – a platform for new and exciting opportunities in this industry in time to come.


Naim-Samarahan District Council Joint Tree Planting Event, Samarahan, Sarawak

CORPORATE AFFAIRS

Corporate Governance

We will continue to strive for the highest standards of business integrity and are continuously taking steps to review and uphold the best practices, and maintain an exemplary corporate governance framework within the organization. The main objective of maximizing long-term economic value shall and will remain the Group's core value, whilst maintaining a sustainable business growth.

Human Resources

2013 saw the successful implementation of a new performance management system to drive performance and productivity among our team. In addition, we have introduced an improved employment benefits package to attract and retain talent.

Corporate Social Responsibility

As we celebrate our achievements and the many awards won, we recognise that as a successful corporation, we have a responsibility to positively impact our community and preserve our environment for the benefit of future generations.

We have always taken into consideration the interests of community in which we operate and assumed the responsibility for the impact of our business activities on customers, suppliers, employees, shareholders, communities and the environment. The Group is committed to its triple bottom line and is determined to fulfill this responsibility beyond our statutory obligations.

> We have a responsibility to positively impact our community and preserve our environment for the benefit of future generations.

We will continue to strive to be an ethical and responsible corporate citizen. Our increased efforts in this regard is a testimony of our enduring commitment to balance overall environmental, social and economic goals towards building a sustainable future.

ACKNOWLEDGEMENTS

For our commendable performance in 2013, we wish to acknowledge the contributions by our team which includes not only our employees, but also our Directors, joint venture partners, sub-contractors, consultants, financiers, associates and service providers who have worked along with us every step of the way. Our sincere gratitude also goes to all Ministries, Departments, Statutory Bodies and Regulatory Agencies who have co-operated and guided us throughout the year.

Our heartfelt thanks also go to our customers and shareholders for your unwavering support throughout the years, without which, we could not have come so far and achieved so much.

On this note, we would like to acknowledge the contribution of our outgoing Directors, Datuk Haji Hamden Bin Haji Ahmad, Abang Hasni Bin Abang Hasnan and Tuan Haji Jeli Bohari Bin Biha for their support over the years. We would also like to welcome our new Director, Tuan Haji Soedirman Bin Haji Aini - we greatly look forward to your kind guidance to bring Naim to greater heights in time to come.

For 2014, we have set ourselves a modest target – with the support of our customers and clients, and commitment of our team and all concerned, and barring any unforeseen circumstances and factors beyond our control, we are confident we can achieve this and look forward to an even more exciting journey ahead!

Thank you and our warmest regards.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Performance Overview


Naim Sales Gallery, Kuching, Sarawak

Property was the main driver of earnings for the Group.

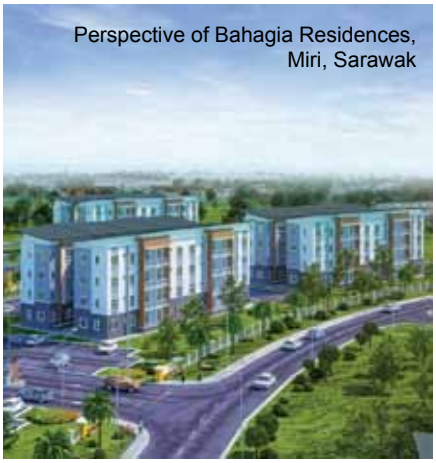
Property Sales

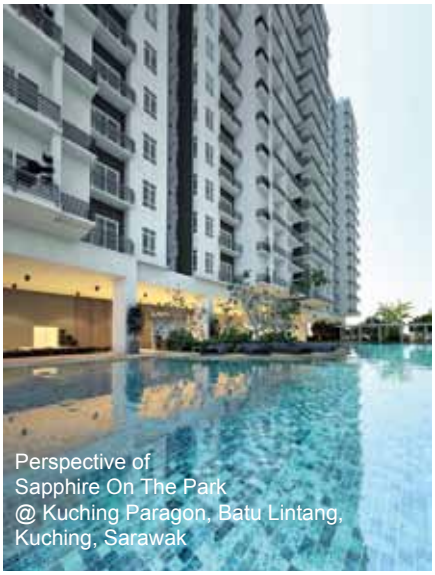
The Group achieved record breaking sales in 2013 with a total sales value of RM330.9 million. A total of 692 units comprising of residential and commercial properties were sold, with successful launches and sales in Bintulu, Miri and Kuching throughout the year.

New Property Developments

2013 got off to a resounding start with the successful launch of our much awaited Phase 1 of Bintulu Paragon integrated development, commencing with its Street Mall component in February 2013, followed by Small Office Versatile Office (SOVO) development in April 2013. With its total GDV of approximately RM2 billion for the entire development and the 'boom' created by the SCORE investments, Bintulu Paragon will provide earnings visibility for the longer term. Our Kuching launches, comprising of apartments and shophouses, and those in Miri namely landed residential properties in Desa Bahagia and Desa Murni, and shophouse units at Pusat Bandar were also very well-received.

We launched our iconic Kuching Paragon integrated development situated at Batu Lintang, Kuching in February 2014, commencing with its first component, the exclusive Sapphire On The Park condo development. In conjunction with Kuching Paragon's launch, we introduced Naim's newly created upmarket brand, known as the 'Naim Signature Collection' of which Sapphire is the first product under the said Collection. The Collection is set to move Naim up the value chain as an upmarket property developer in time to come. In addition, we launched Miri's first apartment development known as Bahagia Residences in February 2014, with a commendable take-up upon launch.


Perspective of Bahagia Residences, Miri, Sarawak


Perspective of Sapphire On The Park @ Kuching Paragon, Batu Lintang, Kuching, Sarawak

Moving forward, we have also planned for launches in Kuching, Bintulu and Miri throughout 2014 comprising apartments, condominiums, terrace, semi-detached and detached houses, and also shoplots. With over 2,500 acres of land bank located at Sarawak's key growth areas namely Bintulu, Miri and Kuching, we can expect a bright future for the group. We are also looking at expanding our land bank through direct purchase of suitable land and joint ventures.

Property Investment Division

Permy Mall located in Miri, our first property investment project launched in December 2011 has done well for 2013. The Mall is


Murum Resettlement Scheme, Murum, Sarawak


Murum Resettlement Scheme, Murum, Sarawak

about 91% tenanted, yielding a good return on investment. In anticipation of Miri's expanding population, plans are underway to provide more retail offerings, a hotel and apartments.

Permy Mall's success has also encouraged us to expand our retail investments, and we are targeting further such developments in Miri, Bintulu and Kuching.

CONSTRUCTION DIVISION

Completed Projects

To date, the Division successfully completed the following projects:

- Bengoh Dam Resettlement Scheme's infrastructure and associated works, Padawan, Kuching
- 204 Units of 'Rumah Mesra Rakyat' (RMR) Housing at Bengoh Resettlement Scheme, Padawan, Kuching
- Fiji Road Rehabilitation Project
- Murum Resettlement Scheme
- The Terbat/Pankalan Amo/ Tebedu Road (Package A) at the Samarahan Division

Notably, our RMR project at Bengoh Resettlement Scheme was commended by the State Government as one of the best resettlements schemes in the State (Source: The Star, 30 Jan 2013) In addition, Naim, as part of its corporate social responsibility initiatives is contributing community halls, church and chapel and priests' quarters for the scheme.

Ongoing Projects

Among the ongoing projects are:

- MRT (Package S2 and S4)
- Tanjung Manis Port Extension
- Tanjung Manis Water Treatment Plant and Associated Facilities
- LNG Train 9 Projects

Works for the above projects are progressing well.

Future Projects

We are continuously seeking further businesses for the medium and long term, and have submitted bids for various projects ranging from infrastructure to building works.

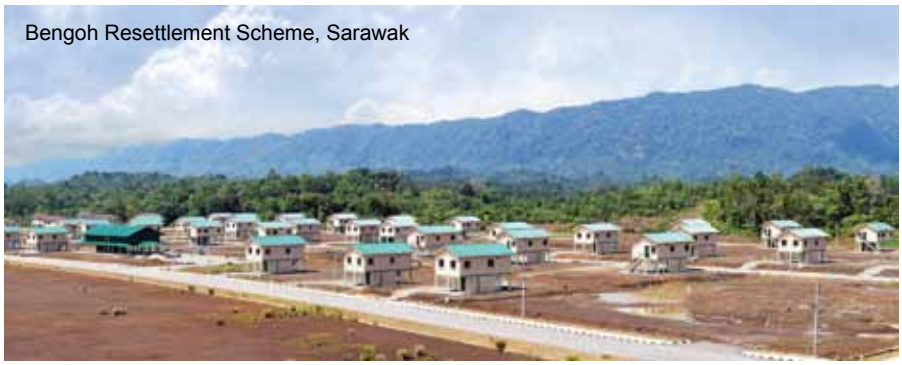
Oil and Gas Division

Our foray into oil and gas via the Sabah Oil and Gas Terminal (SOGT) and Bintulu's LNG Train 9 project have allowed us to gain valuable experience and exposure in this highly competitive and complex sector. Works for these projects are progressing well.

We are also seeking business opportunities for the medium and long term in the oil and gas sector, and have submitted bids for various projects in this regard.

Associate Company

Our associate, Dayang Enterprise Holdings Bhd. achieved a stellar performance this year, with a profit after tax of approximately RM149 million, due to higher contribution from its business segments. With its substantial ongoing contracts which are expected to last at least until 2018, we expect this investment to contribute positively to the Group's results in time to come.


Bengoh Resettlement Scheme, Sarawak

Corporate Social Responsibility

We endeavour to integrate our role as a corporate citizen with our day-to-day business.

We are guided by the values which have been stated in our Group's vision and mission statements, and our corporate responsibilities statement, which were framed to express our goals and aspirations as a corporate citizen.

Our engagement in corporate social responsibility has the following objectives:

- To continue to be a successful organisation
- To influence and provide opportunities for stakeholders to make a positive contribution towards a sustainable future
- To contribute to the communities, especially those in which Naim is present, in terms of overall environmental, social and economic goals

One of the significant efforts towards this end is the setting up of Tabung Amanah Naim (Naim Trust Fund) in 2004 which seeks to provide assistance in areas namely education, relief of distress, promotion of unity through sports, arts and culture, religious worship or advancement of religion and other patriotic or charitable purposes. The trust fund is expanded on an annual basis by donations from the Group and its subsidiaries. To date, the fund has contributed more than RM4 million for various purposes.

We have also established a scholarship scheme under Tabung Amanah Naim in 2005, which covers full academic fees, lodging and books. Since its establishment, we have awarded a total of 26 scholarships, with 4 local scholarships under the scheme awarded in 2013.

In addition, we have made corporate donations of some RM3.9 million for various welfare, charitable, sports, religious, disasters and education purposes during the year.

Our efforts in this regard demonstrate our commitment to our Triple Bottomline – people, planet, profit.

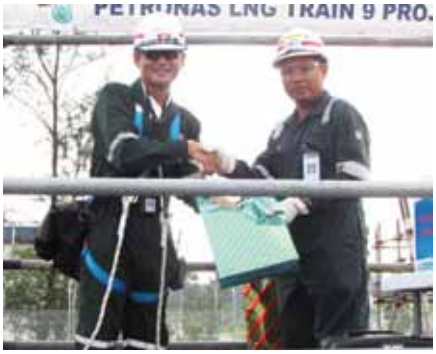
Quality, Health, Safety and Environment (QHSE) Policy

As part of our commitment to QHSE, the Group introduced various policies such as Zero Defects Policy and Healthy Workplace and Zero Accident Policies, which culminated in the formulation of our QHSE Charter in 2010.

We are determined that our activities shall not have any detrimental health and safety impact on our employees, subcontractor's employees, customers or any member of the community at large. Our QHSE Management is a coherent system of ISO 9001:2008, OHSAS 18001:2007 and EMS 14001:2004 and is recognized by the Moody International. We have also engaged a well qualified HSE Manager recognised by the Department of Safety and Health who is tasked to focus on QHSE related matters.

'Quality At Workplace' Training Programme (25 & 31 Jan & 15 Mar 2013)
The programmes were organised to inculcate the culture that quality is central in all operational aspects.

'Project Management' Training (20 – 21 June & 24 – 25 June 2013)
The programmes were organised to drive project management excellence by project managers and project directors.



'Work Safely, Go Home Happily' HSE Campaign (5 Jul 2013)
The campaign was launched to drive the realisation that everyone, from senior management to contractors and workers must be part of the health and safety system. Various processes were implemented, including compulsory daily tool box meetings on site.

'10,000 Steps' Merdeka Event (7 September 2013)
More than 130 staff participated in the said event, organised by Sarawak's Health Department towards promoting a healthy lifestyle.

Naim Wins HSE Incentive Programme Awards (28 Oct 2013)
We took home a whopping 2/3 of the said awards, organised by JGC Corporation in Bintulu.

Naim Celebrates 1 Million Manhours Without Lost, Time, Injury (LTI) (12 Nov 2013)
Our Oil and Gas Team celebrated 1 million manhours without LTI for its Bintulu LNG project.

Naim Organises Construction Management Conference (9 – 10 Nov 2013)
The inaugural conference was organised to facilitate construction management excellence. A total of 150 participants, comprising mid and senior construction staff participated in the said event.

Naim Organises Project Conference (16 Dec 2013)
The conference was held to share best practices in project management and processes to promote project management excellence.

Corporate Social Responsibility (continue)

Environmental Responsibility

We assume environmental stewardship by integrating environmental preservation measures into our daily operations. In addition to the normal regulatory requirements, we incorporate other measures among others, utilising scrap materials in construction projects (Balingian Bridge, Sarawak), highly scrutinised chemical storage and waste disposal to prevent pollution and stringent enforcement of related policies via 'surprise checks' by HSE-related committees.

We also engage communities at our projects sites in 'gotong-royong' activities, disaster relief/post disaster clean-up efforts, activities to promote reduction of carbon foot print and many others.

We are delighted that our efforts have been duly acknowledged as we were adjudged the winner of the Sarawak Chief Minister's Environmental Award (CMEA) in 2010 and 2012 in Large Enterprise Category (Construction).

Naim-Samarahan District Council Joint Tree Planting Event, Samarahan, Sarawak (12 Sept 2013)
This event was held to mark the commencement of our CSR Week 2013, with over 70 participants involved in the tree planting activity. A total of 44 trees were planted in the Riveria Phase 7 green lung area.

Beach Clean-up At Tanjung Batu, Bintulu (21 Sep 2013)
As part of our CSR Week 2013, our Bintulu Team did massive clean-up at both beaches.

Naim-Miri City Concil Joint Luak Esplanade Beach Clean-up, Miri, Sarawak (21 Sept 2013)
It was a busy but happy day as our Miri Team cleaned up the beach, in conjunction with our CSR Week 2013.

'Gotong-Royong' At SK Pelaman Sigandar, Padawan (25 Oct 2013)
Our team organised the said activity to help clean up and beautify SK Pelaman Sigandar to promote clean and beautiful environment.

Community

Naim looks at positive investments by engaging with communities where the Group has direct impact and where stakeholders may have an influence on operations. This comprises investments that aim to facilitate progressive change and have a positive effect on the community, encompassing areas such as advancement of education, sports, assistance to the less fortunate and the needy, and many more. Our investments address universal basic needs whilst upholding and respecting human rights.

Over the years, our commitment towards the community has continued to expand, improve and be refined. We pledge to ensure business sustainability without compromising the rights and needs of future generations.

Go Crocs! (7 Jan 2013)
We sponsored Sarawak Football Association (FAS)'s youth and sports development programme for the third consecutive year, with a contribution of RM400,000. We have sponsored a total of RM1 million towards this programme.

Naim Aids Bintulu Chinese Schools (12 Feb 2013)
We sponsored a total of RM43,888 to six Chinese schools in Bintulu.

Naim Contributes To Chung Hua Middle School No. 1, 3, and 4, Kuching (23 Feb 2013)
We contributed RM50,000 to the Board of Management of Chung Hua Middle School No. 1, 3 and 4. We have been a consistent contributor for the past few years.

Naim Promotes The Art Of Video Production (Jan – Apr 2013)
Naim and Curtin University of Sarawak jointly organised a short video competition to promote and expose the public to the art of video production.

Corporate Social Responsibility (continue)

Naim Contributes Van To Mukah Community Based Rehabilitation Centre (Mukah PDK), Mukah, Sarawak (6 April 2013)
We donated a van to Mukah PDK,realising the Centre's dream of having its own van for its operations.

'Donate Blood, Save Lives' Campaign (29 June 2013)
Naim and Kuching Division Journalists Association (KDJA) jointly organised a blood donation drive to beef up the blood bank.

Naim Helps Autism Association (Go Cycle 4 Autism, 2013)(30 June 2013)
Permy Mall, Miri, collaborated with the Junior Chamber International (JCI) Miri to organise this event to raise funds for the Miri Children Autism Association.

Naim Contributes To Miri Malay Charitable Trust Board (LAKM) (12 Aug 2013)
We contributed RM50,000 to the said trust board in aid of its charitable causes.

Naim Engages The Murum Penan Community (17 Aug 2013)
We celebrated Hari Raya festival by organising a open house for the Penan communities around the Murum area.

Naim Assists The Bengoh Community (18 Sept 2013)
We handed over our Bengoh Resettlement Scheme's (BRS) site office to the State Education Department to be converted into a temporary primary school for the children of the BRS community.

Naim Supports Building Houses For The Needy (23 Oct 2013)
We inked an MOU with the Habitat for Humanity to contribute RM400,000 towards Habitat's Borneo Blitz Build 2014 (BBB 2014) project, which involved the building of 14 units of houses for the deserving. Under this collaboration, our staff would also be participating in the building works for the said houses.

Naim Recognised For Participation In the Pioneer Group For Skim Latihan 1Malaysia (SL1M) Programme (12 Nov 2013)
We were accorded due recognition for our participation in the pioneer group of the said programme, which involved attachment programme for unemployed graduates and sponsorship of 2 months' soft skills training for them.

Naim Comes To The Aid Of Typhoon Haiyan Victims, Philippines (4 Dec 2013)
Our Group, together with our staff, contributed RM53,843 to UNICEF Malaysia's Philippines Children's Emergency Appeal, in support of UNICEF's efforts to help survivors of the devastating Typhoon Haiyan.

Internship Programmes

We believe that industrial training is an integral component in empowering the young. By providing them with a first-hand experience in the employment world, students will be better equipped to handle challenges in their future workplace and moulded to become more responsible and charismatic.

In this regard, we have an ongoing internship program which provides undergraduate and graduate students opportunities to perform their industrial training with us as part of their course requirements. In 2013, a total of 36 students underwent their internship with us.

In addition, we also provided attachment and training to 5 participating graduates under the SL1M programme.

Naim In The News

Naim officially unveils Signature Collection and Sapphire project

Sapphire, the first product under the Collection certainly provides attractive value propositions to investors and buyers.

KUCHING: Naim Holdings Bhd (Naim) has launched its upmarket brand, Naim Signature Collection (Signature Collection) and the first product under the brand known as the Sapphire on the Park (Sapphire) condominium development, in conjunction with the opening of its new sales gallery located at Rock Commercial Centre.

The Signature Collection's Sapphire development is a part of Kuching Paragon's integrated development in the heart of Kuching city at Batu Lintang.

According to a press statement, Kuching Paragon is a one-stop hub that integrates residential, business, retail, and hospitality components.

The Signature Collection will showcase unique propositions of a selected range of residential and commercial properties.

During the launch, Naim's deputy managing director, Christina Wong said that the response to Sapphire was very encouraging, with many buyers taking advantage of Naim's Ang Pow promotion.

"Sapphire, the first product under the Collection certainly provides attractive value propositions to investors and buyers.

"We invite all to be a part of Kuching Paragon's Sapphire," said Wong.

As the first product under Naim's Signature Collection, Sapphire is set to be a sought after up-market condominium development in the region.

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Wong (centre) with Naim corporate marketing and business development senior general manager Zenny Ibrahim (left), and Naim asset management senior general manager Tony Lau Hiang Chu (right), are seen performing the ribbon cutting ceremony to mark the opening of the new sales gallery.

Naim, staff donate to Unicef fund for Philippines typhoon victims

Sarawak property on display at expo

FOR A NOBLE CAUSE: Abdul Hamed (second left) presenting a mock cheque to Tong, witnessed by Fatimah (centre), as Hazmi (left) and Nga (right) look on.

Naim signs MoU with Habitat to build houses for the poor

KUCHING: Naim Holdings Bhd, one of Malaysia's leading developers and contractors, yesterday inked a Memorandum of Understanding (MoU) with Habitat for Humanity Malaysia (Habitat) to contribute RM400,000 towards Habitat's Borneo Blitz Build 2014 (BBB 2014) project.

The donation was made through Naim Foundation, a dedicated special purpose vehicle focusing on charitable causes.

The BBB 2014 project involves the construction of 14 units of singlestorey semi-detached houses at Jalan Stephen Yong, to start on Sept 13 next year.

Present to grace the event was Minister of Welfare, Women and Family Development Datuk Fatimah Abdullah.

Also present were Naim's chairman Datuk Amar Abdul Hamed Sepawi, Naim Holdings Bhd group managing director Datuk Hazmi Hassan, Habitat Malaysia president Allen Tengpaul Habitat for Humanity Malaysia vice president Timothy Ngu.

Hazmi said the collaboration with Habitat demonstrated Naim's strong commitment by providing assistance to the less fortunate members of the society.

"At Naim, a strong awareness of our corporate social responsibility (CSR) is ingrained into our business model. As a responsible corporate citizen, Naim has always taken into consideration the interests of the community where it operates and takes responsibility for the impact of its business activities on customers, suppliers, employees, shareholders, communities and the environment," he explained.

He stressed that Naim is committed to fulfil its CSR by extending assistance beyond statutory obligations and compliance with legislation, adding that the company is driven by passion to make a difference in people's lives and not expecting something in return.

Hazmi pointed out that the donation was only a start, adding that under the collaboration, Naim staff would be also be participating in the construction works of the houses. The participation of Naim's staff would promote the spirit of volunteerism among the team members, he added.

"We will see how it goes and we will contribute more in the future. I see this as a beginning of a relationship that we want to build because we want to contribute to the society because if it is not from the society, we will not be here where we are today," he stressed.

He went on to say that Naim was proud to become the partner of Habitat, and described the project as "worthy" as it will provide a decent home for the poor.

Nga, meanwhile, said Habitat was grateful for the contribution, adding that the project is the largest single project in the country undertaken by them.

According to him, the BBB 2014 project requires about RM1.8 million, and hoped that the commitment from Naim be emulated and move sympathetic individuals would come forward to support housing as a foundation for breaking the poverty cycle.

Signaling their with the donation, Naim had become the first sponsor of the BBB 2014 project.

"Building homes and building lives and that is what we (Habitat) do, to break the people from the vicious cycle of poverty," Nga stressed, adding that since Habitat Malaysia began in 1991, it had served more than 200 families through its resource centres in Kuala Lumpur, Kuching and Kota Kinabalu affiliates.

Nga also thanked businessman Victor Lee, who donated 1.2 acres of land for the houses.

Naim joins the ranks of Asia's best managed companies

KUCHING: Naim Holdings Bhd (Naim) added another feather to its cap by being adjudged the Best Small Cap company in Malaysia by FinanceAsia in its 13th annual poll of Asia's top companies.

FinanceAsia is Asia's leading financial publishing company and authoritative source for finance, investment banking, economic and capital markets news.

Naim's deputy managing director, Christina Wong said that the result was a testimony that Sarawak based companies have the capability to do well.

"We are honoured with the poll result.

"This sends an important message to all - that Sarawak companies can do it," she said.

Wong remarked that Naim's achievements were reflective of the group's sustainability, made possible by the Naim team who have worked relentlessly towards achieving its vision.

"Our journey was a long and hard one. We persevered through challenges as a team.

"We exercise due to care in what we do to sustain and enhance the shareholder values of the company.

"Most importantly, we have always operated with an awareness of the community around us and strived to give back to the community in ways which we can.

"From our humble beginnings, we have evolved into a multi-award winning developer and contractor, winning a total of 15 awards comprising of quality, industry and international awards since 2002.

"It has been a fruitful journey."

Christina said that Naim would continue to build products of quality to the people.

"We are introducing new work, live and play experiences to the Sarawak community.

"For instance, we have launched the Phase 1 of our Bintulu Paragon integrated development early this year, with components such as Street Mall and Small Office Versatile Office (SOVO) available.

"These are actually new concepts not only for Bintulu, but also Sarawak. So far, things have been very encouraging.

"There are more exciting plans in the pipeline," she added.

GIVEN RECOGNITION: Wahid (rear, centre) handing over the Certificate of Recognition to Jeli Bakar (second right). This is witnessed by Deputy DG for Ministry of Education Datin Dr Siti Nurizah Tapsir (left), director of Human Capital Development, Economic Planning Unit Dr Mohd Ganeh Abu (second left) and Nazaddin Datuk Ismail, head of Secretariat, SL1M (right).

Naim recognised for SL1M Programme participation

PUTRAJAYA: Naim Holdings Bhd (Naim) was accorded due recognition for its participation in the pioneer group for the SL1M Programme (Program Skim Latihan 1 Malaysia).

During a recognition ceremony held at a leading hotel in Putrajaya recently, the certificate of recognition was presented by Minister in the Prime Minister's Department in charge of Economic Planning Senator Datuk Sri Abdul Wahid Omar to Jeli Bakar Siba, chief operating officer of Naim Academy, Naim's training and development unit.

Naim also participated in a dialogue session with the Minister towards enhancing the strategic partnerships between corporate organisations and relevant government agencies to further promote and enhance the implementation of SL1M programme.

SL1M, a programme under the Economic Planning Unit (EPU) and launched by the Prime Minister on June 1, 2011 involves collaborations between private organisations and GLCs, and the Government to address the issue of employability amongst underprivileged graduates.

Under this programme, organisations involved would sponsor two months of soft-skills training with eight to 10 months on-the-job training to participating graduates.

Naim's group managing director Datuk Hazmi Hassan explained that Naim has always been a strong advocate of capacity building of the nation's human capital.

"Capable human capital is crucial to the continued success of our nation. SL1M provides us an opportunity to play a part in such capacity building, at the same time allowing us to help in reducing unemployment among the graduates, which we strongly feel, in our corporate social responsibility.

"At our group level, we have tasked both our training and development unit, Naim Academy and our Human Resources Department, to oversee SL1M-related matters and activities," Hazmi said.

Hazmi added that SL1M provides an additional avenue to search for future leadership talents amongst the graduates.

"We want to develop young people to be future Naim leaders. Hence, internally, we have put the SL1M programme under our 'Naim Leadership Talent Search Programme' (NLTS).

"We call upon graduates to apply to us to participate in this programme.

"We hope to provide a great learning experience for the participating graduates and will work closely with the relevant government agencies towards ensuring the success of this programme," Hazmi said.

Happy day: The pupils with their new computers and reading materials.

SK St Phillip receives computers from Naim

KUCHING: There was joy for SK St Phillip's pupils and staff when they received two new computers and reading materials for their computer lab and resource centre from Naim Holdings Bhd.

The contributions, which were made under Naim's community outreach programme, were handed over to the school recently.

Construction manager Clif Mengod said Naim, as a responsible corporate citizen, always took into consideration the interests of the community in which it operates.

"At Naim, a strong awareness of our corporate social responsibility is ingrained into our business model. As we are part of the community, we have a duty towards community preservation and development.

"Towards this end, we have a strong community outreach programme which seeks to provide assistance to the needy," he said.

SK St Phillip principal Paul Rahan said the contributions would greatly benefit the students and add value to their learning experience.

"Coincidentally, works on our new computer lab were just completed a couple of weeks ago. Naim is the first corporate organisation to contribute towards the lab.

"Although we are not a big school, we try our best to assist our students in ways which we can. With these computers, the students learning experience can be enhanced," he said, adding that he was grateful to Naim for the gesture.

Located in Padawan near here, St St Phillip has 34 students as well as 12 teachers and administrative staff.

Among those present at the handover ceremony were school board chairman Rev Father Arsmel Canjoh, Parent-Teacher Association chairman Rev Christopher Ajis Raw Annah Rais village head Dominic Yong and parish priest Rev Father Tony Jilat George.

Happy day: Hasmi (third from right) with some of the children who attended Naim's Hari Raya open house in Murum. Also seen are some personnel from the company as well as guests from local communities.

Naim treats 400 from Murum to Raya lunch

KUCHING: More than 400 people working and living around Murum were given a treat by Naim Holdings Bhd recently when it hosted its Hari Raya open house at the Metalun scheme.

Its group managing director Datuk Hasmi Hasman, accompanied by several members of Naim's senior management, were on hand to welcome guests, who included Naim's Penan workers and their families as well as those from nearby villages.

The guests were feted to a delicious buffet lunch and the children were given duit raya.

"The Hari Raya open house is an excellent opportunity to touch base, not only with our workforce but also with the community in the area," said Hasmi.

Naim currently employs a total of 47 Penans from Long Singu, Long Menapa, Long Luar and Long Tangau for the Metalun resettlement scheme's construction work.

Hasmi explained: "Naim has always operated fully aware of the interest of the community in which we operate.

"The employment of the Penans allows them to be trained in basic construction skills while at the same time earn a living to support their families.

"We hope that by being equipped with the necessary basic skills, they are able to find jobs with which they can improve their standard of living."

ONE FOR THE ALBUM: Participants and officials of the conference in a group photo.

Naim holds Construction Mang't Conference 2013

BIG KO: Gingkuan presenting his paper on JGC Corporation's best practices in site management.

SAFUK: Naim listening to keynote address.

STAUNCH SUPPORT: Lim (third left) receives the sponsorship from Bateman (second left) at Naim Holding Berhad office along Jalan Stesk yesterday.

Badminton academy receives Naim sponsorship for 8th year

KUCHING: Pacific Badminton Management (PBM) is hoping to produce more calibre shuttlers to represent Sarawak in Sukma and national age group competitions.

PBM owner and head coach Dominic Lim said feeling this hope and ambition is Naim Holdings Berhad which has been as supportive to the badminton academy since 2005.

"In 2007 when PBM was set up, we were only looking at development but now some of the trainees have progressed to representing the state at Sukma and other national competitions," Lim said after receiving an annual sponsorship of RM25,000 from Naim Holding Berhad yesterday.

The sponsorship, for the eighth consecutive year to run PBM development and training programme, was presented to Lim by Naim Holding senior general manager Charles Bateman.

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Over 40 trees planted at Riveria's green acre

Grand: An artist's impression of the upcoming property in Bintulu.

Naim launches small office, versatile office project in Bintulu

KUCHING: Naim will launch its small office, versatile office (Soho) development in Bintulu tomorrow and in Sibu the following day.

The Bintulu and Sibu roadshows will be held at Naim Bintulu Sales Gallery and Kingwood Hotel respectively.

The roadshows are open to the public between 9am and 8pm.

Naim deputy property chief operating officer Leong Jee Yon said the Soho development was one of the components in its iconic Bintulu Paragon integrated development.

"Found from RM200,000 onwards, our Soho office units redefine modern business. They are suitable especially for small and medium businesses. "They have versatile layouts which offer spatial flexibility. They are also conveniently situated above our street walk, as such, nation-like eateries, retail and entertainment are merely a street's throw away," Leong said in a press statement yesterday.

He said business owners could operate within a nice and safe environment, as the Sohos would be managed in consultation with a property management consultancy from Singapore.

"Also, there will be 24-hour security with patrols and CCTV surveillance.

Photo: An artist's impression of the lobby at the upcoming property in Bintulu.

"Besides, as the Soho units are located within Bintulu Paragon integrated development, the units have good investment potential," he said.

Naim's new Street Mall units will also be available for sale to coincide with the Soho launch.

On this, Leong said: "The sales of our Street Mall units have been overwhelming. This is the third batch of units open for sale."

Naim is offering buyers flexible payment scheme and other valuable.

"Buyers are required to pay only 10% to 15% now and the balance upon completion, subject to various terms and conditions.

"In addition, we also provide free legal fees for Sale and Purchase Agreement and Memorandum of Transfer," Leong added.

For more information, call 086-330 888 (Bintulu), 082-422 488 (Kuching), 083-401 000 (Miri), Gary Kho (019-856 6738) or Gerald Sim (016-888 6700).

90 pct Naim's Snowbell units taken up

POPULAR: Buyers flock to the Naim Sales Gallery to sign up for Snowbell.

By Eric Edward
eric.edward@theborneopost.com

MIRI: About 90 per cent of Naim Land Sdn Bhd's Snowbell single-storey semi-detached houses have been taken up as of March 30.

General manager of sales and marketing Alice Ting said response to the units has been overwhelming.

"Most of these units were purchased by customers who registered their interest prior to the launch date. As there are limited units left, I urge those interested to come and see us," she said.

Ting said Snowbell's main attraction is its value for money.

Priced from RM245,000, Snowbell offers affordability and great design with three bedrooms, two bathrooms and a car porch which fits three cars.

In addition, it also comes with Naim's 24 month warranty period as an assurance of quality.

Ting added that as a leading property developer, Naim is committed to quality and timely delivery.

Also available in the Citrus double-storey terraced house, which is priced from RM245,000 and two-storey shop houses of Pusat Bandar Phase 4.

Naim's Miri sales office is at Lot 225-226, First Floor, Permyjaya Mall, Bandar Baru Permyjaya.

Call 085-416666 or visit naimlim.com or go to www.naim.com.my for further information.

Naim's sales gallery is open daily from 9am to 6pm.

Naim Land Sdn Bhd is a wholly-owned subsidiary of Naim Holdings Bhd.

> Most of these units were purchased by customers who registered their interest prior to the launch date. As there are limited units left, I urge those interested to come and see us.
>
> Alice Ting, Naim Land Sdn Bhd general manager of sales and marketing

Results to today: Naim sales and marketing personnel holding talks at the roadshow in Miri.

Naim property roadshow in Sibu gets encouraging response

Corporate Diary 2013

Naim Launches Small Office Versatile Office (SOVO), Bintulu Paragon (6 Apr 2013)
We launched the second component of our Bintulu Paragon integrated development. In conjunction with the said launch, feng shui talks entitled 'Make Money With Bintulu Paragon' were also held.

'A Night of Colour' 2013 (14 June 2013)
It was colour rush as the Naim family held its Annual Dinner 2013 at the Pullman Hotel, Kuching. More than 250 staff attended the said event, with special awards presented to various staff in recognition of their exemplary performance in the Company.

SHEDA's 'Glittering Enchantment Nite' (6 July 2013)
We attended the Sarawak Housing and Real Estate Developer Association's (SHEDA) Annual Dinner cum Excellent Awawrds 2013 event hald at the Borneo Convention Centre, Kuching (BCCK).

Naim Kuching and Bintulu 'Bersungkei' Events (18 and 25 July 2013)
In conjunction with the Ramadhan month, we organised breaking of fast events for staff in Kuching and Bintulu, at the Pullman Hotel and Parkcity Everly Hotel respectively.

Asia Pacific Entrepreneurship Awards 2013 Honours Naim's Group MD (27 Aug 2013)
Datuk Hasmi Hasnan, our Group MD made Sarawak proud when he was awarded the 'Outstanding Entrepreneur Award' by the Asia Pacific Entrepreneurship Awards 2013. The prestigious awards are world-class awards recognising and honouring business leaders who have shown outstanding performance and tenacity in developing successful businesses within the region. More than 400 local and overseas guests attended the said event.

Naim Showcases Properties At Malaysia Property Expo (MAPEX 2013)(25 – 27 Oct 2013)

We showcased our integrated developments in the MAPEX 2013 held at the Mid Valley Exhibition Centre, KL. The said expo saw a total of 90 'blue-chip 'developers showcasing their developments not only to the Malaysian community, but also to the world.

Naim Recognised By Unit Peneraju Agenda Bumiputera (TERAJU) (13 Nov 2013)

TERAJU, a strategic unit under the purview of the Prime Minister's Department, Malaysia established to spearhead the Bumiputera agenda as part of the National Transformation Plan, recognised Naim as a successful Bumiputera company in a dinner event organised at the Pullman Hotel, Kuching.

Naim Attends Sarawak Chamber Of Commerce And Industry's (SCCI) 62nd Anniversary Dinner (15 Nov 2013)

We attended the said dinner held at the Borneo Convention Centre, Kuching (BCCK), which was a forum bringing together Sarawak's business and government leaders in a platform to exchange ideas and opinions as well as to network with one another.

Naim Fetes Local Press In Appreciation Night (20 Dec 2013)

We organised our annual media night, with more than 100 members of the media attending the event. Members of the media were treated a sumptuous dinner and entertained by ilve band, karaoke session, games and lucky draws.

Presentation Of Keys For Rumah Mesra Rakyat (RMR) Houses At Bengoh Resettlement Scheme (BRS) (21 Dec 2013)

We attended the said event, where 52 BRS families were presented with keys to their new home at the scheme. The event was organised by the Sarawak Housing Development Corporation (HDC) and the keys were handed over by the Housing Minister, Datuk Amar Abang Johari Tun Openg, who is also Sarawak's Tourism Minister.

Corporate Governance

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

The Group will continue to strive for the highest standards of business integrity and is continually taking steps to review and uphold the best practices and maintain an exemplary corporate governance framework. The main objective of maximizing long-term economic value shall and will remain the Group's core value, whilst maintaining a sustainable business growth.

BOARD OF DIRECTORS

The Board of Directors plays a vital role in corporate governance. The Board endorses the overall direction of the Group, approves the Group's long term objectives, strategies, policies, annual budgets and major capital expenditures, monitors the performance and ensures accountability to the shareholders, the relevant authorities and other stakeholders.

The Board is also responsible for the review of performance of the Group's strategies, objectives, business plans and budgets, and has oversight of the Group's operations and management.

BOARD COMPOSITION AND BALANCE

The number of Directors shall be determined by the Board within the limits as prescribed in the Articles of Association of not more than fifteen (15), taking into consideration the size and breadth of the business and the need for Board diversity.

During the year under review, there were a number of changes in the Board composition as the Company strived to comply with the recommendations of the Malaysian Code of Corporate Governance 2012 ("MCCG 2012")

1. On 27 February 2013, the appointment of two (2) Independent Non-Executive Directors, Tan Sri Izzuddin Bin Dali and Datin Mary Sa'diah Binti Zainuddin to the Board
2. On 25 April 2013, the redesignation of Datuk Haji Hamden Bin Haji Ahmad who had served more than nine (9) years as Independent Director to Non-Independent Non-Executive Director
3. Also on 25 April 2013, Executive Director, Abang Hasni Bin Abang Hasnan and Non-Executive Director Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik resigned as Directors of the Company
4. On 17 September 2013, Tuan Haji Soedirman Bin Haji Aini was appointed as Independent Non-Executive Director
5. On 31 December 2013, Datuk Haji Hamden Bin Haji Ahmad resigned as Director and Chairman of the Audit Committee

   In the current year, 2014, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis, an Independent Non-Executive Director has served more than 9 years on the Board. Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 requires the Board to justify and seek shareholders' approval in the event it retains an Independent Director who has served for more than nine years.

   The Board of Directors is of the opinion that Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis continues to have the required character, integrity, independence and experience to fulfill the role of an Independent Non-Executive Director. The Board of Directors is not aware of any circumstances that might influence Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis in exercising his independent judgment. Based on the aforesaid, a separate resolution will be proposed under Agenda item 5 for Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis' retention as Independent Non-Executive Director at the forthcoming Annual General Meeting.

   At the forthcoming Annual General Meeting, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis retires by rotation pursuant to Article 85 of the Company's Articles of Association and being eligible offers himself for re-election. The proposed resolution to retain Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis as an Independent Non-Executive

Corporate Governance Statement (continue)

Director shall be subject to and contingent upon Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis being re-elected as Director of the Company.

The Board's current composition is as follows:

Category	No. of Directors	%
Executive Director	2	22
Non-Executive Director	1	11
Independent Non-Executive Director	6	67
Total	**9**	**100**

Notes:
Paragraph 15.02, Bursa Malaysia Securities Listing Requirements requires 1/3rd of the Board to comprise of Independent Directors. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest 1/3rd shall be used.

The Board is served by nine (9) Board Members. The Board comprises 22% of Executive Directors, 11% of Non-Executive Director and the balance of 67% comprises Non-Executive Directors who are independent. The Board is made up of a diverse group of individuals with broad experiences and accomplishments in finance, property, construction, project management, oil and gas, business development and multi-national companies, and all Members have demonstrated the ability to exercise sound business judgment. The Independent Non-Executive Directors do not participate in the routine operations and bring unbiased guidance to the Group. They constructively challenge and at the same time contribute to the development of strategies. They scrutinize the performance of management in meetings, approve budgets and monitor the reporting of performance. Being independent of management and free of any business or other relationships, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgments to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them. The segregation of duties between Executive and Non-Executive Directors is to ensure an appropriate balance of role and accountability at the Board level.

The Board has designated one of its members, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis to act as a liaison between the investment community and the Group's management and the Board. His email contact is rashid.azis@naim.com.my.

BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board is responsible for determining the number of meetings to be held each year. During the year under review, the Board met five (5) times.

Details of Board Members' attendance at Board meetings were as follows:

Name of Director	Number of Board Meetings attended	Percentage
Datuk Amar Abdul Hamed Bin Haji Sepawi	4/5	80%
Datuk Hasmi Bin Hasnan	5/5	100%
Wong Ping Eng	5/5	100%
Dato Ir. Abang Jemat Bin Abang Bujang	5/5	100%
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	5/5	100%
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	4/5	80%
Tan Sri Izzuddin Bin Dali[1]	4/4	100%
Datin Mary Sa'diah Binti Zainuddin[1]	4/4	100%
Tuan Haji Soedirman Bin Haji Aini [2]	1/1	100%

Notes:
[1] Appointed on 27 February 2013
[2] Appointed on 17 September 2013

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements of Bursa Securities.

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. On top of the quarterly meetings, the Board held an additional meeting to approve the audited financial results. These five (5) statutory board meetings were scheduled before the end of the preceding financial year, to allow Directors to plan ahead and block meeting dates in advance in their calendar.

Prior to every scheduled Board meeting, appropriate written materials relating to the Agenda to be discussed at the meeting have been circulated to all Directors in order to allow time for Directors to view the papers and facilitate full discussion at the Board meeting.

Presentations were scheduled during Board and Committee meetings by management and/or consultants and advisors in order to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's businesses. The management prepares such information in advance of each Board and Committee meeting to allow for adequate review and preparation.

Directors have a duty to declare to the Board, should they be interested in any transactions to be entered into directly or indirectly by the Company. Related party transactions are reviewed and deliberated at the Audit Committee Meeting and if deemed in the best interest of the Group, fair, reasonable and on normal commercial terms not detrimental to the interest of minority shareholders, the Audit Committee would recommend to the Board for approval. Interested Directors are required to abstain from deliberation and shall leave the meeting room when the matter is being deliberated. Corporate proposals, which require the approval of shareholders, interested Directors and persons connected to them are also required to abstain from voting in respect of the resolutions.

ACCESS TO ADVICE AND INFORMATION

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

All Directors have full, free and unrestricted access to the Senior Management, Company Secretaries, Accountants and Internal and External Auditors at all times.

All Directors are provided with timely and complete information on Board affairs and issues requiring the Board's decision. The management also provides progress reports relating to operational and financial performance of the Group.

CODE OF CONDUCT

The Directors observe a code of ethics in accordance with the Code of Conduct as contained in the Naim Employee Handbook and the Company Directors' Code of Conduct established by the Companies Commission of Malaysia. Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders.

DELEGATION AND DIVISION OF BOARD RESPONSIBILITIES

Matters reserved for the Board and those delegated to management are dependent on the nature of the responsibilities and the authority limits as spelt out in the Financial Authority Limit ("FAL"). The division of responsibilities between the Board and management therefore varies with the evolution of the Group. The governance framework includes leadership, strategic direction, roles, processes and policies, authority limits and accountability. The Board deliberates, approves and/or endorses the following:

a. Financial authority limit
b. Financial results

Corporate Governance Statement (continue)

c. Declaration of dividends
d. Review and accept recommendations from Board Committees
e. Yearly business plans and 5 years' business plans
f. Significant capital expenditure plans and acquisitions
g. Significant disposal of the Company/Group assets
h. Major issues or opportunities
i. Board circular resolutions
j. Changes in directorships and disclosure of interests
k. Disclosure of dealings by Directors and Principal Officers
l. Progress reports

DIVISION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

The Chairman chairs all Board meetings and is responsible for the overall leadership of the Board, whereas the Managing Director oversees and monitors the performance of the Deputy Managing Director and the Senior Management team, and is charged with the day to day conduct of the Group's business.

However, at Board meetings, the Chairman and the Managing Director share a common role of providing leadership and guidance to the Board, facilitating effective contributions from Board Members to ensure proper deliberation of all matters requiring the Board's attention.

BOARD AND MANAGEMENT RESPONSIBILITIES

The Managing Director and Deputy Managing Director monitor and oversee the performance of the Senior Management team, which is charged with the day to-day management of the Group's affairs and implementation of corporate strategy and policy initiatives.

The Managing Director and Deputy Managing Director also evaluate Senior Management's performance against the plans and budgets on a monthly basis.

The Board reviews the financial performance of the Group on a quarterly basis and it is fundamentally responsible for exercising business judgment and deliberating on value creation objectives of long-term significance to the Group. It also evaluates the performance of the management team annually against budgets or targets and other benchmarks, which are based on competitors in similar industries and business sectors.

CORPORATE RESPONSIBILITIES STATEMENT

The Group's corporate responsibilities are summarized as follows:

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

Please refer to page 32 to 37 for details in relation to Corporate Social Responsibility.

RESTRICTION ON DEALING IN SECURITIES

Directors and Principal Officers are discouraged from dealing in the Company's securities during closed periods, i.e. from the period commencing one (1) month prior to the targeted date of announcement of the quarterly results up to the date of the announcement to the Exchange.

Additionally, no dealing in the Company's securities is allowed from the time that price sensitive information is obtained up to the date of announcement of the information to the public. Price sensitive information is any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities

APPOINTMENTS TO THE BOARD

During the year under review three (3) Independent Non-Executive Directors were appointed to the Board.

The general guidelines for appointment to the Board, either to fill a vacancy as a result of a creation of a new post or the resignation or retirement of an existing Director, are as listed hereunder.

Acting on the recommendation of the Nominating Committee, the Board appoints the Director(s) until the next annual general meeting of shareholders.

The Nominating Committee shall be responsible for selecting, assessing, evaluating and recommending nominees for the Director's position. Each nominee will be evaluated on his competency in the mix of skills that will best complement the Board's effectiveness and knowledge, time commitment taking into consideration the number of Boards on which he sits, strategy and vision, commitment to the interest of shareholders, mature judgment, professional qualification, management ability and the possibility of any conflict of interest.

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

Only candidates possessing the highest standards of personal and professional ethics and integrity, practical wisdom and mature judgment, and who are committed to representing the interests of the stockholders at all times, will be considered for recommendation to the Board for appointment.

Upon appointment to the Board, the newly appointed Director is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of his/her appointment.

The Nominating Committee also reviews changes to the structure of the Board in light of the Listing Requirements and the Malaysian Code of Corporate Governance pertaining to composition of the Board and its Board Committees.

RE-ELECTION OF DIRECTORS

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

In addition, any newly appointed Director will submit himself for retirement and re-election at the Annual General Meeting immediately following his appointment pursuant to Article 92 of the Articles of Association. Thereafter he shall be subject to the one-third rotation retirement rule.

DIRECTORS' TRAINING

Directors' training is an on-going process to develop and refresh the Directors' knowledge and skills in order to improve the effectiveness of the Directors and Board. During the financial year, Directors attended the following external seminars and internally facilitated sessions:

Corporate Governance

- PLC Directors-Integrating Corporate Governance with Business Acumen
- Implementation Guide to the Latest Guidelines for Directors and Senior Managements
- Inaugural Asean Corporate Governance Summit 2013
- Latest Corporate Governance Requirement, Second Edition
- Corporate Governance Statement Reporting Workshop

Industry / Business

- The Inaugural Business Times Insight on "Affordable House"

Strategy / Risk / Investment

- Seminar on Risk Management and Internal Control

Corporate Governance Statement (continue)

Performance Management
- Developing and Customizing Performance Metrics Outputs by Job Types

In-House
- Naim Brainstorming Session
- Naim Construction Management Conference

Mandatory Accreditation Programme
- Mandatory Accreditation Programme for Directors of Public Listed Companies

The Directors will continue to pursue relevant seminars and trainings from time to time as they consider necessary to equip themselves so that they can discharge their duties effectively.

BOARD COMMITTEES

Each Board Committee comprises members of the Board of Directors and Senior Management which is mandated to carry out specified functions, programs or projects assigned by the Board. The main objective for the establishment of Committees is to assist the Board in the execution of its duties, to allow detailed consideration of complex issues and to ensure diversity of opinions, suggestions and recommendations. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles, including Board performance evaluation by the Nominating Committee. All matters determined by the Committees are promptly reported to the Board through their respective Chairpersons, as opinions and/or recommendations for Board's endorsement and/or decisions.

Membership of each Committee shall be determined by the Board acting on the recommendation of the Nominating Committee. It is the view of the Board that the size of each Committee and the blend of skills and experience of its members are sufficient to enable the Committee to discharge its responsibilities in accordance with the charter. Members of each Committee are drawn from the Board and the Group's Senior Management team, based on their respective skills, responsibilities and areas of expertise.

The Nominating Committee shall periodically review the Committee assignments and make recommendations to the Board for rotation of assignments and appointments as deemed appropriate. The Chairman of each Committee will develop the agenda for each meeting and will determine the frequency of the meetings.

The summary of Committee memberships is as follows:

Name of Directors/ Management staff	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		√
Datuk Hasmi Bin Hasnan			√	
Dato Ir. Abang Jemat Bin Abang Bujang	√		√ (Chairman)	
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	√	√	√	√
Datin Mary Sa'diah Binti Zainuddin		√		√ (Chairman)
Tan Sri Izzuddin Bin Dali		√		
Tuan Haji Soedirman Bin Haji Aini	√ (Chairman)			
Total No. of members	**3**	**4**	**3**	**3**

Management Committees managing specific projects were also set up. The Committees managed the project as a group of people instead of one individual and the advantage would be accessibility to the groups' collective wisdom.

The Committees shall serve as a focal point throughout the life span of the project and enable discussions of pressing matters.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

The Group communicates with shareholders by way of the Annual Report, by announcing its quarterly results and through periodical announcements to the market in general. The level of disclosure adopted in the Annual Report and quarterly results are designed to go beyond the statutory obligations, in order to serve as an effective means of communication and information on the Group's operations.

In addition, the investment community, comprising individuals, analysts, fund managers and other stakeholders have dialogues with the Group's authorized representatives (the Chairman, Managing Director and Deputy Managing Director) on a regular basis. This provides further channel in communicating and engaging directly with the shareholders, investors and investment community. Non-Executive Directors may attend such meetings but are not expected to provide information on the Group's performance. Discussions at such meetings are restricted to matters that are in the public domain.

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

The Group abides by the following main principles in its investor relations:

- thoughtful analysis of our market value relative to estimates of our intrinsic value, that is, the present value of our Group based on a series of future expected net cash flows
- ensuring that all information divested to our investors is consistent with our strategies, plans and actual performance
- providing transparency on our operations and performance
- understanding our investor base and their requirements

DIRECTORS' PERFORMANCE AND REMUNERATION

The Executive Directors' performance is measured against the Key Performance Indicators (KPI). KPI is a quantifiable metric that reflects how well an organisation has achieved its pre-determined targets/goals. The targets/goals are aligned with the overall strategy of the organisation.

The targets including quantifiable baseline and stretched targets, and incentives in the form of individual and team reward were pre-approved by the Board at the time the budget for subsequent year was tabled and may thereafter be revised based on the prevailing economic conditions.

The Managing Director and Chairman's remuneration package are recommended by the Remuneration Committee to the Board for approval. Fees for Non-Executive Directors are proposed by the Board and approved by shareholders at the Annual General Meeting.

During the year under review, bonus was paid to Executive Directors based on the Group's overall business performance combined with each individual's competency rating.

The remuneration for Executive Directors comprises two (2) parts namely the fixed and variable remuneration components. The fixed component is the basic salary whereas the variable component relates to incentives tagged to targets and outcomes and the ability to contribute to the long-term strategies of the organisation. Non-Executive Directors shall be eligible to the fixed component. However, they are not eligible to participate in the variable performance-linked incentive scheme in the form of annual bonuses.

Corporate Governance Statement (continue)

The key objectives of the Company's policy on Executive Directors' remuneration are as follows:

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

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

Non-Executive Directors are entitled to two kinds of remuneration:

1. meeting allowance or special allowances when called upon to perform extra services or give special attention to the business of the Group
2. Directors' fees recommended by the Board and approved by shareholders in the Annual General Meeting

As aforementioned, Executive Directors are paid salary and bonus. However, they are not entitled to meeting allowances and fees.

No Director is involved in determining his own remuneration.

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2013 are as follows:

Range of Remuneration (RM)	**Number of Directors**	
	Executive	**Non-Executive**
Above RM5,950,001 to RM6,000,000	1	-
Above RM3,550,001 to RM3,600,000	-	1
Above RM700,001 to RM750,000	1	-
Above RM250,001 to RM300,000	-	1
Above RM100,001 to RM150,000	-	1
Above RM50,001 to RM100,000	1	3
Above RM1 to RM50,000	-	-

The details of remuneration paid to each Director for the financial year ended 31 December 2013 are as follows :

Remuneration (RM)	**Executive**	**Non-Executive**	**Total**
Salaries	2,797,240	-	2,797,240
Allowances	-	3,054,924	3,054,924
Fees	-	474,407	474,407
Bonus, Incentive & Others	3,805,269	-	3,805,269
EPF	117,481	487,184	604,665
Benefit-in-kind	33,900	25,000	58,900
Others	-	181,107	181,107
Total :	**6,753,890**	**4,222,622**	**10,976,512**

ACCOUNTABILITY AND AUDIT

Statement of Directors' Responsibility in preparing the Financial Statements

The Board of Directors accepts responsibility for the integrity and objectivity of the annual financial statements of the Company and the Group. The financial statements have been prepared in accordance with the Financial Reporting Standards and provisions of the Companies Acts, 1965.

The Directors are also responsible in ensuring that the annual financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group.

In preparing the financial statements, the Directors consider the following:

- The Company and the Group have applied the appropriate accounting policies on a consistent basis supported by prudent judgements and estimates
- All applicable approved accounting standards have been complied
- Proper accounting records are kept in compliance with the provisions of the Act

The Directors have taken steps that are reasonably available to them to safeguard the assets of the Company and the Group in order to prevent fraud and other irregularities.

Internal Control

The Board is responsible for the Group's internal control, the overall purpose of which is to protect shareholders' investments and the Group's assets. The Board is assisted by the Audit Committee, which is responsible for monitoring the Group's internal control system, accounting policies and Financial Reporting. It also maintains a liaison with the internal and external auditors.

The Internal Audit reports regularly to the Audit Committee on their findings on the adequacy and effectiveness of the control systems. The Internal Audit operation covers all business operations, units, processes and functions of the Group. The Head of Internal Audit is Madam Shirley Noivont David. Further details of the internal audit function are as outlined in page 62 of this Annual Report.

The Group's Statement on Risk Management and Internal Control is described in pages 63 to 64 of this Annual Report.

Relationship with the External Auditors

The Audit Committee is directly responsible for the oversight of the engagement of the Company's auditors.

It is the policy of the Audit Committee to meet the external auditors twice a year to discuss the audit plan and audit findings. These meetings are held without the presence of Executive Directors and management.

Prior to the commencement of the audit for the financial year ended 31 December 2013, the Audit Committee met the external auditor on 26 November 2013 to discuss the audit plan and audit methodology, and during the meeting the external auditors, Messrs KPMG declared that its network firm, engagement partner and audit team's independence and objectivity were in compliance with relevant ethical requirements.

ADDITIONAL COMPLIANCE

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

Corporate Governance Statement (continue)

Share Buy-Back
A total cumulative treasury shares as at 31 December 2013 was 13,056,000.

During the financial year ended 31 December 2013, the Company did not purchase any of its own shares. In addition, none of the treasury shares were resold or cancelled.

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 Group 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 Group, 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 2013 amounted to RM155,000.

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

Profit Guarantee
During the financial year under review, there were no profit guarantees given by the Group.

Utilization of Proceeds
The proceeds from the Initial Public Offerings in 2003 was fully utilised as at 31 December 2009.

Related Party Transactions
The related party transactions are disclosed on page 129 of this Annual Report.

Material Contracts
There were no material contracts entered into by the Group 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.

This Statement is made in accordance with a resolution of the Board dated 29 April 2014.

NOMINATING COMMITTEE

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

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

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis as member of the Nominating Committee
Independent Non-Executive Director

Datin Mary Sa'diah Binti Zainuddin appointed as member of the Nominating Committee on 27 May 2013
Independent Non-Executive Director

Tan Sri Izzuddin Bin Dali appointed as member of the Nominating Committee on 27 May 2013
Independent Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad resigned as a Non-Executive Non-Independent Director and ceased to be member of the Nominating Committee on 31 December 2013

The current composition of Executive and Non-Executive Directors in the Nominating Committee is as follows:

Category	No. of Director(s)	Percentage
Non-Executive Directors	1	25%
Independent Non-Executive Director	3	75%
Total	**4**	**100%**

The main role of the Committee is to consider the nominees for appointment to the Board of Directors and to assess the core competencies of each existing Board member and new appointments, with special emphasis on their ability to contribute particular knowledge, expertise or experience and taking into account the future needs of the Group. Candidates will be evaluated in one or more of the following:

- **Relevant Knowledge, Skill and Experience**
  Commercial knowledge, business acumen and experience of Board Member against the strategic direction of the Group.

- **Strategy and Vision**
  With the requisite knowledge as aforementioned, 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 on their investments. The Board has to maintain a track record of sound business decisions that add value to the long-term strategic advantage of the Company.

- **Financial Management Skills**
  Board Members must be capable of monitoring the management's performance by 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.

Board Committees Report (continue)

- **Time Commitment**
  Service on the Board demands considerable commitment with regards to time to attend and participate in regular and special meetings of the Board and its Committees. A large portion of this time is devoted to reviewing materials relating to 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.

- **Conflict of interest**
  Candidates are required to disclose to the Board details of any contract or other interest involving the Company in which they have a personal interest.

- **Independence**
  A Director shall be considered independent if he does not have any direct or indirect relationship with Naim that may impair, or appear to impair, the Director's ability to make independent judgments and satisfies the requirements of "independence" of the Listing Requirements.

If the candidate is deemed suitable and fulfills the minimum requirements, recommendations will be submitted to the Board for consideration.

The Nominating Committee also evaluates the following:
1. Establish criteria for selection of Directors
2. Board structure, size and the balance of representation on the Board in light of both business needs and the Listing Requirements
3. Performance of the Board and Board Committees
4. Review the mix of skills and experience, including core competencies of Non-Executive Directors
5. Directors' Rotational Retirement Schedule

An outline of skills of the current Board members is as follows:

Datuk Amar Abdul Hamed Bin Haji Sepawi	-	Property Development, Construction, Timber, Oil Palm and Energy
Datuk Hasmi Bin Hasnan	-	Property Development, Construction, Timber
Wong Ping Eng	-	Audit, Finance and Operations
Dato Ir. Abang Jemat Bin Abang Bujang	-	Electrical Engineering and Telecommunication
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	-	Government and Education
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	-	Civil Engineering, Technology, Research and Education
Tan Sri Izzuddin Bin Dali	-	Government and Multi-National
Datin Mary Sa'diah Binti Zainuddin	-	Oil and Gas
Tuan Haji Soedirman Bin Haji Aini	-	Oil and Gas, Government, Audit, Finance and Operations and Investment

NOMINATING COMMITTEE – TERMS OF REFERENCE

Composition

The Nominating Committee shall be appointed by the Board from among their number and shall comprise 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 Nominating Committee are as follows:

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

The Nominating Committee meets as and when required, and at least once a year.

REMUNERATION COMMITTEE

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

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

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

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis as member of the Remuneration Committee
Independent Non-Executive Director

The current composition of Executive and Non-Executive Directors in the Remuneration Committee is as follows:

Category	No. of Director(s)	Percentage
Independent Non-Executive Directors	2	67%
Executive Director	1	33%
Total	**3**	**100%**

The Committee shall annually review performance against targets, corporate goals and objectives relevant to the remuneration of the Executive Directors. The remuneration package is structured to be arithmetically linked to the financial performance of the Group and with non-arithmetic elements determined by reference to personality traits, changes in job scope and responsibilities. Incentives are paid based on 3 criteria: results of Key Performance Indicators (KPIs), achievement of targets and outcomes, and the ability to contribute to the long term value creation of the organization. The overall remuneration package is devised to retain a stable management team and to align them with the Group's annual and long-term goals and interests of the shareholders.

Board Committees Report (continue)

REMUNERATION COMMITTEE – TERMS OF REFERENCE

Composition

The Remuneration Committee shall be appointed by the Board from among their number and shall comprise no fewer than three (3) members. A majority of members shall be Non-Executive Directors.

Duties and Responsibilities

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

1. 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 performance
2. 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
3. to keep abreast with changes in the total remuneration packages in external market comparables, and review and recommend changes to the Board when necessary

No member of the Committee or any Director shall participate in the meeting of the Committee (or during the relevant part) in which any part of his remuneration is being discussed or participate in any recommendation or decision concerning his remuneration and benefits.

The Remuneration Committee meets as and when required, and at least once a year to deliberate on the performance-related scheme i.e. the Key Performance Indicators and competency ratings of the Managing Director, and recommend the Managing Director and the Chairman's remunerations to the Board for endorsement.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises the following:

Datin Mary Sa'diah Binti Zainuddin appointed as Chairman of the Risk Management Committee on 23 July 2013
Independent Non-Executive Director

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis appointed as member of the Risk Management Committee on 23 July 2013
Independent Non-Executive Director

Datuk Amar Abdul Hamed Bin Haji Sepawi appointed as member of the Risk Management Committee on 23 July 2013
Non-Executive Chairman

The following ceased to be members of the Risk Management Committee on 23 July 2013:

- Datuk Hasmi Bin Hasnan
- Kho Teck Hock
- Sivakumar A/L Ramasamy
- Khaw Mooi Hock, Richard
- Datuk Haji Hamden Bin Haji Ahmad
- Wong Ping Eng
- Yong Kei Seng

Mohd Ashraf Assai Abdullah ceased to be member of the Risk Management Committee on 28 June 2013.

Leong Jee Van ceased to be member of the Risk Management Committee on 30 June 2013.

Currently, the majority of the Risk Management Committee comprises Independent Non-Executive Directors as follows:

Category	No. of Director(s)	Percentage
Independent Non-Executive Director	2	67%
Non-Independent Non-Executive Director	1	33%
Total	**3**	**100%**

The Board acknowledges that the Group operates in a highly dynamic environment and recognizes the need to manage risks that affect the achievement of the Group's strategic objectives. The Risk Management Committee (RISCO) provides oversight of the Group's risk management activities and reports to the Board. The Board retains the overall risk management responsibility.

Until August 2013, the Risk Management Committee comprising representatives from the Board, executive management and an Internal Audit representative provided oversight of the Group's risk management activities and report to the Board on a bi-annual basis. The Committee was supported by a Risk Management Unit.

In July last year, the Board restructured the Risk Management Committee and the risk reporting framework, during which the Board resolved that the Risk Management Committee be chaired by an Independent Non-Executive Director and comprising the majority of whom were Independent Non-Executive Directors. The Risk Management Committee assists the Board to provide effective risk oversight and to provide a clear demarcation of roles and responsibilities and process in order that management maintained reasonable risk management practices and system of internal control in their day-to-day operations at their respective business units. The Committee is supported by an independent Risk Management Unit, a secretariat setup to assist in the coordination and implementation of the risk management policy which reports directly to the Committee.

The business units being the first line of defense are responsible for identifying, mitigating and managing risks within their respective areas.

The Risk Management Committee met twice (2) during the year 2013, during which, the relevant management staff, the Risk Management Unit and the Internal Audit attended the meetings to, inter alia, report, review and discuss the key risks and issues impacting the Group's strategic objectives.

The Risk Management Committee (RISCO) continuously review its risk management framework, policies and processes in its effort to further embed risk management practices into the Group's business processes and structures.

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

The revised Terms of Reference were approved by the Board of Directors at the Board Meeting held on 28 November 2013.

a. Objectives

The objectives of the Risk Management Committee are:

a. To provide effective risk oversight of the Group's Enterprise Risk Management (ERM) strategy, framework and policies
b. To assist the Board on considerations and process for setting the risk appetite
c. To assist the Board in the effective embedment of risk management practices into the Group's governance framework, business processes, structures, cultures and activities

b. Composition

The composition of the Risk Management Committee shall be as follows:

a. The Risk Management Committee shall be appointed by the Board from among their number and shall consist of no less than three (3) members, the majority of whom shall be Independent Non-Executive Directors
b. The Chairman of the Risk Management Committee shall be an Independent Non-Executive director appointed by the Board
c. The Secretary to the Committee and the Head of Internal Audit will be permanent attendees at each meeting
d. The Committee shall invite such Directors, officers and/or employees of the Group, as it may deem appropriate, to attend a Committee meeting and assist in the discussion and consideration of matters relating to the Committee

c. Frequency of Meetings

Meetings shall be held every quarterly and as otherwise required to enable the Committee to fulfill its obligations.

Board Committees Report (continue)

d. Quorum

A quorum shall consist of two (2) members.

e. Secretary

The Secretary of the Committee shall be the Risk Manager.

f. Authority

The Risk Management Committee shall have:

a. the authority and access to the information, records or reports relevant to the Group's activities from employees of the Group in order to perform its duties
b. the necessary resources required to carry out its duties and may obtain independent legal or professional advice on any matters within its terms of reference as it considers necessary

g. Duties and Responsibilities

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

a. to provide oversight on Naim's Enterprise Risk Management
b. to establish risk framework and policies
c. to align risk strategy to the business strategy
d. to assist the Board in determining the Group's risk appetite and tolerance levels, and communicating them appropriately
e. to review and approve the Corporate Risk Profile consolidated by the Risk Management Unit in relation to Naim's risk appetite and escalate key risks and the management controls/ action plans to the Board
f. to monitor, review and assess the material risks that the Group faces and whether controls and appropriate action plans are taken by the management to manage and mitigate significant risks with the objective of obtaining reasonable assurance that risk is being effectively managed and controlled
g. to ensure that early warning indicators are in place to alert management of potential risk events, and whether these indicators have been effectively communicated
h. to evaluate the possibility of emerging risks likely to happen in the future and the need to put in place the appropriate controls
i. to review the adequacy of the scope, functions and resources of the Risk Management Unit and that it has the necessary authority to carry out its work
j. to review and oversee the activities of the Risk Management Unit
k. the Committee shall make necessary recommendations to the Board it deems appropriate within its remit where improvement is needed and/or necessary
i. such other duties as the Committee deems appropriate or as delegated or authorised by the Board from time to time

h. Reporting Arrangement into the Committee – The Risk Management Unit

The Risk Management Committee is supported by a Risk Management Unit (RMU) in the coordination of the risk management activities and communicating of the Group's Enterprise Risk Management (ERM) framework, policies, processes and reporting requirements to the business units, divisions and departments.

The Risk Management Unit (RMU) shall consolidate the Corporate Risk Profile from the respective business units/ divisions/ departments risk registers outlining the risks, controls and action plans that the management has taken in mitigating the risks for submission to the Risk Management Committee.

i. Reporting and Escalation to Board

The Chairman of the Risk Management Committee shall report to the Board on the Committee's proceedings after each meeting.

The Board is also assisted by 6 other Board Committee as follows:

1. Board Executive Committee
2. Human Resource/KPI Committee
3. Business Development Committee
4. Business Process Engineering Committee
5. Corporate Disclosure Committee
6. Corporate Social Responsibility Committee

Members

The Audit Committee comprises the following:-

Tuan Haji Soedirman Bin Haji Aini – Chairman
(appointed as Member of the Audit Committee on 17 September 2013 and appointed as Chairman of the Audit Committee on 29 April 2014)
Independent Non-Executive Director

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

Dato Ir. Abang Jemat Bin Abang Bujang – Member
Independent Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad
(resigned as Non-Independent Non-Executive Director and ceased to be a chairman of the Audit Committee on 31 December 2013)

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible for assessing the risks, overseeing financial reporting, evaluating the internal and external audit processes and reviewing conflict of interest situations and related party transactions.

The Audit Committee is currently comprised solely of Independent Non-Executive Directors as follows:

Category	No. of Director(s)	Percentage
Independent Non-Executive Director	3	100%
Executive Director	0	0%
Total	**3**	**100%**

1. ATTENDANCE OF MEETINGS

The Audit Committee met seven (7) times during the year 2013 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	7/7	100
Dato Ir. Abang Jemat Bin Abang Bujang	7/7	100
Tuan Haji Soedirman Bin Haji Aini[1]	2/2	100

Notes
[1] Appointed on 17 September 2013

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

The members of the Audit Committee also met twice during the year in executive sessions with the external auditors without the presence of the management.

Audit Committee Report (continue)

2. COMPOSITION AND TERMS OF REFERENCE

2.1 Objectives

The objectives of the Audit Committee are to:

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

2.2 Composition

a. The Audit Committee shall be appointed by the Board from among their number and shall comprise no fewer than three (3) members. A majority of members must be Independent Non-Executive Directors and at least one (1) member shall be a member of Malaysian Institute of Accountants (MIA).
b. 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 three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to fill the vacancy.

2.3 Frequency of Meetings

Meetings shall be held not less than four (4) times a year and the members of the Audit Committee shall elect a Chairman from among their number.

2.4 Quorum

A quorum shall consist of two (2) members.

2.5 Secretary

The Secretary of the Committee shall be the Company Secretary.

2.6 Rights

The Audit Committee shall have:

- 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 co-operate with any request made by the Committee
- the necessary resources required to carry out its duties and it is authorized to obtain independent professional advice as it considers necessary

2.7 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 and the results of internal audit programmes, processes or investigation undertaken and whether or not appropriate action has been 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 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 responses
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 policies
ii. significant and unusual events
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 within the Naim Group including any transactions, procedures or courses of conduct that raise 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.

3. SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out the following activities:

3.1 Financial Reporting

a. 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 Financial Reporting Standards and provisions of the Companies Act, 1965
b. Discussed with auditors matters required to be discussed on the Statement on the Internal Control portion
c. Based on the satisfactory review and discussion referred to in 1 and 2 above, the Audit Committee recommended to the Board of Directors:
   i. that the audited financial statements be approved for tabling at the shareholders' meeting
   ii. that the quarterly unaudited financial statements be approved for announcement to Bursa Malaysia Securities Berhad

3.2 Related Party Transactions

a. Reviewed recurrent related party transactions and non-recurrent related party transactions. The Audit Committee will report to the Board its review on all commercial relationships between each Director, major shareholders and persons connected and the Naim Group on a quarterly basis. When such commercial relationships exist, the Audit Committee may seek independent advice prior to forming its opinion whether the transaction is:
   i. in the best interest of the Company
   ii. fair, reasonable and on normal commercial terms
   iii. not detrimental to the interest of the minority shareholders

   together with the basis of its opinion.

3.3 Internal Audit

a. Reviewed and discussed the internal audit plan, scope of work and reports
b. Reviewed and discussed the audit plan, scope of work and reports with the external auditors

Audit Committee Report (continue)

4. INTERNAL AUDIT FUNCTION

The Group is served by an in-house Internal Audit Function, which reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover projects and entities across all levels of operations within the Group. The department is headed by a Chartered Accountant who holds a Masters Degree in Forensic Accounting and Financial Criminology. The internal audit staff comprise those that possess tertiary qualifications in the field of Accountancy and Civil Engineering.

4.1 Authority

To accomplish its objectives, the internal auditors are authorised to have unrestricted access to the Group's operations, functions, records, properties and personnel.

4.2 Independence

The Internal Audit Function is independent of the activities audited and performs with impartiality and due professional care. The Internal Audit Function reports directly to the Audit Committee. In addition, the Audit Committee assesses the performance of the Head of Internal Audit.

4.3 Duties and Responsibilities

Each year the Internal Audit Department will develop and execute an audit plan to be conducted during the year. Reports on the internal audit activities will be made to the Audit Committee every quarter.

The report will include the annual audit plan, independent and objective analyses, appraisals, counsel and information on the activities being reviewed.

Cases of fraud which demand urgent attention, shall be reported to the Audit Committee and the Managing Director immediately upon discovery by the audit staff.

4.4 Internal Audit Functions and Activities:

The Internal Audit department has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2013, the internal audit activities carried out included, inter alia, the following:

a. Evaluated the system of internal controls and key operating process based on the approved annual plan
b. Evaluated the efficiency of process, function and current practices, and provided suitable recommendation to the Audit Committee
c. Provided assurance on compliance with statutory requirements, laws, Group policies and guidelines
d. Evaluated the risk management framework and recommended improvements on the adequacy and effectiveness of management's risk processes
e. Recommended appropriate controls to overcome deficiencies and enhance operations
f. Carried out investigations and special reviews at the request of the Audit Committee, the Board of Directors and management

Follow-up audit was also conducted and the status of implementation on the agreed upon or targeted actions plan was highlighted to the Audit Committee. During the year, evaluation on the existing internal controls covered under the audit plan revealed that they were generally satisfactory. In areas where controls were deemed lax, additional measures were instituted to address the weakness in the system.

A total cost of RM533,174 was incurred by the internal audit department in respect of the financial year under review.

Introduction

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

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

Responsibility

The Board acknowledges its responsibilities for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and integrity of the system. In discharge of these responsibilities, the Board has put in place a process at all levels of the organization to provide reasonable assurance that the Group's business objectives will be achieved. The system covers inter alia financial, operational and compliance system controls, as well as risk management. Due to 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

The Board acknowledges that the Group's activities involve some degree of risks and recognises the need to manage key risks that affect the achievement of the Group's strategic objectives in a timely and effective manner.

The Risk Management Committee formerly comprising representatives from the Board, Senior Management and an independent Internal Audit representative provided risk oversight of the Group's risk management activities and report to the Board. The Committee was supported by a Risk Management Unit.

In year 2013, the Board restructured the Risk Management Committee and the risk management reporting framework, during which the Board resolved that the Risk Management Committee be chaired by an Independent Non-Executive Director and comprising the majority of whom were Independent Non-Executive Directors to assist the Board in providing effective risk oversight of the Group's Enterprise Risk Management framework, policies and processes and to provide a clear demarcation of roles and responsibilities and process for reviewing that the management maintained reasonable risk management practices and system of internal control. The Committee is supported by an independent Risk Management Unit, a secretariat setup to assist in the coordination and implementation of the risk management policy which reports directly to the Committee.

In year 2013 , an external review and consultation on the effectiveness of the Group's risk management framework, policy and processes was carried out following which several improvements have been taken to remedy the gaps identified from the review including a clear risk ownership and responsibility, setting of key risk appetite, quarterly reporting of risks and alignment of the risk management processes to ISO 31000:2009 risk management standards as part of the Group's strategy to enhance sustainable risk management practices in its business processes and structures. The revised Enterprise Risk Management Framework based on ISO 31000:2009 risk management standards following the external review and consultation was adopted by the Board in November 2013 which sets out the policies, processes, roles and responsibilities, risk methodology and governance structure to ensure a common understanding and approach used by the Group in identification of risk, formulation of response strategies, control, monitoring and reporting of risks.

Statement on Risk Management and Internal Control (continue)

The respective business units regularly identify, assess, monitor and promptly report the risks and take actions as appropriate to mitigate the risks impacting the Group's business strategies and objectives, and report the key risks to the Risk Management Unit. The Risk Management Unit shall consolidate the key Group Risk Profiles from the respective business unit's risk register on a quarterly basis and escalate to the Risk Management Committee for an overall perspective of the key risks impacting the Group's strategic objectives. The Risk Management Committee, which after reviewing the same, escalates them to the Board.

Due to the limitations that are inherent in any system of risk management, the framework is designed to manage key risks rather than completely eliminate or avoid risks that may impact the achievement of the strategic objectives and to ensure that management actively identifies, assesses, monitors and promptly reports the risks and takes actions as appropriate to mitigate the risks.

Key Processes of Internal Control

The key processes of Internal Control includes the following and will be revised regularly and updated when necessary:

- An organisational structure that lays down clear lines of responsibility and reporting
- Real-time budgetary control, where actual performance is regularly monitored against budgets
- The 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
- The Staff Handbook, which sets out general employment terms and the Group's corporate code of ethics
- A quality management system requiring the management and staff of the Group's principal operating subsidiary, Naim Land Sdn. Bhd. (accredited with ISO 9001 version 2008 certification since 2000, revised in February 2006), 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
- A performance management system whereby business objectives are clearly defined and targets are set for each individual employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set
- Training and development programmes are identified and organised for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

The process of risk management and internal control of the Group covers the holding company and its subsidiaries only and does not extend to associates and joint ventures. In respect of joint ventures entered into by the Group, the Group's role in the management of the joint ventures, which consists of representatives from the Group and the joint venture partners, is limited to overseeing the administration, performance and executive management of the joint ventures.

Internal Audit

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

This Statement is made in accordance with a resolution of the Board of Directors dated 29 April 2014

Investor Relations Activities


Briefing session in progress

Naim has always strived to develop and maintain close relationships with our stakeholders in addition to create value for all stakeholders. Our key focus of investor relations activities is to consistently update and inform shareholders, institutional investors and research analysts with relevant comprehensive, transparent and prompt information on the Group. This is achieved through quarterly financial reports, announcements through the printed and other media, the Annual Report and other regular activities, to inform stakeholders about the Group's business as well as our important events.

Besides receiving visits from major shareholders, analysts, fund managers and other potential investors, Naim also regularly participates in and organises visits, road shows and briefing, meeting and presentation sessions locally and abroad for fund managers and investment analysts – besides updating them about the Group's business, these activities develop a relationship of trust between existing and future stakeholders with the Group. In these activities, areas such as business strategies, associated opportunities and risks, and current developments are discussed, enabling stakeholders to have an informed and realistic opinion about the Group's profitability by virtue of such fair and necessary disclosure of information. Such activities are regularly held and conducted personally by Naim's Managing Director, Datuk Hasmi Bin Hasnan and Deputy Managing Director, Ms. Wong Ping Eng.

Being one the leading property and construction players in Malaysia and with its consistent profitability, Naim has enjoyed positive and consistent coverage by parties such as KAF Securities, Kenanga Research, MIDF Research and TA Securities.

Economic Outlook

Economic Outlook

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2013 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 reproduced here under the rule of fair comment.

Outlook For Malaysia

Malaysian Institute of Economic Research (MIER)
http://www.mier.org.my/outlook/
28 January 2014

Growth in real GDP for 2014 is projected to be at 5.5%, on account of expected fiscal consolidation measures to rein in budget deficit, generally tight monetary conditions and enhanced downside risks, especially on domestic front. External demand, however, is expected to provide strong support for growth, especially with accelerating expansion in the world economy, although global risks remain on the horizon. These include risks arising from volatility of capital flows and deflation in key advanced economies, especially with inflation running below many central banks' targets. As for the year 2015, real GDP growth is projected to move back nicely along the potential output growth path of between 5.5 to 6.0% in 2015, driven by economic efficiency and innovation, especially with expected enhanced competition in both product and services markets, less market distortions and imperfections, greater labour market flexibility and more importantly productivity gains as well as more efficient allocation of scarce resources.

Bank Negara Malaysia
(as reported in the Star)
http://www.thestar.com.my/News/Nation/2014/03/19/Bank-Negara-annual-report/
19 March 2014

Bank Negara Malaysia (BNM) has forecast the country's economy to grow at a more conservative 4.5% to 5.5% this year due to risks from the global economy and external factors.

The central bank's forecast was slightly below the forecast of 5% and 5.5% envisaged by the Federal Government in the Economic Report 2013/14 released last year

However, this is still stronger when compared with the growth of 4.7% in 2013.

According to the BNM Annual Report released Wednesday, the manufacturing and services sectors will underpin the country's economic growth.

The World Bank
http://www.worldbank.org/en/country/malaysia/publication/malaysia-economic-monitor-june-2013 (June 2013)

- GDP is expected to grow by 5.1% for both 2013 and 2014, driven by higher consumer and business spending.
- As the global recovery gathers speed in 2014, Malaysia's external sector will increase its contribution to growth, offsetting the impact of tighter fiscal policies on the domestic economy.
- Malaysia's recent economic performance and near term outlook owes much to the commodities sector, which includes crude oil, natural gas, rubber and palm oil.
- The sustainability of Malaysia's favorable near-term outlook into 2015 and beyond hinges on the implementation of structural reforms.
- Malaysia is one of a few developing countries that successfully converted an abundance of natural resources into long-term sustainable growth.

Economic Outlook

Outlook for Sarawak

CH Wiliams, Talhar & Wong
http://www.wtw.com.my/LinkClick.aspx?
(Sarawak Property Market 2013)
More projects under the Sarawak Corridor of Renewable Energy (SCORE) commenced in 2012. By September 2012,
Sarawak had recorded the third highest capital investments in the country totaling RM4.68 billion from 24 projects and attracted the most foreign investment in Malaysia of about RM3.75 billion. To-date, a total investment of RM29.1 billion had been approved under the SCORE initiative, comprising 12 projects in the Samalaju Industrial Park in Bintulu, 4 in Mukah
and 3 in Tanjong Manis.A surplus budget for 2013 to the tune of RM83 million as announced in the Sarawak State Budget together with a higher expected GDP growth of 5% for 2013 (4.5% for 2012) and
an improved 10.5% growth anticipated for the construction sector, would spell more construction activity in the State for the coming year. The inflation rate is expected to be about 3%. With Sarawak earmarked as one of the nation's main regional development areas under the current 10th Malaysia Plan, more funds will pour into the State in the coming years to sustain continued development in all sectors.

Note: WTWY's Sarawak associates, CH Williams, Talhar and Wong, occasionally act for the Naim Group in an advisory capacity.

Oxford Business Report (same as last year)

Borneo Post, 30 June 2013
http://www.theborneopost.com/2013/06/30/checking-the-score-board/
Sarawak – having seen an average economic growth rate of less than five per cent per annum over the last two decades – is now well on its way to realising robust growth with the advent of gargantuan catalysts spearheaded by the Sarawak Corridor of Renewable Energy (SCORE).

Currently, the state contributes about eight per cent to Malaysia's overall real gross domestic product (GDP) growth but is poised to grow this contribution via wide economic strides forward with large scale industrialisation, modernisation and all related activities enveloping these growth nodes.

Oxford Business School
(Sarawak Economic Update 27 March 2012,
www.oxfordbusinessgroup.com)

The state's transport and storage subsector is expected to expand by 4.7% in 2012, owing to healthy external demand from regional economies. In February it was announced that RM423m ($138.4m) would be spent over the next three years to upgrade the 2333-km Pan Borneo highway connecting Sarawak to Sabah. Additionally, last November the government confirmed the budget for two other major road projects, with RM90m ($29.5m) allocated to the Kapit-Song Road and RM62m ($20.3m) to the Belaga Town-Bakun road.

The links will become more important as major projects such as the Bakun Dam and the Sarawak Corridor of Renewable Energy (SCORE) come on-line. While the dam is expected to have a capacity of 2400 MW by 2014, regional economic zone SCORE aims to attract investors with rich energy resources – 20,000 MW will be made available through hydropower and 3000 MW through other energy sources, including biofuels.

Borneo Post, 20 January 2013,
http://www.theborneopost.com/2013/01/20/breaking-the-boundaries/

Sarawak has seen tremendous potential in economic growth over the next few years given massive catalysts in the form of the Sarawak Corridor of Renewable Energy (SCORE), the state's infrastructure works and sectors such as oil and gas and plantation.

According to Kenanga Investment Bank Bhd, Sarawak has been growing at an average growth rate of less than five per cent annually in the past 20 years.

"Realising that it has plentiful supply of sustainable energy, namely hydroelectric, as well as mineral sources like oil, natural gas and coal, it has embarked on a long-term plan to fully utilise it for economic growth and development, as well as improving the quality of life.

"Currently, Sarawak contributes about eight per cent to Malaysia's overall real gross domestic product (GDP) growth," the bank said in citing the State Planning Unit's figures.

"At the rate the Sarawak economy is going, the state could be among the top three largest contributors to Malaysia's economic growth in the next few years. Its contribution towards Malaysia's total GDP could increase to slightly more than 10 per cent from its current 7.5 to eight per cent share," the bank opined.

Financial Statements

Directors' Report for the year ended 31 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	235,725	1,593
Non-controlling interests	2,542	-
	238,267	1,593

Dividends

Since the end of the previous financial year, the Company declared the following single-tier exempt dividends:

i. a second interim dividend of 5 sen per ordinary share totalling RM11,847,000 in respect of the year ended 31 December 2012, paid on 18 April 2013; and
ii. a first interim dividend of 3 sen per ordinary share totalling RM7,108,000 in respect of the year ended 31 December 2013, paid on 8 January 2014.

The Directors do not recommend any final dividend to be paid for the year under review.

Reserves and provisions

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

Directors of the Company

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

Datuk Amar Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Wong Ping Eng
Dato Ir. Abang Jemat Bin Abang Bujang
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Tan Sri Izzuddin Bin Dali
Datin Mary Sa'diah Binti Zainuddin
Tuan Haji Soedirman Bin Haji Aini (appointed on 17.9.2013)
Datuk Haji Hamden Bin Haji Ahmad (resigned on 31.12.2013)

Directors' interests in shares

The interests and deemed interests of the Directors (including the interests of their spouses or children who themselves are not directors of the Company), in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	12,150,000	-	649,300	11,500,700
Datuk Hasmi Bin Hasnan	16,668,850	-	-	16,668,850
Wong Ping Eng	4,000	-	-	4,000
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,992,700	-	-	27,992,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	2,550,000	-	-	2,550,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited ("NECFL")	999,999	-	-	999,999
Naim Quarry (Fiji) Limited ("NQFL")	999,999	-	-	999,999
Naim Premix (Fiji) Limited ("NPFL")	999,999	-	-	999,999
Naim Cendera Engineering & Construction Sendirian Berhad ("NECSB")	999	-	-	999
Naim Vanua Levu (Fiji) Limited ("NVLFL")	9,999	-	-	9,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

Directors' interests in shares (continue)

	Number of ordinary shares			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	40,480,500	-	-	40,480,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	2,550,000	-	-	2,550,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
NECFL	999,999	-	-	999,999
NQFL	999,999	-	-	999,999
NPFL	999,999	-	-	999,999
NECSB	999	-	-	999
NVLFL	9,999	-	-	9,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70

The nominal value of the ordinary shares of the companies listed above is RM1.00 per share except that in the case of NECFL, NQFL, NPFL and NVLFL, the nominal value of their ordinary shares is Fiji Dollar 1 per share and that of NECSB is Brunei Dollar 1 per share respectively.

Datuk Amar Abdul Hamed Bin Haji Sepawi and Datuk Hasmi Bin Hasnan, by virtue of their interests in the shares of the Company, are deemed interested in the shares of the subsidiaries to the extent the Company has an interest.

The other Directors holding office at 31 December 2013 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain entities of the Group in the ordinary course of business (see also Note 35 to the financial statements).

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

Issue of shares and debentures

There were neither changes in the authorised, issued and paid-up capitals of the Company, nor issuances of debentures by 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 financial 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. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 or 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 or of the Company that has arisen since the end of the financial year.

Directors' Report for the year ended 31 December 2013 (continue)

Other statutory information (continue)
No contingent liability or other liability of any company in the Group 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, other than non-cash gain arising from land exchange of RM185,982,000 and provision for liquidated and ascertained damages expense for late delivery of construction projects of RM38,380,000 as disclosed in Notes 24 and 25 to the financial statements respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event
During the year, the Group surrendered some of its existing parcels of land to relevant authority in exchange with other parcels of land for development purpose. The value of land exchange was determined based on the fair value of the land at the point of exchange. This has resulted in a non-cash gain of RM185,982,000 recognised in profit or loss as disclosed in Note 24.

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

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

.....
Datuk Amar Abdul Hamed Bin Haji Sepawi

.....
Wong Ping Eng

Kuching,

Date: 29 April 2014

Statements of Financial Position as at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Property, plant and equipment	3	54,310	102,396	6,259	6,505
Prepaid lease payments	4	2,455	2,483	-	-
Investment in subsidiaries	5	-	-	331,212	331,212
Investment in associates	6	274,046	246,173	142,361	142,361
Investment in joint ventures	7	44,768	19,789	-	-
Land held for property development	8	344,913	111,806	-	-
Investment properties	9	64,770	64,044	-	-
Intangible assets	10	7,599	8,279	-	-
Deferred tax assets	11	8,348	6,991	-	-
Other investments	12	11	48	-	-
Total non-curent assets		801,220	562,009	479,832	480,078
Inventories	13	28,876	30,936	-	-
Property development costs	14	247,060	233,430	-	-
Trade and other receivables	15	335,025	337,126	150,422	158,256
Deposits and prepayments	16	7,561	5,676	22	19
Current tax recoverable		13,124	18,783	1,527	2,953
Cash and bank balances	17	259,157	209,493	37,860	36,270
		890,803	835,444	189,831	197,498
Assets classified as held for sale	18	23,069	-	-	-
Total current assets		913,872	835,444	189,831	197,498
Total assets		1,715,092	1,397,453	669,663	677,576
Equity					
Share capital	19	250,000	250,000	250,000	250,000
Reserves	20	789,879	581,963	103,939	121,301
Total equity attributable to owners of the Company		1,039,879	831,963	353,939	371,301
Non-controlling interests	5	24,200	21,658	-	-
Total equity		1,064,079	853,621	353,939	371,301
Liabilities					
Loans and borrowings	21	198,245	345,644	150,000	300,000
Deferred tax liabilities	11	41,117	43,741	-	-
Total non-current liabilities		239,362	389,385	150,000	300,000
Loans and borrowings	21	154,299	6,491	150,000	-
Trade and other payables	22	245,636	146,503	15,724	6,275
Current tax payables		8,676	1,453	-	-
		408,611	154,447	165,724	6,275
Liabilities classified as held for sale	18	3,040	-	-	-
Total current liabilities		411,651	154,447	165,724	6,275
Total liabilities		651,013	543,832	315,724	306,275
Total equity and liabilities		1,715,092	1,397,453	669,663	677,576

The notes on pages 79 to 132 are an integral part of these financial statements.

Statements of Profit or Loss and other Comprehensive Income for the year ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	23	711,461	492,782	19,506	20,470
Cost of sales		(605,007)	(381,539)	-	-
Gross profit		106,454	111,243	19,506	20,470
Other income	24	204,056	8,657	-	3,676
Selling and promotional expenses		(7,441)	(5,200)	-	-
Administrative expenses		(69,588)	(42,755)	(9,854)	(6,576)
Other expenses		(39,976)	(1,445)	-	-
Results from operating activities	25	193,505	70,500	9,652	17,570
Finance income	26	5,628	6,679	6,647	6,536
Finance costs	26	(18,382)	(18,267)	(14,244)	(14,283)
Net finance costs		(12,754)	(11,588)	(7,597)	(7,747)
Share of results of equity accounted:					
- associates	6	56,458	42,632	-	-
- joint ventures	7	15,402	11,317	-	-
Profit before tax		252,611	112,861	2,055	9,823
Tax expense	28	(14,344)	(17,661)	(462)	(407)
Profit for the year		238,267	95,200	1,593	9,416
Other comprehensive (loss)/income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(413)	96	-	-
Share of other comprehensive (loss)/income of an associate		(9,009)	9,411	-	-
Total other comprehensive (loss)/income for the year		(9,422)	9,507	-	-
Total comprehensive income for the year		228,845	104,707	1,593	9,416
Profit attributable to:					
Owners of the Company		235,725	89,490	1,593	9,416
Non-controlling interests	5	2,542	5,710	-	-
Profit for the year		238,267	95,200	1,593	9,416
Total comprehensive income attributable to:					
Owners of the Company		226,303	98,997	1,593	9,416
Non-controlling interests	5	2,542	5,710	-	-
Total comprehensive income for the year		228,845	104,707	1,593	9,416
Basic and Diluted earnings per ordinary share (sen)	29	99.49	37.77		

The notes on pages 79 to 132 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity
for the year ended 31 December 2013

		Attributable to owners of the Group										
		Non-distributable							Distributable			
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Translation reserve RM'000**	**Fair value reserve RM'000**	**Treasury shares RM'000**	**Cash flow hedge reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2012		250,000	86,092	25,756	20	962	(34,748)	-	419,100	747,182	16,316	763,498
Foreign currency translation differences for foreign operations		-	-	-	96	-	-	-	-	96	-	96
Share of other comprehensive income of an associate		-	-	-	-	9,411	-	-	-	9,411	-	9,411
Total other comprehensive income for the year		-	-	-	96	9,411	-	-	-	9,507	-	9,507
Profit for the year		-	-	-	-	-	-	-	89,490	89,490	5,710	95,200
Total comprehensive income for the year		-	-	-	96	9,411	-	-	89,490	98,997	5,710	104,707
Total transactions with owners of the Company												
- Dividends	30	-	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
Total transactions with non-controlling interests												
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2012/ At 1 January 2013		250,000	86,092	25,756	116	10,373	(34,748)	-	494,374	831,963	21,658	853,621
Foreign currency translation differences for foreign operations		-	-	-	(413)	-	-	-	-	(413)	-	(413)
*Reclassification of fair value reserve to profit or loss **		-	-	-	-	(10,995)	-	-	-	(10,995)	-	(10,995)
Share of other comprehensive income of an associate		-	-	(41)	1,371	622	-	34	-	1,986	-	1,986
Total other comprehensive (loss)/income for the year		-	-	(41)	958	(10,373)	-	34	-	(9,422)	-	(9,422)
Profit for the year		-	-	-	-	-	-	-	235,725	235,725	2,542	238,267
Total comprehensive income for the year		-	-	(41)	958	(10,373)	-	34	235,725	226,303	2,542	228,845
Share of sale of treasury shares by an associate		-	-	568	-	-	-	-	-	568	-	568
Total transactions with owners of the Company												
- Dividends	30	-	-	-	-	-	-	-	(18,955)	(18,955)	-	(18,955)
At 31 December 2013		250,000	86,092	26,283	1,074	-	(34,748)	34	711,144	1,039,879	24,200	1,064,079
		(Note 19)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)		(Note 5)	

* *Being share of the reclassification of available-for-sale ("AFS") fair value reserve of RM32,799,000 to profit or loss on reclassification of an AFS investment as an equity accounted investment of an associate.*

The notes on pages 79 to 132 are an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2013

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2012		250,000	86,092	(34,748)	74,757	376,101
Profit and total comprehensive income for the year		-	-	-	9,416	9,416
Transactions with owners of the Company						
- Dividends	30	-	-	-	(14,216)	(14,216)
At 31 December 2012/1 January 2013		250,000	86,092	(34,748)	69,957	371,301
Profit and total comprehensive income for the year		-	-	-	1,593	1,593
Transactions with owners of the Company						
- Dividends	30	-	-	-	(18,955)	(18,955)
At 31 December 2013		250,000	86,092	(34,748)	52,595	353,939
		(Note 19)	(Note 20)	(Note 20)	(Note 20)	

The notes on pages 79 to 132 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities				
Profit before tax	252,611	112,861	2,055	9,823
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	680	-	-
- investment properties (Note 9)	1,907	1,224	-	-
- prepaid lease payments (Note 4)	28	25	-	-
Depreciation of property, plant and equipment (Note 3.2)	13,117	11,432	289	150
Dividend income	(2)	(3)	(18,495)	(18,645)
Gain on disposal of:				
- property, plant and equipment	(934)	(122)	-	-
- investment properties (Note 24)	(185,982)	-	-	-
- associate	-	(2,801)	-	(3,674)
- other investments	(21)	-	-	-
Finance costs	18,382	18,267	14,244	14,283
Finance income	(5,628)	(6,679)	(7,658)	(8,361)
Property, plant and equipment written off	135	483	1	-
Share of results of equity accounted:				
- associates (Note 6)	(56,458)	(42,632)	-	-
- joint ventures (Note 7)	(15,402)	(11,317)	-	-
Unrealised foreign exchange gain	(1,287)	(1,462)	-	-
Operating profit/(loss) before changes in working capital	21,146	79,956	(9,564)	(6,424)
Changes in working capital:				
Inventories	2,216	3,413	-	-
Land held for property development	-	(1,243)	-	-
Property development costs	(26,992)	(24,563)	-	-
Trade and other receivables, deposits and prepayments	3,850	(50,371)	7,815	(43,706)
Trade and other payables	93,378	14,081	2,358	317
Cash generated from/(used in) operations	93,598	21,273	609	(49,813)
Tax (paid)/refunded	(15,580)	(25,933)	964	(69)
Interest received	-	-	1,029	1,808
Net cash from/(used in) operating activities	78,018	(4,660)	2,602	(48,074)
Acquisition of:				
- property, plant and equipment [Note (i)]	(14,969)	(15,530)	(44)	(848)
- investment properties (Note 9)	(6,868)	(719)	-	-
- new subsidiary (Note 36)	-	-	-	(1,250)
- associate	(3,423)	-	-	-
Proceeds from disposal of:				
- property, plant and equipment	1,721	296	-	-
- associate	-	5,983	-	5,983
- other investments	58	-	-	-
Increase in investment in an existing associate (Note 37)	(200)	-	-	-
(Increase)/Decrease in deposits pledged to banks	(69)	174	-	-
Dividends received	19,178	18,648	18,495	18,645
Distribution of profits by joint ventures	-	13,120	-	-
Interest received	4,965	5,568	6,647	6,536
Net cash from investing activities	393	27,540	25,098	29,066

Statements of Cash Flows
for the year ended 31 December 2013 (continue)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from financing activities				
Net proceeds from term loans	4,535	7,849	-	-
Payment of finance lease liabilities	(3,918)	(2,818)	-	-
Dividends paid to:				
- owners of the Company (Note 30)	(11,847)	(14,216)	(11,847)	(14,216)
- non-controlling interests	-	(368)	-	-
Other interest paid	(2,639)	(2,819)	-	-
Coupon expense paid	(14,263)	(14,263)	(14,263)	(14,263)
Net cash used in financing activities	(28,132)	(26,635)	(26,110)	(28,479)
Net increase/(decrease) in cash and cash equivalents	50,279	(3,755)	1,590	(47,487)
Effect of exchange rate fluctuations in cash held	(8)	(34)	-	-
Cash and cash equivalents at beginning of year	208,579	212,368	36,270	83,757
Cash and cash equivalents at end of year [Note (ii)]	258,850	208,579	37,860	36,270

Notes

i. Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Paid using internal funds	14,969	15,530	44	848
In the form of finance lease assets	-	105	-	-
Total (see Note 3)	14,969	15,635	44	848

ii. Cash and cash equivalents

Cash and cash equivalents included in statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term deposits placed with licensed banks with maturities less than three months (excluding deposits pledged)	158,515	150,708	7,000	15,053
Short-term cash funds	20,000	20,500	20,000	20,000
Cash in hand and at banks	79,659	37,371	10,860	1,217
Total cash and cash equivalents (see Note 17)	258,174	208,579	37,860	36,270
Add: Cash included as held for sale (see Note 18)	676	-	-	-
Total cash and cash equivalents as shown in the statements of cash flows	258,850	208,579	37,860	36,270

The notes on pages 79 to 132 are an integral part of these financial statements.

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The address of its registered office is 9th Floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and/or joint ventures. The financial statements of the Company as at and for the year ended 31 December 2013 do not include other entities.

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 29 April 2014.

1. Basis of preparation

a. Statement of compliance

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

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective nor early adopted by the Group and the Company:

FRS / Amendment / Interpretation	Effective date
Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendment to FRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21, *Levies*	1 January 2014
Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*	1 July 2014
FRS 9, *Financial Instruments (2009)*	To be determined
FRS 9, *Financial Instruments (2010)*	To be determined
FRS 9, Financial Instruments – *Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*	To be determined
Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2014, those standards, amendments or interpretations that are effective for annual period beginning on 1 January 2014, except for IC Interpretation 21, which is assessed as presently not applicable to the Group or the Company.
- from the annual period beginning on 1 January 2015, those standards, amendments or interpretations that are effective for annual period beginning on or after 1 July 2014, except for Amendments to FRS 2 and Amendments to FRS 119, which are assessed as presently not applicable to the Group or the Company.

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company, except as mentioned below:

- **Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities***
  The Amendments to FRS 132 clarify the criteria for offsetting financial assets and financial liabilities. Any changes to the offsetting of the affected financial assets and financial liabilities upon the adoption of amendments to FRS 132 will result in retrospective adjustments in the balances.

- **FRS 9, *Financial Instruments***
  FRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

  The Group is currently assessing the financial impact that may arise from the adoption of FRS 9.

Notes to the Financial Statements (continue)

1. Basis of preparation (continue)

a. Statement of compliance (continue)

Given that certain group entities are transitioning entities (being entities subject to the application of MFRS 141, *Agriculture* and/or IC15, *Agreements for the Construction of Real Estates* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities), the Group is exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") until further notice. The financial statements of the Group for the year ending 31 December 2014 and thereafter will continue to be prepared in compliance with FRS until the adoption of MFRS is mandated by the MASB for the transitioning entities.

b. Basis of measurement

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

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than the recognition of profit from construction contracts and property development, as disclosed below:

i. Profit from construction contracts

The Group recognises contract revenue and contract costs in profit or loss using the stage of completion method. The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion of construction activities, accrual of costs incurred for which claims/billings have yet to be received, estimated total contract revenue and contract costs as well as the recoverability of the carrying amount of contract work-in-progress. Total contract revenue also includes an estimation of variations that are recoverable from contract customers.

The Group relies when making the estimations and judgements on, inter alia, past experiences and the assessment of its experienced project team (comprising Budget Review Committee, project managers and quantity surveyors).

ii. Profit from property developments

The Group recognises property development revenue and costs in profit or loss using the stage of completion method. The stage of completion of properties sold is determined by reference to the proportion that property development costs incurred for work performed to-date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion of development activities, extent of property development costs incurred, estimated total property development revenue and costs as well as the recoverability of the development projects.

In making such estimations and judgements, the Group relies, as with the construction activities explained above on, *inter alia*, past experiences and the assessment of its experienced project team.

2. Significant accounting policies

The following are the significant accounting policies which have been consistently applied to the periods presented in these financial statements, unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted FRS 10, *Consolidated Financial Statements* in the current financial year. This has resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. Significant accounting policies (continue)

a. Basis of consolidation (continue)

i. Subsidiaries (continue)

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

ii. Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

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

iii. Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests. Difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv. Acquisitions of entities under common control

Business combinations involving a common control transaction (i.e. entailing entities that are under the control of common shareholders) are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquirees' financial statements without restatement. The components of equity of the acquired entities are added to the same components within group equity and any resulting gain or loss is recognised directly in equity.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

a. Basis of consolidation (continue)

v. Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

vi. Associates

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

Investment in associates is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to make, or has made, payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associates is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

vii. Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group adopted FRS 11, *Joint Arrangements* in the current financial year. As a result, joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

In the previous financial years, joint arrangements were classified and accounted for as follows:

- For jointly controlled entity, the Group accounted for its interest using the equity method.
- For jointly controlled asset or jointly controlled operation, the Group accounted for each its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 11. The adoption of FRS 11 has no significant impact to the financial statements of the Group.

viii. Non-controlling interests

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

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

2. Significant accounting policies (continue)

a. Basis of consolidation (continue)

ix. Transactions eliminated on consolidation

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

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

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rates at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

ii. Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the transaction dates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

c. Financial instruments

i. Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

c. Financial instruments (continue)

ii. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b. Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c. Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

d. Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment [see Note 2(o)(i)].

Financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss, are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii. Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. Significant accounting policies (continue)

c. Financial instruments (continue)

iv. Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
b. the derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

v. Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(u)]. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date and in accordance with Note 2(y).

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “administrative expenses” respectively in profit or loss.

ii. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less any residual value. Significant component of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

d. Property, plant and equipment (continue)

iii. Depreciation (continue)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	over lease terms of 48 years to 99 years
Buildings	5, 10 and 50 years
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 years and over quarry license period
Jetty and wharf	over quarry license period

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

e. Leased assets

i. Finance lease

Leases, in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease after the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment properties if held to earn rental income or for capital appreciation or for both.

ii. Operating lease

Leases, in terms of which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, other than prepaid lease payments, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held for rental income or for capital appreciation or both, is classified as investment property and measured using the fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

f. Intangible assets

i. Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

ii. Other intangible asset

This comprises a stone quarry licence. It is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

iii. Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets, with finite useful lives, are amortised to profit or loss from the date that they are available for use, on the straight line basis over their estimated useful lives.

Stone quarry licence is amortised over the term of licence.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

g. Investment properties

Investment properties (including investment property under construction) are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purpose. This includes freehold land and leasehold land which in substance is a finance lease. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

2. Significant accounting policies (continue)

g. Investment properties (continue)

Recognition and measurement

Investment properties other than those comprising property interests held under an operating lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties comprising property interest held under an operating lease are stated at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to the investment property for its intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of investment property. Buildings under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	85 – 98 years
Buildings	50 years

Reclassification to/from investment property

When an item of property, plant and equipment or inventories is transferred to investment property or vice versa following a change in its use, the transfer do not change the carrying amount of the property transferred. No remeasurement of cost of property is required, as permitted under para 59 of FRS 140, *Investment Property.*

h. Land held for property development

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

i. 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 costs not recognised as an expense are recognised as an asset and are stated at the lower of costs and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables (Note 15) while the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables (Note 22).

j. Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

i. Developed properties held for sale

Cost of developed properties 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, consumables, manufactured and trading inventories (comprising building and construction materials) are measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost also includes an appropriate share of production overheads based on normal operating capacity.

In the current financial year, the Group adopted the Amendments to FRS 116, *Property, Plant and Equipment* (*Annual Improvements 2009-2011 Cycle*) and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. The adoption of this amendment has no significant impact to the financial statements.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

k. Receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

l. Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

m. Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to-date. It is measured at cost plus profit recognised to-date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's construction activities based on normal operating capacity.

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to-date. It is measured at cost plus profit recognised to-date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's construction activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings (Note 15). If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables as amount due to contract customers in the statement of financial position (Note 22).

n. Cash and cash equivalents

Cash and cash equivalents presented in statement of cash flows consist of cash in hand, balances and deposits with banks (other than pledged deposits) and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments, net of bank overdrafts.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c).

o. Impairment

i. Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial assets is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset that has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. Significant accounting policies (continue)

o. Impairment (continue)

ii. Other assets

The carrying amounts of other assets (except for inventories [refer Note 2(j)], amount due from contract customers, deferred tax assets [refer Note 2(v)] and non-current assets held for sale [refer Note 2(l)]) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

p. Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

i. Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

ii. Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

iii. Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

q. Employee benefits

i. Short-term employee benefits

Short-term employee benefits obligations in respect of salaries and annual bonuses are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees and the obligation can be estimated reliably.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

q. Employee benefits (continue)

ii. State plans

Contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group or the Company has no further payment obligations.

r. Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

s. Payables

Trade and other payables are recognised in accordance with Note 2(c).

t. Revenue and other income

i. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

ii. 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 to 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 defect liability period, is recognised immediately in profit or loss.

iii. Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discount. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

iv. Dividend income

Dividend income is recognised in profit or loss on the date that the Group or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

v. Sand extraction and land filling services

Revenue from the provision of sand extraction and land filling services is recognised in profit or loss based on the quantity of sand extracted and/or filled at agreed rates.

vi. Hire of equipment

Income derived from hiring of equipment is recognised in profit or loss as it accrues at the contracted rates.

vii. Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

2. Significant accounting policies (continue)

t. Revenue and other income (continue)

viii. Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

ix. Training course fee

Training course fee is recognised based on fixed rates of respective training course.

u. Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

v. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combinations or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

w. Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

x. Operating segments

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

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

y. Fair value measurements

From 1 January 2013, the Group adopted FRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities, other than the additional disclosures.

3. Property, plant and equipment

	Outright purchase										
		Leasehold land									
Group	Freehold land RM'000	(lease term more than 50 years) RM'000	(lease term less than 50 years) RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Subtotal RM'000
Cost											
At 1 January 2012	667	46,404	1,782	18,799	4,985	20,597	12,098	69,086	1,952	4,946	181,316
Additions	-	5,135	-	3,053	2,967	1,013	1,824	364	-	1,170	15,526
Disposals/Write-offs	-	(283)	-	-	(1,055)	(1,348)	(595)	(1,127)	-	-	(4,408)
Transfers	-	-	-	-	-	-	200	-	-	(200)	-
Transfer to investment properties (Note 9)	-	(14,997)	-	-	-	-	-	-	-	-	(14,997)
Effect of movements in exchange rates	-	-	13	-	3	28	31	899	-	-	974
At 31 December 2012/ 1 January 2013	667	36,259	1,795	21,852	6,900	20,290	13,558	69,222	1,952	5,916	178,411
Additions	-	-	-	2,911	2,290	3,397	2,356	1,058	-	2,957	14,969
Disposals/Write-offs	-	-	-	(36)	(736)	(1,946)	(775)	(16,375)	-	(10)	(19,878)
Transfers	-	-	-	-	-	30	-	9,587	-	-	9,617
Transfer to											
- land held for property development (Note 8)	-	(24,041)	-	-	-	-	-	-	-	(7,701)	(31,742)
- investment properties (Note 9)	-	(11,749)	-	-	-	-	-	-	-	(828)	(12,577)
- assets held for sale (Note 18)	-	-	(357)	(454)	(125)	(72)	(146)	-	-	-	(1,154)
Effect of movements in exchange rates	-	-	(5)	-	(2)	(13)	(13)	(365)	-	-	(398)
At 31 December 2013	667	469	1,433	24,273	8,327	21,686	14,980	63,127	1,952	334	137,248

3. Property, plant and equipment (continue)

Group (continue)	Outright purchase										
	Freehold land RM'000	Leasehold land (lease term more than 50 years) RM'000	Leasehold land (lease term less than 50 years) RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Subtotal RM'000
Depreciation											
At 1 January 2012	-	4,582	331	2,144	3,105	17,559	8,863	33,318	715	-	70,617
Depreciation for the year	-	393	72	520	539	1,422	1,437	11,300	390	-	16,073
Disposals/Write-offs	-	-	-	-	(884)	(1,284)	(525)	(60)	-	-	(2,753)
Transfer to investment properties (Note 9)	-	(2,288)	-	-	-	-	-	-	-	-	(2,288)
Effect of movements in exchange rates	-	-	2	-	-	9	8	271	-	-	290
At 31 December 2012/ 1 January 2013	-	2,687	405	2,664	2,760	17,706	9,783	44,829	1,105	-	81,939
Depreciation for the year	-	252	75	148	1,028	1,398	1,697	10,011	239	-	14,848
Disposals/Write-offs	-	-	-	(3)	(675)	(1,690)	(589)	(13,251)	-	-	(16,208)
Transfers	-	(6)	6	-	-	32	-	6,535	-	-	6,567
Transfer to:											
- land held for property development (Note 8)	-	(1,998)	-	-	-	-	-	-	-	-	(1,998)
- investment properties (Note 9)	-	(884)	-	-	-	-	-	-	-	-	(884)
- assets held for sale (Note 18)	-	-	(73)	(110)	(97)	(72)	(92)	-	-	-	(444)
Effect of movements in exchange rates	-	-	-	-	-	(3)	(2)	(77)	-	-	(82)
At 31 December 2013	-	51	413	2,699	3,016	17,371	10,797	48,047	1,344	-	83,738
Carrying amounts											
At 31 December 2012/ 1 January 2013	667	33,572	1,390	19,188	4,140	2,584	3,775	24,393	847	5,916	96,472
At 31 December 2013	667	418	1,020	21,574	5,311	4,315	4,183	15,080	608	334	53,510

Notes to the Financial Statements (continue)

3. Property, plant and equipment (continue)

Group (continue)	Subtotal RM'000	Finance lease assets: Motor vehicles RM'000	Finance lease assets: Plant and machinery RM'000	Total RM'000
Cost (continue)				
At 1 January 2012	181,316	1,351	14,279	196,946
Additions	15,526	109	-	15,635
Disposals/Write-offs	(4,408)	(59)	-	(4,467)
Transfers	-	-	-	-
Transfer to investment properties (Note 9)	(14,997)	-	-	(14,997)
Effect of movements in exchange rates	974	-	-	974
At 31 December 2012/1 January 2013	178,411	1,401	14,279	194,091
Additions	14,969	-	-	14,969
Disposals/Write-offs	(19,878)	-	(3,720)	(23,598)
Transfers	9,617	(30)	(9,587)	-
Transfer to:				
- land held for property development (Note 8)	(31,742)	-	-	(31,742)
- investment properties (Note 9)	(12,577)	-	-	(12,577)
- assets held for sale (Note 18)	(1,154)	(660)	-	(1,814)
Effect of movements in exchange rates	(398)	-	-	(398)
At 31 December 2013	137,248	711	972	138,931
At 1 January 2012	70,617	805	7,094	78,516
Depreciation for the year	16,073	185	2,729	18,987
Disposals/Write-offs	(2,753)	(45)	(1,012)	(3,810)
Transfer to investment properties (Note 9)	(2,288)	-	-	(2,288)
Effect of movements in exchange rates	290	-	-	290
At 31 December 2012/1 January 2013	81,939	945	8,811	91,695
Depreciation for the year	14,848	175	1,459	16,482
Disposals/Write-offs	(16,208)	-	(3,425)	(19,633)
Transfers	6,567	(32)	(6,535)	-
Transfer to:				
- land held for property development (Note 8)	(1,998)	-	-	(1,998)
- investment properties (Note 9)	(884)	-	-	(884)
- assets held for sale (Note 18)	(444)	(515)	-	(959)
Effect of movements in exchange rates	(82)	-	-	(82)
At 31 December 2013	83,738	573	310	84,621
Carrying amounts (continue)				
At 31 December 2012/1 January 2013	96,472	456	5,468	102,396
At 31 December 2013	53,510	138	662	54,310

3. Property, plant and equipment (continue)

Company	Building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Assets under construction RM'000	Total RM'000
Cost						
At 1 January 2012	5,776	12	70	-	20	5,878
Additions	-	23	95	1	729	848
Transfers	-	158	41	550	(749)	-
At 31 December 2012/1 January 2013	5,776	193	206	551	-	6,726
Additions	-	-	44	-	-	44
Write-offs	-	(2)	-	-	-	(2)
At 31 December 2013	5,776	191	250	551	-	6,768
Depreciation						
At 1 January 2012	19	4	48	-	-	71
Depreciation for the year	116	7	18	9	-	150
At 31 December 2012/1 January 2013	135	11	66	9	-	221
Depreciation for the year	116	33	39	101	-	289
Write-offs	-	(1)	-	-	-	(1)
At 31 December 2013	251	43	105	110	-	509
Carrying amounts						
At 31 December 2012/1 January 2013	5,641	182	140	542	-	6,505
At 31 December 2013	5,525	148	145	441	-	6,259

3.1 Titles to properties

Strata titles to one (2012: two) building(s) costing RM103,000 (2012: RM5,879,000) are in the process of being obtained from local authorities.

3.2 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Recognised in profit or loss (Note 25)	13,117	11,432	289	150
Capitalised in:				
- property development costs (Note 14)	336	237	-	-
- construction work-in-progress (Note 15.2)	3,029	7,318	-	-
	16,482	18,987	289	150

3.3 Security

Assets under finance leases are charged to banks as security for the finance lease liabilities of the Group (see Note 21.1).

Freehold land of a subsidiary costing RM667,000 (2012: RM667,000) is charged to a bank as security for a term loan facility granted to another subsidiary (see Note 21.1).

Notes to the Financial Statements (continue)

4. Prepaid lease payments – Group

	Leasehold land (lease term more than 50 years) RM'000
Cost	
At 1 January 2012, 31 December 2012/1 January 2013 and 31 December 2013	3,056
Amortisation	
At 1 January 2012	548
Depreciation for the year (Note 25)	25
At 31 December 2012/1 January 2013	573
Depreciation for the year (Note 25)	28
At 31 December 2013	601
Carrying amounts	
At 31 December 2012/1 January 2013	2,483
At 31 December 2013	2,455

5. Investment in subsidiaries - Company

	2013 RM'000	2012 RM'000
Unquoted shares, at cost	331,212	331,212

Details of the subsidiaries, all of which are incorporated in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited, Naim Premix (Fiji) Limited and Naim Vanua Levu (Fiji) Limited, which are incorporated in Fiji, and Naimcendera Engineering & Construction Sendirian Berhad, incorporated in Brunei Darussalam, and the Company's interests therein are as follows:

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2013	2012
Direct subsidiaries			
Naim Land Sdn. Bhd. ("NLSB")	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil, building and earthwork contractor and hire of machinery	100.0	100.0
Naim Assets Sdn. Bhd.("NASB")	Investment holding	100.0	100.0
Subsidiaries of NLSB			
Total Reliability Sdn. Bhd. ("TRSB")	Property developer and civil and building contractor	51.0 ^	51.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property investment	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Provision of site clearing and earthwork as well as sale of ready mix piles	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0

5. Investment in subsidiaries - Company (continue)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2013	2012
Subsidiaries of NLSB (continue)			
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Yakin Jelas Sdn. Bhd.	Investment holding	100.0	100.0
TR Green Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Naim Academy Sdn. Bhd. (formerly known as Akademi Binaan Naim Sdn. Bhd.)	Providing training and educational course	100.0	100.0
Naim Oil & Gas Sdn. Bhd.	Dormant	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Dormant	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Dormant	70.0	70.0
Naim Housing Sdn. Bhd.	Dormant	100.0	-
Syarikat Usahasama Naim-RSB Sdn. Bhd.	Dormant	100.0	-
Pavilion Quest Sdn. Bhd.	Dormant	100.0	-
Harmony Faber Sdn. Bhd.	Property investment	-	100.0
Subsidiaries of NESB			
Naim Premix Sdn. Bhd.	Manufacture and sale of asphalt	100.0	100.0
Naim Binaan Sdn. Bhd.	Civil contractor, hire of machinery as well as manufacture and sale of RC pile and ready mix	100.0	100.0
Naim Overseas Sdn. Bhd. (“NOSB”)	Investment holding	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	100.0	100.0
Unique Composite Sdn. Bhd.	Manufacture and sale of asphalt	100.0	100.0
Naim Capital Sdn. Bhd.	Investment holding	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. (formerly known as Success Teamtrade Sdn.Bhd.)	Dormant	100.0	-
Bintulu Paragon Sdn. Bhd.	Dormant	-	100.0
Subsidiary of TRSB			
Naim Housing Sdn. Bhd.	Dormant	-	70.6
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Civil engineering and construction works	99.9	99.9
Naim Quarry (Fiji) Limited (“NQFL”) #	Quarry operator	99.9	99.9
Naim Premix (Fiji) Limited (“NPFL”) #	Manufacture and sale of premix products	99.9	99.9
Naimcendera Engineering & Construction Sendirian Berhad (“NECSB”) *	Dormant	99.9	99.9
Naim Vanua Levu (Fiji)Limited (“NVLFL”) #	Dormant	99.9	99.9

Notes to the Financial Statements (continue)

5. Investment in subsidiaries - Company (continue)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2013	2012
Subsidiaries of NCSB			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Dormant	100.0	100.0
Subsidiary of NASB			
Bintulu Paragon Sdn. Bhd.	Dormant	100.0	-
Naim Property Services Sdn. Bhd. (formerly known as Orient Paradigm Sdn. Bhd.)	Dormant	100.0	-
Subsidiary of PMSB			
Harmony Faber Sdn. Bhd.	Property investment	100.0	-

^ *The subsidiary is classified as disposal group held for sale during the year following the commitment of Group's management to a plan to dispose the investment [see Notes 18 and 39 (b)].*

* *In the process of winding up. The unaudited results of NECSB have been incorporated into the consolidated financial statements for the year ended 31 December 2012 and 2013, which are not material to the Group.*

\# *Audited by other member firms of KPMG International.*

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

2013	Desa Ilmu Sdn. Bhd. RM'000	Jelas Kemuncak Resources Sdn. Bhd. RM'000	Total Reliability Sdn. Bhd. RM'000	Individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%	30%	49%		
Carrying amount of NCI	13,780	(602)	8,417	2,605	24,200
Profit/(Loss) allocated to NCI	1,144	(52)	1,055	395	2,542
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	932	4,836	^^		
Current assets	42,181	16,689	^^		
Current liabilities	(8,664)	(25,873)	^^		
Net assets/(liabilities)	34,449	(4,348)	^^		
Year ended 31 December					
Revenue	10,336	9,911	^^		
Profit/(Loss) and total comprehensive income/(loss) for the year	2,859	(173)	^^		
Cash flows from/(used in):					
- operating activities	12,450	(2,404)	^^		
- investing activities	746	(65)	^^		
Net increase/(decrease) in cash and cash equivalents	13,196	(2,469)	^^		

No dividend was paid to these NCI during the current year.

^^ *As the Group has classified interest in TRSB as held for sale [see Notes 18 and 39(b)], no disclosure on summarised financial information of TRSB is made, as permitted by FRS 12, Disclosure of Interests in Other Entities.*

5. Investment in subsidiaries - Company (continue)

Non-controlling interests ("NCI") in subsidiaries (continue)

2012	Desa Ilmu Sdn. Bhd. RM'000	Jelas Kemuncak Resources Sdn. Bhd. RM'000	Total Reliability Sdn. Bhd. RM'000	Individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%	30%	49%		
Carrying amount of NCI	12,636	(550)	7,376	2,196	21,658
Profit/(Loss) allocated to NCI	2,198	(19)	3,078	453	5,710
	=========	=========	=========	=========	=========
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	961	5,780	3,311		
Current assets	44,393	11,184	17,055		
Non-current liabilities	-	-	(225)		
Current liabilities	(13,764)	(21,139)	(5,210)		
Net assets/(liabilities)	31,590	(4,175)	14,931		
	=========	=========	=========		
Year ended 31 December					
Revenue	37,397	9,258	18,670		
Profit/(Loss) and total comprehensive income/(loss) for the year	5,495	(62)	6,077		
	=========	=========	=========		
Cash flows from/(used in):					
- operating activities	10,399	(302)	(2,090)		
- investing activities	286	91	86		
- financing activities	-	-	872		
Net increase/(decrease) in cash and cash equivalents	10,685	(211)	(1,132)		
	=========	=========	=========		

No dividend was paid to these NCI during the last year.

6. Investment in associates

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:				
Unquoted shares	11,971	5,832	-	-
Quoted shares in Malaysia	142,361	142,361	142,361	142,361
Share of share premium	26,124	25,713	-	-
Share of other post- acquisition reserves	93,590	72,267	-	-
	274,046	246,173	142,361	142,361
	=========	=========	=========	=========
Market value				
Quoted shares in Malaysia	1,070,849	440,176	1,070,849	440,176
	=========	=========	=========	=========

Notes to the Financial Statements (continue)

6. Investment in associates (continue)

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

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%) 2013	2012
Dayang Enterprise Holdings Bhd. ("DEHB")	Provide offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. These are one of business strategies to venture into oil and gas industry	33.6	33.6
Samalaju Properties Sdn. Bhd. (formerly known as Samalaju Property Development Sdn. Bhd.) ("SPDSB")#	Property and township development, including providing temporarily accommodation facilities, which is in line with Group's existing property segment operation	39.0	39.0
TR Concrete Sdn. Bhd. ("TRC")^	One of the Group's concrete products suppliers	29.1*	29.1
SINOHYDRONAIM Sdn. Bhd.#	One of civil engineering contractors to the Group for one construction project	49.0	49.0
Kempas Sentosa Sdn. Bhd. ("KESB") (newly acquired during the year, see Note 37) **	One of civil contractors to the Group and provide hiring of plant and equipment to the Group	40.0	-
Bima Galeksi Sdn. Bhd. #	Intended to involve in property investment holding activities	30.0	30.0
Syarikat Usahasama Naim-RSB Sdn. Bhd.#	Dormant and intended to involve in one road construction project	-	49.0

\# *Held through NLSB*
^ *Held through TRSB and NLSB*
** *Held through NESB*
* *Certain portion of group interest in TRC [held through TRSB] has been classified as held for sale as at 31 December 2013 following Group's commitment to a plan to sell TRSB towards the year end [see Notes 18 and 39 (b)].*

Summary of financial information

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group				
2013	**DESB RM'000**	**SPSB RM'000**	**KESB RM'000**	**Other individually immaterial associates RM'000**	**Total RM'000**
As at 31 December					
Non-current assets	569,165	13,529	24,828		
Current assets	415,322	59,100	16,168		
Non-current liabilities	(47,993)	-	-		
Current liabilities	(270,396)	(28,273)	(24,718)		
Net assets	666,098	44,356	16,278		
For the year ended 31 December					
Profit for the year	148,970	15,844	(2,228)		
Other comprehensive loss	(26,893)	-	-		
Total comprehensive income/(loss) for the year	122,077	15,844	(2,228)		
Revenue	563,364	112,998	33,947		
Dividend received	18,495	-	-		

6. Investment in associates (continue)

Summary of financial information (continue)

2013 (continue)	Group				
	DESB RM'000	SPSB RM'000	KESB RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount					
As at 31 December 2013					
Group's share of net assets	224,097	17,299	6,511	2,299	250,206
Goodwill	27,205	-	946	-	28,151
Elimination of unrealised profit	-	-	(4,124)	(187)	(4,311)
Carrying amount in the statement of financial position	251,302	17,299	3,333	2,112	274,046
For the year ended 31 December 2013					
Group's share of:					
- profit/(loss)	49,787	6,179	(891)	1,383	56,458
- other comprehensive loss	(9,009)	-	-	-	(9,009)
Group's share of total comprehensive income/(loss) for the year	40,778	6,179	(891)	1,383	47,449

2012	Group			
	DESB RM'000	SPSB RM'000	Other individually immaterial associates RM'000	Total RM'000
As at 31 December				
Non-current assets	381,142	42,742		
Current assets	354,857	35,116		
Non-current liabilities	(53,725)	(537)		
Current liabilities	(84,126)	(48,809)		
Net assets	598,148	28,512		
For the year ended 31 December				
Profit for the year	102,347	17,020		
Other comprehensive income	28,132	-		
Total comprehensive income for the year	130,479	17,020		
Revenue	401,215	72,250		
Dividend received	18,645	-		
Reconciliation of net assets to carrying amount				
As at 31 December 2012				
Group's share of net assets	201,139	11,119	7,311	219,569
Goodwill	27,314	-	-	27,314
Elimination of unrealised profit	-	-	(710)	(710)
Carrying amount in the statement of financial position	228,453	11,119	6,601	246,173

Notes to the Financial Statements (continue)

6. Investment in associates (continue)

Summary of financial information (continue)

2012 (continue)	Group			
	DESB RM'000	SPSB RM'000	Other individually immaterial associates RM'000	Total RM'000
For the year ended 31 December 2012				
Group's share of:				
- profit	34,504	6,638	1,490	42,632
- other comprehensive income	9,411	-	-	9,411
Group's share of total comprehensive income for the year	43,915	6,638	1,490	52,043

7. Investment in joint ventures

Group

	2013 RM'000	2012 RM'000
At cost:		
Capital contribution	1,800	1,800
Share of post-acquisition reserves	42,968	17,989
	44,768	19,789

The joint arrangements in which the Group participates are all involved in civil and buildings construction works, including oil and gas related construction projects. As the Group is only entitled to the net assets of the joint arrangements, the Group has therefore classified its interest in the following entities as joint venture. Details of the joint ventures, all of which are based in Malaysia, are as follows:

Name of entity	Effective voting interest (%) 2013	2012
Samsung-Naim JV	10.0	10.0
NESB-Hock Peng JV	51.0	-
PPES Works-NLSB JV	45.0	45.0
Syarikat Usahasama Naim Cendera Sdn. Bhd. - RSB Management Services Sdn. Bhd.	90.0	90.0
Sinohydro-Naim Sdn. Bhd. JV	50.0	50.0

7. Investment in joint ventures (continue)

2013	Samsung -Naim JV RM'000	Hock Peng -Naim JV RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
As at 31 December				
Cash and bank balances	-	18,686		
Other current assets	20,827	76,525		
Current liabilities	-	(69,265)		
Net assets	20,827	25,946		
For the year ended 31 December				
Profit and total comprehensive income for the year	5,523	19,459		
Revenue	7,364	325,475		
Interest income	-	208		
Tax expense	(1,841)	(6,486)		
Reconciliation of net assets to carrying amount				
As at 31 December 2013				
Group's share of net assets and carrying amount in the statement of financial position	20,827	13,233	10,708	44,768
For the year ended 31 December 2013				
Group's share of profit/(loss) and share of total comprehensive income	5,523	9,924	(45)	15,402
2012				
As at 31 December				
Other current assets	13,464	-		
Current liabilities	(4,662)	-		
Net assets	8,802	-		
For the year ended 31 December				
Profit and total comprehensive income for the year	11,426	-		
Revenue	18,646	-		
Tax expense	(4,662)	-		
Dividend received	13,120	-		
Reconciliation of net assets to carrying amount				
As at 31 December 2012				
Group's share of net assets and carrying amount in the statement of financial position	8,802	-	10,987	19,789
For the year ended 31 December 2012				
Group's share of profit/(loss) and share of total comprehensive income	11,426	-	(109)	11,317

Notes to the Financial Statements (continue)

8. Land held for property development - Group

	RM'000
At cost	
At 1 January 2012	110,563
Additions	1,243
At 31 December 2012/1 January 2013	111,806
Additions arising from land exchange exercise (Note 24)	201,910
Transfer from property, plant and equipment (Note 3)	29,744
Transfer from property development cost (Note 14)	1,453
At 31 December 2013	344,913

9. Investment properties – Group

	Long-term leasehold land (lease term more than 50 years) RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2012	3,593	48,582	52,175
Additions	719	-	719
Transfer from property, plant and equipment (Note 3)	14,997	-	14,997
At 31 December 2012/1 January 2013	19,309	48,582	67,891
Additions	286	6,582	6,868
Disposals	(18,568)	-	(18,568)
Transfer from property, plant and equipment (Note 3)	12,577	-	12,577
At 31 December 2013	13,604	55,164	68,768
Amortisation			
At 1 January 2012	172	163	335
Amortisation for the year (Note 25)	249	975	1,224
Transfer from property, plant and equipment (Note 3)	2,288	-	2,288
At 31 December 2012/1 January 2013	2,709	1,138	3,847
Amortisation for the year (Note 25)	281	1,626	1,907
Disposals	(2,640)	-	(2,640)
Transfer from property, plant and equipment (Note 3)	884	-	884
At 31 December 2013	1,234	2,764	3,998
Carrying amounts			
At 31 December 2012/1 January 2013	16,600	47,444	64,044
At 31 December 2013	12,370	52,400	64,770
Fair value (see Note 9.3)			
At 31 December 2012/1 January 2013	203,574	85,000	288,574
At 31 December 2013	58,633	91,582	150,215

9.1 Investment property with a carrying amount of RM49,805,000 (2012: RM50,997,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 21.1).

9. Investment properties – Group (continue)

9.2 The following are recognised in profit or loss in respect of investment properties.

	Group	
	2013	2012
	RM'000	RM'000
Rental income (Note 23)	7,772	7,451
Direct operating expenses:		
- income generating investment properties	5,209	4,360
- non-income generating investment properties	339	353

9.3 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	2013		
	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Group			
Carrying amounts			
Land	9,035	3,335	12,370
Buildings	5,930	46,470	52,400

* *Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of FRS 13.*

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair value of investment properties have been derived using prices for similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property location, size, areas etc.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Fair values within Level 3 for investment property not carried at fair value, which is determined for disclosures purpose, is determined by the management with reference to valuation reports, issued by an external independent property valuer, who have appropriate recognised professional qualifications and recent experience in the location and category of property being valued, using comparison method.

10. Intangible assets - Group

	Stone quarry licence
	RM'000
Cost	
At 1 January 2012, 31 December 2012/1 January 2013 and 31 December 2013	10,206
Amortisation	
At 1 January 2012	1,247
Amortisation for the year (Note 25)	680
At 31 December 2012/1 January 2013	1,927
Amortisation for the year (Note 25)	680
At 31 December 2013	2,607
Carrying amounts	
At 31 December 2012/1 January 2013	8,279
At 31 December 2013	7,599

Intangible asset comprises expenditure incurred to acquire a stone quarry licence.

Notes to the Financial Statements (continue)

11. Deferred tax assets and liabilities – Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(40,673)	(43,586)	(40,673)	(43,586)
Property, plant and equipment	-	-	(2,419)	(1,810)	(2,419)	(1,810)
Financial instruments	705	2,673	-	-	705	2,673
Capital allowances carried forward	904	1,092	-	-	904	1,092
Tax losses carried forward	487	487	-	-	487	487
Other items	8,227	4,394	-	-	8,227	4,394
Tax assets/(liabilities)	10,323	8,646	(43,092)	(45,396)	(32,769)	(36,750)
Set off of tax	(1,975)	(1,655)	1,975	1,655	-	-
Net tax assets/(liabilities)	8,348	6,991	(41,117)	(43,741)	(32,769)	(36,750)

* *This relates to the land held for property development, property development costs as well as property, plant and equipment/investment property of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land are amortised, as the case may be.*

Movements in deferred tax during the year are as follows:

Group	At 1.1.2012 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	At 31.12.2012/ 1.1.2013 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	Transfer to disposal group held for sale RM'000	At 31.12.2013 RM'000
Fair value adjustment on acquisition of subsidiaries	(45,750)	2,164	-	(43,586)	2,913	-	-	(40,673)
Property, plant and equipment	(995)	(787)	(28)	(1,810)	(560)	-	(49)	(2,419)
Financial instruments	3,515	(842)	-	2,673	(1,968)	-	-	705
Capital allowances carried forward	419	673	-	1,092	(188)	-	-	904
Tax losses carried forward	195	292	-	487	-	-	-	487
Other items	1,478	2,916	-	4,394	3,832	1	-	8,227
	(41,138)	4,416	(28)	(36,750)	4,029	1	(49)	(32,769)
		(Note 28)			(Note 28)		(Note 18)	

Unrecognised deferred tax assets

Deferred tax assets of RM11,473,000 (2012: RM5,944,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2013 RM'000	2012 RM'000
Property, plant and equipment	4,678	(3,864)
Tax losses carried forward	40,655	16,478
Capital allowances carried forward	12,716	17,996
Other items	(6,007)	(6,487)
	52,042	24,123

11. Deferred tax assets and liabilities – Group (continue)

Unrecognised deferred tax assets (continue)

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amounting to RM26,985,000 (2012: RM32,840,000) do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

Following changes in the tax law in Fiji, all unutilised tax losses of the subsidiaries incorporated in Fiji incurred prior to 1 January 2012 are no longer available for carry forward as from 1 January 2012. Any unutilised tax losses after 1 January 2012 can be claimed as a deduction against future taxable income within four years of the incurrence of such losses. Total unutilised tax losses as at 31 December 2013 is RM26,386,000 (2012: RM1,634,000).

12. Other investments

	Group	
	2013	**2012**
	RM'000	**RM'000**
Non-current		
Available-for-sale financial assets, at fair value		
- quoted shares in Malaysia	11	48
Representing item:		
Market value of quoted investment (Note 32.4)	11	48

13. Inventories

	Group	
	2013	**2012**
	RM'000	**RM'000**
At cost		
Developed properties held for sale	20,866	21,896
Manufactured/ Trading inventories (construction and building materials)	6,209	4,367
Raw materials and consumables	1,628	4,422
	28,703	30,685
At net realisable value		
Manufactured/ Trading inventories	173	251
	28,876	30,936
Recognised in profit or loss:		
- Inventories recognised as cost of sales	101,910	68,304

14. Property development costs - Group

	RM'000
At 1 January 2012	
Property development costs	
Land	124,687
Development costs	164,334
	289,021
Accumulated costs charged to profit or loss	(72,888)
	216,133
Additions	
Land cost incurred during the year	19,716
Development costs incurred during the year	163,808
	183,524
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(158,904)
Transfer of completed properties to inventories	(7,323)
	(166,227)

Notes to the Financial Statements (continue)

14. Property development costs - Group (continue)

	RM'000
At 31 December 2012/ 1 January 2013	
Property development costs	
Land	134,838
Development costs	244,984
	379,822
Accumulated costs charged to profit or loss	(146,392)
	233,430
Additions	
Land cost incurred during the year	19,192
Development costs incurred during the year	190,988
	210,180
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(182,415)
Transfer to land held for property development (Note 8)	(1,453)
Transfer of completed properties to inventories	(1,030)
Transfer to assets held for sale (Note 18)	(11,652)
	(196,550)
At 31 December 2013	
Property development costs	
Land	142,298
Development costs	407,243
	549,541
Accumulated costs charged to profit or loss	(302,481)
	247,060

Property development costs incurred during the financial year include:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Depreciation of property, plant and equipment (Note 3.2)	336	237
Personnel expenses (including key management personnel):		
- contributions to state plans	323	212
- wages, salaries and others	4,740	3,021
Rental of equipment	221	64
Rental of premises	198	19

15. Trade and other receivables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade				
Trade receivables	113,969	72,212	-	-
Less: Allowance for impairment losses	(250)	(257)	-	-
	113,719	71,955	-	
Contract progress billings receivables (Note 15.1)	66,349	70,292	-	-
Accrued billings	10,053	31,201	-	-
Amount due from contract customers (Note 15.2)	118,270	146,743	-	-
	308,391	320,191	-	-
Non-trade				
Other receivables	25,986	16,183	83	46
Less: Allowance for impairment losses	(2,506)	(288)	-	-
	23,480	15,895	83	46
Amount due from:				
- subsidiaries	-	-	150,339	158,210
- associates	3,154	1,040	-	-
	26,634	16,935	150,422	158,256
Total	335,025	337,126	150,422	158,256

15.1 Contract progress billings receivables

Included in the contract progress billings receivable of the Group are retention sums of RM41,621,000 (2012: RM28,836,000) relating to construction work-in-progress.

The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2013 RM'000	2012 RM'000
Within 1 year	17,904	13,419
1 – 2 years	10,715	6,155
2 – 3 years	4,307	2,149
> 3 years	8,695	7,113
	41,621	28,836

Notes to the Financial Statements (continue)

15. Trade and other receivables (continue)

15.2 Construction work-in-progress

	Group	
	2013 RM'000	2012 RM'000
Aggregate costs incurred to-date	1,418,449	1,180,275
Attributable profits	203,099	227,239
	1,621,548	1,407,514
Progress billings	(1,521,304)	(1,264,170)
	100,244	143,344
Represented by:		
Amount due from contract customers	118,270	146,743
Amount due to contract customers reclassified under trade and other payables (Note 22)	(18,026)	(3,399)
	100,244	143,344

Additions to aggregate costs incurred during the year include:

	Group	
	2013 RM'000	2012 RM'000
Depreciation of property, plant and equipment (Note 3.2)	3,029	7,318
Personnel expenses (including key management personnel):		
- contributions to state plans	1,216	690
- wages, salaries and others	14,757	12,260
Rental of premises	920	74
Rental of equipment	14,674	1,885

15.3 Amount due from subsidiaries are unsecured and repayable on demand.

Included in the amount due from subsidiaries is an amount of RM142,144,000 (2012: RM150,264,000) bearing interest at 4.75% (2012: 4.75%) per annum. The remaining balances are interest free.

15.4 Amounts due from associates are unsecured, interest free and repayable on demand.

16. Deposits and prepayments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits	5,367	3,707	19	19
Prepayments	2,194	1,969	3	-
	7,561	5,676	22	19

Included in the prepayments of the Group is an amount of RM1,367,000 (2012: RM908,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

17. Cash and bank balances

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term deposits placed with licensed banks with maturities less than 3 months	158,515	150,708	7,000	15,053
Short-term cash funds	20,000	20,500	20,000	20,000
Cash in hand and at banks	79,659	37,371	10,860	1,217
Total cash and cash equivalents	258,174	208,579	37,860	36,270
Deposits pledged with banks	983	914	-	-
Total cash and bank balances	259,157	209,493	37,860	36,270

Fixed deposit of RM983,000 (2012: RM914,000) is pledged as security to a licensed bank for an immigration bond issued for a foreign subsidiary as well as bank guarantee for housing projects.

18. Disposal group held for sale

Following the Group's commitment to a plan to sell Total Reliability Sdn. Bhd. ("TRSB") towards the year end, all assets and liabilities of TRSB are presented as a disposal group held for sale as at 31 December 2013. Efforts to sell the disposal group have commenced prior to the year end. Subsequent to year end, on 21 January 2014, the Group had entered into a share sell agreement to effect the above disposal [see Note 39 (b)] and the sale is expected to be completed by last quarter of 2014. At 31 December 2013, the assets and liabilities of the disposal group are as follows:

	Note	Group 2013 RM'000
Assets classified as held for sale		
Property, plant and equipment	(i)	855
Investment in an associate	(ii)	5,199
Deferred tax assets		49
Inventories	(iii)	437
Property development costs	(iv)	11,652
Trade and other receivables		3,117
Deposit and prepayments		507
Current tax recoverable		577
Cash and bank balances		676
		23,069
Liabilities classified as held for sale		
Trade and other payables		2,832
Finance lease liabilities		208
		3,040

i. Property, plant and equipment held for sale comprise the following:

	Group 2013 RM'000
Cost (Note 3)	1,814
Accumulated depreciation (Note 3)	(959)
Carrying amount	855

Included in property, plant and equipment held for sale are assets under finance leases with carrying amount of RM144,000, which are charged to bank as security for the finance lease liabilities.

Notes to the Financial Statements (continue)

18. Disposal group held for sale (continue)

i. Property, plant and equipment held for sale comprise the following (continue):
The carrying an amount of property, plant and equipment of the disposal group is the same as its carrying amount before it was being reclassified to current asset.

ii. Investment in an associate held for sale relates to investment in TR Concrete Sdn. Bhd., and comprise the following:

	RM'000
Unquoted shares, at cost	527
Share of post-acquisition reserves	4,672
	5,199

iii. Inventories held for sale are stated at cost and comprise the completed developed properties.

iv. Property development cost held for sale comprises the following:

	Group 2013 RM'000
Property development costs	
Land	5,465
Development costs	25,706
	31,171
Accumulated costs charged to profit or loss	(19,519)
	11,652

The planned disposal of TRSB, which is a separate cash-generating unit to the Group, is itself not regarded as a separate major line of business or segment of the Group. Hence, there is no presentation of operation of TRSB as a discontinued operation.

19. Share capital

	Group and Company			
	Amount		Number of shares	
	2013 RM'000	2012 RM'000	2013 '000	2012 '000
Authorised				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
Issued and fully paid				
Ordinary shares of RM1.00 each				
Opening and closing balances	250,000	250,000	250,000	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

20. Reserves

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Share premium	86,092	86,092	86,092	86,092
Retained earnings	711,144	494,374	52,595	69,957
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Capital reserve	26,283	25,756	-	-
Fair value reserve	-	10,373	-	-
Translation reserve	1,074	116	-	-
Cash flow hedge reserve	34	-	-	-
	789,879	581,963	103,939	121,301

20. Reserves (continue)

Share premium
Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Retained earnings
The retained earnings of the Company are fully distributable in full as single-tier exempt dividends under the single-tier company income tax system enacted via the Finance Act 2007.

Treasury shares
The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 14 June 2013, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of issued share capital by the Company during the current and previous financial years.

At 31 December 2013, the Group held 13,056,000 (2012: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Group are suspended until those shares are reissued.

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

21. Loans and borrowings

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Islamic Bonds (unsecured)	150,000	300,000	150,000	300,000
Term loans (secured)	48,245	44,243	-	-
Finance lease liabilities	-	1,401	-	-
	198,245	345,644	150,000	300,000
Current				
Islamic Bonds (unsecured)	150,000	-	150,000	-
Term loans (secured)	4,262	3,729	-	-
Finance lease liabilities	37	2,762	-	-
	154,299	6,491	150,000	-
Total	352,544	352,135	300,000	300,000

21.1 Securities

Finance leases
The finance lease liabilities are secured on the respective finance lease assets of the Group. The finance lease liabilities granted to certain subsidiaries are also guaranteed by the Company and another subsidiary, as the case maybe. The total affected outstanding finance lease liabilities are RM37,000 (2012: RM3,276,000).

Term loans
A term loan granted to a subsidiary is secured by:
a. a fixed charge over the investment properties of the said subsidiary (see Note 9.1), and
b. corporate guarantee from the Company.

Another term loan is secured over the freehold land of a subsidiary and covered by a corporate guarantee from another subsidiary (see Note 3).

Revolving credits
The revolving credit facilities granted to direct subsidiaries amounting to RM130 million are covered by a corporate guarantee from the Company. The revolving credit facilities have not been utilised as at year end.

Notes to the Financial Statements (continue)

21. Loans and borrowings (continue)

21.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2013			2012		
Group	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Less than one year	38	1	37	2,923	161	2,762
Between one and two years	-	-	-	1,371	48	1,323
Between two and five years	-	-	-	83	5	78
	38	1	37	4,377	214	4,163

During the current year, the Group has settled in full some of its finance lease liabilities prior to their maturity due date amounting to RM2,503,000.

21.3 Significant covenants for Islamic Bonds facilities of the Company

The Company is required to comply with the following loan covenants throughout the tenure of the Islamic Bonds facilities:

- Debt to equity ratio of not exceeding 1.2 times; and
- Interest cover ratio of at least 4 times.

22. Trade and other payables

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Trade				
Trade payables	93,410	68,588	-	-
Progress billings	27,525	5,805	-	-
Amount due to:				
- contract customers (Note 15.2)	18,026	3,399	-	-
- associates	4,115	271	-	-
	143,076	78,063	-	-
Non-trade				
Accruals	37,021	28,581	8,518	6,036
Advance payments received from property buyers and contract customers	22,065	27,696	-	-
Other payables	5,810	4,902	63	239
Amounts due to:				
- associates	1,293	781	-	-
- joint venture	6,446	6,480	-	-
- subsidiaries	-	-	35	-
Dividend payable	7,108	-	7,108	-
Provision for liquidated and ascertained damages payable for late delivery of construction projects	22,817	-	-	-
	102,560	68,440	15,724	6,275
Total	245,636	146,503	15,724	6,275

22.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM45,547,000 (2012: RM31,824,000).

22.2 Amounts due to subsidiaries, joint venture and associates are unsecured, interest free and repayable on demand.

23. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue				
Contract revenue	372,612	223,401	-	-
Sale of development properties and vacant land	297,989	228,457	-	-
Sale of goods	33,085	33,365	-	-
Rental income of investment properties	7,772	7,451	-	-
Hire of equipment	-	108	-	-
Training fee income	3	-	-	-
Interest on short-term funds and fixed deposits	-	-	1,011	1,825
Dividend income from associate (quoted)	-	-	18,495	18,645
	711,461	492,782	19,506	20,470

24. Other income

Other income includes an one-off non-cash gain of RM185,982,000 arising from land exchange exercise. During the year, the Group surrendered some of its existing parcels of land [which were classified as investment properties (see Note 9)] to relevant authority in exchange with other parcels of land for development purposes. The value of land exchanged of RM201,910,000 was determined based on the fair value of the land at the point of exchange, by an independent valuer.

25. Results from operating activities

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Results from operating activities are arrived at after crediting:				
Dividend income from:				
- associate (quoted)	-	-	18,495	18,645
- quoted shares in Malaysia	2	3	-	-
Unrealised foreign exchange gain	1,287	1,462	-	-
Gain on disposal of:				
- associate	-	2,801	-	3,674
- property, plant and equipment	934	122	-	-
- investment properties	185,982	-	-	-
- other investments	21	-	-	-
Hire of machineries	88	64	-	-
Rental income from:				
- property lease	67	99	-	-
- vehicles and equipment	23	15	-	-
Reversal of allowance for impairment loss on receivables	7	8	-	-
and after charging:				
Allowance for impairment loss on receivables	2,218	-	-	-
Amortisation of:				
- intangible assets (Note 10)	680	680	-	-
- investment properties (Note 9)	1,907	1,224	-	-
- prepaid lease payments (Note 4)	28	25	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	375	360	64	64
- Overseas affiliates of KPMG Malaysia	86	66	-	-
- Non-audit fees				
- KPMG Malaysia	39	141	39	118
- Local affiliates of KPMG Malaysia	116	163	39	42
Depreciation of property, plant and equipment (excluding those capitalised in property development and construction cost (Note 3.2)	13,117	11,432	289	150
Provision for liquidated and ascertained damages	38,380	-	-	-
Property, plant and equipment written off	135	483	1	-

Notes to the Financial Statements (continue)

25. Results from operating activities (continue)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Results from operating activities are arrived at after charging: (continue)				
Personnel expenses (including key management personnel):				
- contributions to state plans	6,216	3,656	63	38
- wages, salaries and others	49,736	39,412	1,140	818
Net realised foreign exchange loss	2,313	3,675	-	-
Rental of equipment	180	548	-	-
Rental of premises	983	882	74	48

26. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Finance income				
- interest income from fixed deposits and cash funds	5,001	5,650	-	-
- interest income from other financial assets	627	1,029	-	-
- interest charged to subsidiaries	-	-	6,647	6,536
	5,628	6,679	6,647	6,536
Finance costs				
- interest expense from loans and borrowings	2,640	2,519	-	-
- interest expense from other financial liabilities	1,498	1,465	-	-
- coupon expense from Islamic Bonds	14,244	14,283	14,244	14,283
	18,382	18,267	14,244	14,283

27. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
- Fees	656	419	656	419
- Short-term employee benefits	10,262	6,418	10	-
	10,918	6,837	666	419
Other key management personnel				
- Fees	78	83	-	-
- Short-term employee benefits	5,573	3,735	137	99
	5,651	3,818	137	99
Total	16,569	10,655	803	518

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM102,000 (2012: RM159,000).

28. Tax expense

Major components of tax expense include:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense				
Malaysian				
- current year	19,209	21,933	416	750
- prior year	(836)	144	46	(343)
	18,373	22,077	462	407
Deferred tax income (Note 11)				
- current year	(4,157)	(1,741)	-	-
- prior year	128	(2,675)	-	-
	(4,029)	(4,416)	-	-
Total tax expense recognised in profit or loss	14,344	17,661	462	407

Reconciliation of tax expense

Profit for the year	238,267	95,200	1,593	9,416
Total tax expense	14,344	17,661	462	407
Profit excluding tax	252,611	112,861	2,055	9,823
Share of tax of equity accounted:				
- associates	13,917	12,937	-	-
- joint ventures	5,166	3,767	-	-
	19,083	16,704	-	-
	271,694	129,565	2,055	9,823
Tax calculated using Malaysian tax rate of 25% (2012: 25%)	67,924	32,391	514	2,456
Effect of different tax rates in foreign jurisdiction	925	(7)	-	-
(Income)/Losses of foreign source not subject to Malaysian tax	(277)	167	-	-
Non-deductible expenses	29,631	16,422	4,661	3,986
Non-taxable income	(68,487)	(13,625)	(4,759)	(5,692)
Movements in unrecognised deferred tax assets	5,529	1,548	-	-
Effect of changes in tax rate *	(1,110)	-	-	-
	34,135	36,896	416	750
(Over-)/Under-provision in prior years	(708)	(2,531)	46	(343)
	33,427	34,365	462	407
Less: Share of tax of equity accounted associates and joint ventures	(19,083)	(16,704)	-	-
Total tax expense	14,344	17,661	462	407

* *In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% for year of assessment 2016 ("YA 2016") onwards. Consequently, any temporary differences expected to be reversed in YA 2016 onwards are measured using this rate.*

Notes to the Financial Statements (continue)

29. Earnings per ordinary share - Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders of RM235,725,000 (2012: RM89,490,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2012: 236,944,000).

Weighted average number of ordinary shares

	2013 '000	2012 '000
Issued ordinary shares at beginning of year	250,000	250,000
Less: Cumulative effect of treasury shares bought back in previous years	(13,056)	(13,056)
Weighted average number of ordinary shares at end of year	236,944	236,944

30. Dividends

30.1 Dividends per ordinary share

The dividends per ordinary share as disclosed below relates to the total dividends declared or proposed for the financial year.

	Company 2013	Company 2012
Gross dividend per share (sen)	3.00	8.00

30.2 Dividends

Total dividends recognised in the statement of changes in equity comprise:

2013	Sen per share	Total amount RM'000	Date of payment
Second interim 2012 ordinary	5.0 single-tier tax exempt	11,847	18 April 2013
First interim 2013 ordinary	3.0 single-tier tax exempt	7,108	8 January 2014
		18,955	
2012			
Second interim 2011 ordinary	3.0 single-tier tax exempt	7,108	16 April 2012
First interim 2012 ordinary	3.0 single-tier tax exempt	7,108	12 October 2012
		14,216	

31. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business unit, the Group Managing Director (being the chief operating decision maker), reviews internal management reports at least on a quarterly basis. The following describes the operations in each of the Group's reportable segments.

Property development	-	Development and construction of residential and commercial properties (including sale of vacant land).
Construction	-	Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
Others	-	Manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment holdings as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

31. Operating segments (continue)

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

For decision making and resources allocation, the Group Managing Director reviews the statements of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue from external customers	297,990	228,457	372,612	223,401	40,859	40,924	-	-	711,461	492,782
Inter segment revenue	-	-	-	-	84,721	37,995	(84,721)	(37,995)	-	-
Total segment revenue	297,990	228,457	372,612	223,401	125,580	78,919	(84,721)	(37,995)	711,461	492,782
Segment profit/(loss)	86,444	44,465	(84,293)	19,872	(3,764)	2,467	(4,370)	(4,239)	(5,983)	62,565
Gain arising from land exchange exercise	185,982	-	-	-	-	-	-	-	185,982	-
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	32	6,671	8,096	-	-	6,671	8,128
- joint ventures	-	-	15,402	11,317	-	-	-	-	15,402	11,317
	272,426	44,465	(68,891)	31,221	2,907	10,563	(4,370)	(4,239)	202,072	82,010
Unallocated income/(expense)									752	(3,653)
Share of results of an associate, DEHB (in oil and gas segment)									49,787	34,504
Tax expense									(14,344)	(17,661)
Profit for the year									238,267	95,200
Other comprehensive (loss)/income									(9,422)	9,507
Total comprehensive income for the year									228,845	104,707
Non-controlling interests									(2,542)	(5,710)
Total comprehensive income attributable to the owners of the Company									226,303	98,997
Included in the measure of segment profit/(loss) are:										
Depreciation and amortisation [including depreciation capitalised in property development and construction cost	2,473	1,261	9,117	11,735	7,508	7,920	-	-	19,098	20,916
Finance costs	5,514	4,817	6,782	2,734	6,086	10,716	-	-	18,382	18,267
Finance income	(594)	(786)	(34)	(243)	-	-	-	-	(628)	(1,029)

Notes to the Financial Statements (continue)

31. Operating segments (continue)

Major customers

The following are the major customers individually accounting for 10% or more of group revenue:

	Revenue 2013 RM'000	Revenue 2012 RM'000	Segment
State Government related entity	122,394	65,853	Construction
Private entities	76,585	-	Construction
	198,979	65,853	

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Revenue 2013 RM'000	Revenue 2012 RM'000
Malaysia	693,019	459,768
Fiji	18,442	33,014
	711,461	492,782

32. Financial instruments

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a. Loans and receivables (L&R);
b. Financial liabilities measured at amortised cost (FL); and
c. Available-for-sale financial assets (AFS).

	2013			2012		
Group	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets/(liabilities)						
Other investments	11	-	11	48	-	48
Trade and other receivables	335,025	335,025	-	337,126	337,126	-
Cash and bank balances	259,157	259,157	-	209,493	209,493	-
Loans and borrowings	(352,544)	(352,544)	-	(352,135)	(352,135)	-
Trade and other payables	(178,020)	(178,020)	-	(109,603)	(109,603)	-

	2013		2012	
Company	Carrying amount RM'000	L&R/ (FL) RM'000	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets/(liabilities)				
Trade and other receivables	150,422	150,422	158,256	158,256
Cash and bank balances	37,860	37,860	36,270	36,270
Loans and borrowings	(300,000)	(300,000)	(300,000)	(300,000)
Trade and other payables	(15,724)	(15,724)	(6,275)	(6,275)

32. Financial instruments (continue)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Loans and receivables	1,846	3,068	7,659	8,361
Financial liabilities measured at amortised cost	(18,643)	(16,861)	(14,244)	(14,283)
	(16,797)	(13,793)	(6,585)	(5,922)

32.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

a. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and deposits in banks. The Company's exposure to credit risk mainly arises from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties
  Most of the construction projects undertaken by the Group are government funded. 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 the purchase consideration. The management regularly reviews the credit risk on customers and takes appropriate measures to enhance credit control procedures. Cash and bank balances are only placed with licensed banks.

- Intercompany balances
  The Company sometimes provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are due from regular customers of the Group. The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables.

At the end of the reporting period, there are no significant concentrations of credit risk other than the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount due from two (2012: two) subsidiaries	-	-	142,144	150,264
Trade receivables from four (2012: three) counterparties	66,117	145,673	-	-
	66,117	145,673	142,144	150,264

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

a. Credit risk (continue)

Receivables (continue)

Exposure to credit risk, credit quality and collateral (continue)
The exposure of credit risk for trade and other receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	283,891	268,913	150,422	158,256
Fiji	51,134	68,213	-	-
	335,025	337,126	150,422	158,256

Impairment losses

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

Group	Gross RM'000	Impairment loss RM'000	Net RM'000
2013			
Not past due	256,036	-	256,036
Past due 0-30 days	17,143	-	17,143
Past due 31-60 days	2,968	-	2,968
Past due 61-90 days	16,416	-	16,416
Past due 91-180 days	13,433	-	13,433
Past due more than 180 days	31,785	(2,756)	29,029
Total receivables (see Note 15)	337,781	(2,756)	335,025
2012			
Not past due	145,886	-	145,886
Past due 0-30 days	101,781	-	101,781
Past due 31-60 days	15,200	-	15,200
Past due 61-90 days	7,111	-	7,111
Past due 91-180 days	12,708	(24)	12,684
Past due more than 180 days	54,985	(521)	54,464
Total receivables (see Note 15)	337,671	(545)	337,126

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At beginning of year	545	553
Recognised (Note 25)	2,218	-
Reversed (Note 25)	(7)	(8)
At end of year	2,756	545

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

32. Financial instruments (continue)

32.3 *Financial risk management* (continue)

a. Credit risk (continue)

Receivables (continue)

Impairment losses (continue)
The Company does not specifically monitor the ageing of the loans and advances to subsidiaries. However, there is no indication that the amounts due from subsidiaries of RM150,339,000 (2012: RM158,210,000) are not recoverable as at the end of the reporting period.

Financial guarantees

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to some of its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made thereby to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral
The maximum exposure to credit risks, being the outstanding financial guarantees granted to the subsidiaries as at the reporting period is summarised as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Bank guarantees	232,292	164,953
Other loans and borrowings outstanding and recognised in financial statements	45,903	41,579
Total (see Note 38.1)	278,195	206,532

There is no indication that any subsidiaries would default on repayments of its borrowings. The financial guarantees have not been recognised as their fair values on initial recognition are not material and the probability of the subsidiaries defaulting on the credit lines is remote.

b. Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk
The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis
The table below summaries the maturity profile of the Group and the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	**Carrying amount RM'000**	**Contractual interest/ coupon rate %**	**Contractual cash flows RM'000**	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**	**> 5 years RM'000**
2013							
Trade and other payables	178,020	-	180,021	158,062	10,645	11,314	-
Loans and borrowings							
- Finance lease liabilities	37	6.01	38	38	-	-	-
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	325,786	157,659	6,894	132,716	28,517
- Term loans	52,507	4.50 and 5.18	68,483	6,579	6,380	17,951	37,573

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

b. Liquidity risk (continue)

Maturity analysis (continue)

Group (continue)	Carrying amount RM'000	Contractual interest/ coupon rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
2012							
Trade and other payables	109,603	-	111,230	99,254	3,724	8,252	-
Loans and borrowings							
- Finance lease liabilities	4,163	4.60 – 8.16	4,377	2,923	1,371	83	-
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	340,030	14,244	157,659	138,332	29,795
- Term loans	47,972	4.48 and 5.03	61,053	5,580	6,223	17,476	31,774
	=========		=========	=========	=========	=========	=========
Company							
2013							
Other payables	15,724	-	15,724	15,724	-	-	-
Loans and borrowings							
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	325,786	157,659	6,894	132,716	28,517
	=========		=========	=========	=========	=========	=========
2012							
Other payables	6,275	-	6,275	6,275	-	-	-
Loans and borrowings							
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	340,030	14,244	157,659	138,332	29,795
	=========		=========	=========	=========	=========	=========

c. Market risk

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

i. Currency risk

The Group is occasionally exposed to foreign currency risk arising mainly from currencies notes held with licensed banks as well as purchases of materials denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

As it is not possible to predict with any certainty, the movements of foreign exchange rates, this risk is managed on an on-going basis and the Group will consider hedging its foreign currency exposure should the need arise. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, attributable to a currency which is other than the functional currency of group entities, based on the carrying amounts as at the end of the reporting period was:

	Group	
	2013 RM'000	2012 RM'000
Denominated in USD		
Cash and bank balances	972	13,400
	=========	=========

32. Financial instruments (continue)

32.3 Financial risk management (continue)

c. Market risk (continue)

i Currency risk (continue)

Currency risk sensitivity analysis

The Company does not have any outstanding assets and liabilities denominated in a currency other than its functional currency, RM.

A 10 percent strengthening of the RM against USD at the end of the reporting period would have decreased post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2013	2012
	RM'000	RM'000
Group		
USD	(97)	(1,340)

A 10 percent weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

ii. Interest rate risk

The Group's investments in fixed rate term deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. The management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

The investment in interest-bearing assets is mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	179,498	172,122	169,144	185,317
Financial liabilities	(300,037)	(304,163)	(300,000)	(300,000)
Floating rate instruments				
Financial liabilities	(52,507)	(47,972)	-	-

Interest rate risk sensitivity analysis

a. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

c. Market risk (continue)

ii. Interest rate risk (continue)

Interest rate risk sensitivity analysis (continue)

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2013		2012	
	100bp increase RM'000	100bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments				
- Group	(2,636)	2,636	(2,126)	2,126

iii. Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on an individual basis. The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

32.4 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate fair value due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value			Total	Carrying
Group	(Level 1) RM'000	(Level 2) RM'000	(Level 3) RM'000	Total RM'000	fair value RM'000	amount RM'000
2013						
Financial assets						
Other investments						
Quoted shares	11	-	-	-	11	11
Financial liabilities						
Loans and borrowings						
- Term loans	-	-	52,780	52,780	52,780	52,507
- Islamic Bonds	-	-	305,287	305,287	305,287	300,000
- Finance lease liabilities	-	37	-	37	37	37

32. Financial instruments (continue)

32.4 Fair value information (continue)

2012	Fair value of financial instruments carried at fair value (Level 1) RM'000	Fair value of financial instruments not carried at fair value * RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets				
Other investments				
Quoted shares	48	-	48	48
	=========	=========	=========	=========
Financial liabilities				
Loans and borrowings				
- Term loans	-	47,972	47,972	47,972
- Islamic Bonds	-	300,000	300,000	300,000
- Finance lease liabilities	-	4,163	4,163	4,163
	=========	=========	=========	=========

Company	Fair value of financial instruments not carried at fair value * (Level 3) RM'000	Carrying amount RM'000
2013		
Financial liabilities		
Islamic Bonds	305,287	300,000
	=========	=========

2012	Fair value of financial instruments not carried at fair value * RM'000	Carrying amount RM'000
Financial liabilities		
Islamic Bonds	300,000	300,000
	=========	=========

* *Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of FRS 13.*

The Group does not have any outstanding financial derivatives as at 31 December 2013.

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value
Level 1 fair value is derived from quoted price (unadjusted) in active market for identical financial assets or liabilities that the entity can access at the measurement date.

Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease arrangements.

Transfers between Level 1 and Level 2 fair values
There has been no transfer between Level 1 and 2 fair values during the current and previous financial year.

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the financial assets or financial liabilities.

Fair values within Level 3 for financial instruments not carried at fair value, which is determined for disclosures purpose, is derived based on discounted cash flows using unobservable input (i.e. interest rate). The estimated fair value would increase (decrease) when the interest rates were lower (higher).

Notes to the Financial Statements (continue)

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its business. The Directors determine, monitor and maintain an optimal debt-to-equity ratio for the Group that complies with debt covenants and regulatory requirements.

One of its capital management strategies is to maintain an interest cover ratio of at least 4 times and a debt-to-equity ratio of not exceeding 1.2 times to comply with the covenants of the Islamic Bonds facilities as disclosed in Note 21.3. As the interest cover ratio of the Group for the current and previous years being not less than four times and the debt-to-equity ratio at the year end being 0.57 (2012: 0.68) time, the said covenants have been fulfilled.

There were no changes in the Group's strategy and approach on capital management during the year.

34. Capital expenditure commitments

	Group	
	2013 RM'000	2012 RM'000
Property, plant and equipment		
- Authorised but not contracted for	19,098	13,476

35. Related parties

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Significant related party transactions

Significant related party transactions, other than compensations to key management personnel (see Note 27) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2013 RM'000	2012 RM'000
Nature of transaction		
Management fee expenses	5,344	2,709
Interest income	(6,647)	(6,536)
Expenses on rental of premises	74	48

Transactions with associates

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Nature of transaction				
Dividend income	-	-	(18,495)	(18,645)
Purchase of construction materials	6,029	5,504	-	-
Rental expense on machinery	8,299	-	-	-
Sale of property, plant and equipment	(9,813)	-	-	-
Sale of construction materials	-	(4,876)	-	-
Contract costs payable	25,577	-	-	-

35. Related parties (continue)

Transaction with joint ventures

	Group	
	2013	**2012**
	RM'000	**RM'000**
Nature of transaction		
Construction contract revenue	-	(1,619)
	=========	=========

Transactions with companies/corporation connected to certain major shareholders of the Company and of its subsidiaries

	Group	
	2013	**2012**
	RM'000	**RM'000**
Nature of transaction		
Expenses on rental of premises	18	18
Donation expense	1,600	-
	=========	=========

Transaction with certain members of the key management personnel of the Group

	Group	
	2013	**2012**
	RM'000	**RM'000**
Nature of transaction		
Consultant fee paid	-	218
	========	========

The balances with subsidiaries, associates and joint ventures are disclosed in Notes 15 and 22 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Amount due therefrom	548	875
Amount due thereto	(1,864)	(14)
	========	========

Related party transactions are based on negotiated terms.

36. Acquisitions and disposals of subsidiaries and non-controlling interests

i. Acquisition of new subsidiaries

During the financial year, the Group subscribed for the shares in the following subsidiaries for a total consideration of RM6 (2012: RM80), satisfied in cash:

Subsidiaries	**Date of acquisition**	**% of equity interest acquired**
2013		
Naim Recruitment & Agency Sdn. Bhd. (formerly known as Success Teamtrade Sdn. Bhd.)	25.7.2013	100
Naim Property Services Sdn. Bhd. (formerly known as Orient Paradigm Sdn. Bhd.)	25.7.2013	100
Pavilion Quest Sdn. Bhd.	17.10.2013	100
2012		
Naim Capital Housing Sdn. Bhd.	13.6.2012	100
Naim Capital Port Sdn. Bhd.	13.6.2012	100
Bintulu Paragon Sdn. Bhd.	30.7.2012	100
Harmony Faber Sdn. Bhd.	10.8.2012	100
Lotus Paradigm Sdn. Bhd.	10.10.2012	70
Unique Composite Sdn. Bhd.	24.12.2012	100

The acquisition of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the financial year ended 31 December 2013.

Notes to the Financial Statements (continue)

36. Acquisitions and disposals of subsidiaries and non-controlling interests (continue)

ii. Changes in investments in existing subsidiaries

- ***Acquisition of additional interest from non-controlling interest***
  On 17 July 2013, Naim Land Sdn. Bhd. ("NLSB") acquired the remaining equity interest of 60% in Naim Housing Sdn. Bhd. ("NHSB") from one of its subsidiaries, Total Reliability Sdn. Bhd. ("TRSB") for a consideration of RM600, satisfied in cash. The group effective equity interest held in NHSB was increased from 70.6% to 100%.

  In November 2013, NLSB acquired the remaining equity interest of 51% in Syarikat Usahasama – Naim RSB Sdn. Bhd. ("SUNRSB") which it did not own from a minority shareholder for a cash consideration of RM1. Upon the acquisition, SUNRSB became a wholly-owned subsidiary of the Group (2012: being 49% owned associate of the Group).

  During the last financial year, Naim Overseas Sdn. Bhd. subscribed for additional 9,998 ordinary shares of F$1.00 each in Naim Vanua Levu (Fiji) Limited ("NVLFL"), settled in cash. NVLFL has since become a 99.9% owned subsidiary of the Group.

  The above acquisitions do not have material impact to the Group as the subsidiaries have been dormant since acquisition.

- ***Additional investments arising from new shares issued by existing subsidiaries***
  During the last financial year, NLSB subscribed for additional 9,999,998 ordinary shares of RM1.00 each in Peranan Makmur Sdn. Bhd. ("PMSB"), settled by way of set off against the amount owing to NLSB. The subscription did not have any impact to the Group as there was no change in the group equity interest in PMSB.

- ***Internal restructuring***
  On 19 November 2013, Naim Assets Sdn. Bhd. ("NASB") acquired the entire equity interest of Bintulu Paragon Sdn. Bhd. from its related company, Naim Engineering Sdn. Bhd. ("NESB") for a cash consideration of RM2.

  In December 2013, Harmony Faber Sdn. Bhd. ("HFSB"), which was previously a 100% owned subsidiary of NLSB, effected a special issue of 9,999,998 new ordinary shares of RM1.00 each to PMSB at RM9,999,998, settled via part of purchase consideration for certain leasehold land. On the same day, the PMSB acquired the remaining 2 ordinary shares of RM1.00 each in HFSB held by NLSB at par. HFSB consequently has become a wholly-owned subsidiary of PMSB.

  During the last financial year, the Company acquired the entire equity interest of NASB from its direct subsidiary, NLSB for a cash consideration of RM1,250,000. Simultaneously, another subsidiary, NESB acquired the entire equity interest of Naim Capital Sdn. Bhd. from NLSB for a cash consideration of RM2.00.

  These above acquisitions do not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

37. Acquisition of new associate

In May 2013, one of direct subsidiaries of the Company, Naim Engineering Sdn. Bhd. ("NESB") acquired an equity interest of 40% in Kempas Sentosa Sdn. Bhd. ("KSSB"), for a consideration of RM6,458,400, satisfied by way of cash and injection of plant and machinery.

On 20 May 2013, NESB subscribed for additional 200,000 ordinary shares of RM1.00 each in KSSB for a cash consideration of RM200,000. The subscription did not have any impact to the Group as there was no change in the group equity interest in KSSB.

38. Contingent liabilities - unsecured

38.1 Corporate guarantee

The Directors are of the opinion that provision is not required in respect of the following corporate guarantees, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Company	
	2013	**2012**
	RM'000	**RM'000**
Corporate guarantees granted for banking facilities of certain subsidiaries (Note 32.3)	278,195	206,532
	========	========

38.2 Material litigations

a. On 26 October 2009, Naim Land Sdn. Bhd. ("NLSB") received a Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NLSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have Native Customary Rights ("NCR") over an area over which NLSB has been awarded a contract to design and construct Bengoh Dam. The High Court has fixed the trial date to be on 12, 14 to 16, and 19 to 23 May 2014 pending the appeal by the Sarawak Attorney General Chambers to the Court of Appeal. Based on legal advice, the Directors do not expect the outcome of the action to have a material effect on the financial statements. No provision is made at this stage.

b. On 5 August 2010, Khidmat Mantap Sdn. Bhd. ("KMSB") received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. Following mediation as fixed by the High Court on 8th January 2014 and on a without prejudice and without admission of liability basis, both parties agreed to settle the matter without having to go to full trial. The claimants also gave irrevocable undertaking/indemnity to forego all claims, interests, benefits and entitlement whatsoever affecting the land.

c. On 10 January 2012, NLSB received a Writ of Summons and Statement of Claim from a contractor seeking for, *inter alia*, a refund of liquidated and ascertained damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. Full trial was completed on 26 July 2013, and on 21 January 2014, the High Court decided in favour of the contractor. NLSB is appealing against the High Court's decision.

In respect of the litigations as mentioned in Notes 38.2(b) and 38.2(c), a total cost of RM2,702,000 has been accrued for as part of project costs in the current year under review.

39. Subsequent events

a. On 9 January 2014 and 10 January 2014, the Company disposed approximately 2.7% of its equity interest in Dayang Enterprise Holdings Bhd. ("DEHB") for a total cash consideration of RM82,072,000 (net of transaction costs). Upon the disposal, the resultant equity interest in DEHB has decreased from 33.63% to 30.93%.

b. On 21 January 2014, a direct subsidiary, Naim Land Sdn. Bhd. ("NLSB") entered into a share sale agreement with a minority shareholder to dispose of its entire 51% equity interest held in Total Reliability Sdn. Bhd. ("TRSB") for a consideration of RM6,503,000, to be settled over a period of 10 months. As such, assets and liabilities of TRSB are classified as disposal group held for sale in the statement of financial position as at 31 December 2013 (see Note 18).

c. On 31 March 2014, the Company redeemed its outstanding Islamic Bonds (including coupon expense accrued thereon) amounting to RM153,477,000 in full prior to the respective maturity dates (which were to be due in 2016 and 2021). Subsequently, the Company cancelled the Islamic Securities Programmes.

d. On 17 April 2014, NLSB subscribed for the entire equity interest of Exclusive Paragon Sdn. Bhd. (a newly incorporated company), comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.

Save as disclosed, there are no other material events occurred subsequent to the end of the reporting period up to the date of this report.

Notes to the Financial Statements (continue)

40. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and subsidiaries				
- Realised	755,167	525,439	52,595	69,957
- Unrealised	6,619	8,299	-	-
	761,786	533,738	52,595	69,957
The share of retained earnings from associates				
- Realised	119,592	66,561	-	-
- Unrealised	(712)	(632)	-	-
	118,880	65,929	-	-
The share of retained earnings from joint ventures	44,192	18,895	-	-
	924,858	618,562	52,595	69,957
Less: Consolidation adjustments	(213,714)	(124,188)	-	-
Total retained earnings as per statement of changes in equity	711,144	494,374	52,595	69,957

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

Statement by Directors pursuant
to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors,

a. the financial statements set out on pages 73 to 131 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended, and

b. the information set out in Note 40 on page 132 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Datuk Amar Abdul Hamed Bin Haji Sepawi

.....
Wong Ping Eng

Kuching,

Date: 29 April 2014

Statutory Declaration pursuant
to Section 169(16) of the Companies Act, 1965

I, **Wong Ping Eng**, the Director primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 132 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 29 April 2014

.....

Wong Ping Eng

Before me: First Floor, Sublot 18,
Lot 2227, M10 Commercial Centre,
10th Mile, Kuching - Serian Road,
93250 Kuching, Sarawak

Independent Auditors' Report to the Members of
Naim Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 73 to 131.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
b. We have considered the accounts and the audit reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
c. We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 40 on page 132 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Lee Hean Kok
Approval Number: 2700/12/15 (J)
Chartered Accountant

Kuching,
Date: 29 April 2014

Other Information

Authorised Share Capital	:	RM500,000,000 comprising RM500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM250,000,000 comprising RM250,000,000 shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	15	0.46	557	0.000
100 – 1,000	902	27.65	584,508	0.25
1,001 – 10,000	1,621	49.70	7,353,600	3.10
10,001 – 100,000	554	16.98	19,332,900	8.16
100,001 – 11,847,199 (*)	165	5.06	113,806,785	48.03
11,847,200 and above (**)	5	0.15	95,865,650	40.46
Total	**3,262**	**100.000**	**236,944,000#**	**100.000**

*Remark: * - Less than 5% of issued shares*
*** - 5% and above of issued shares*
 # - The number of 236,944,000 ordinary shares was arrived at after deduction the number of 13,056,000 treasury shares retained by the Company from the original issued and paid-up share capital of 250,000,000 ordinary shares of the Company

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
1	ISLAND HARVESTS SDN BHD	30,619,600	12.92
2	LEMBAGA TABUNG HAJI	24,827,200	10.48
3	TAPAK BERINGIN SDN BHD	15,000,000	6.33
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	13,418,850	5.66
5	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR TAPAK BERINGIN SDN BHD	12,000,000	5.06
6	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	4.08
7	ABDUL HAMED BIN SEPAWI	7,150,000	3.02
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	5,870,464	2.48
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MALAYAN BANKING BERHAD FOR ABDUL HAMED BIN SEPAWI	4,107,400	1.73
10	HWS PROPERTIES SDN BHD	3,912,250	1.65
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.37
12	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,201,500	1.35
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	2,968,500	1.25
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR MAAKL-CM SHARIAH FLEXI FUND (270785)	2,728,300	1.15
15	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	2,568,000	1.08
16	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (HSSL-HGIF)	2,270,500	0.96
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	2,187,700	0.92
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	2,052,800	0.87
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KAF FM)	2,000,000	0.84
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,898,000	0.80
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	1,590,600	0.67
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	1,547,300	0.65

Analysis of Shareholdings as at 30 April 2014 (continue)

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
23	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,376,200	0.58
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TR01)	1,358,300	0.57
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,269,000	0.54
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	1,268,200	0.54
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD FOR MANULIFE INSURANCE (MALAYSIA) BERHAD	1,211,200	0.51
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (SHAREHOLDERS FD)	1,200,000	0.51
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	1,125,600	0.48
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	1,120,000	0.47

SUBSTANTIAL SHAREHOLDERS

	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	ISLAND HARVESTS SDN BHD	30,619,600	12.92	-	-
2	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,480,500	17.08
3	TAPAK BERINGIN SDN BHD	27,406,900	11.57	-	-
4	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	11,257,400	4.75	27,992,700	11.81
5	LEMBAGA TABUNG HAJI	24,966,400	10.54	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	11,257,400	4.75	27,992,700	11.81
2	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,480,500	17.08
3	WONG PING ENG	5,000	0.002	10,000	0.004
4	DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
5	DATU (DR.) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
6	PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
7	TAN SRI IZZUDDIN BIN DALI	-	-	-	-
8	DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-
9	TUAN HAJI SOEDIRMAN BIN HAJI AINI	-	-	-	-

Top 10 Properties

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Net Book Value RM'000
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold Land				
Lot 819, Block 13 Kuala Baram Land District	Land For Development	21.08.1997 Expiring 20.08.2096	314,361	11,052
Lot 3247, Block 11 Kuala Baram Land District	Land For PDevelopment	20.07.1995 Expiring 19.07.2094	678,984	28,618
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,807,980	26,709
Lot 4172 and Lot 4173 Bintulu Town District	Land For Development	26.09.2008 Expiring 04.07.2111	146,927	15,664
Lot 2532, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,001	15,080
Lot 789, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	1,803,006	83,110
Lot 2547, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	2,250,007	103,720
Part of Lot 3287, Block 10 Kuching Central Land District	Mixed Development	03.08.2007 Expiring 02.04.2111	91,338	29,743
INVESTMENT PROPERTY				
Lot 3244, Block 11 Kuala Baram Land District	Commercial Land & Building	22.12.2009 Expiring 19.07.2094	34,130 (25,560)	49,803
Part of Lot 3287, Block 10 Kuching Central Land District	Mixed Development	03.08.2007 Expiring 02.04.2111	44,632	11,600

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of Members of **NAIM HOLDINGS BERHAD** will be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Friday, 13 June 2014 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESSES

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 2013.
ORDINARY RESOLUTION 1

2. Approval of Directors' Fees

To approve Directors' Fees. **ORDINARY RESOLUTION 2**

3. Re-Election of Directors

To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association:
Dato Ir. Abang Jemat Bin Abang Bujang **ORDINARY RESOLUTION 3**
Wong Ping Eng (Ms) **ORDINARY RESOLUTION 4**
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis **ORDINARY RESOLUTION 5**

To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association:
Tuan Haji Soedirman Bin Haji Aini **ORDINARY RESOLUTION 6**

4. Re-Appointment of Auditors

To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 7**

SPECIAL BUSINESSES

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

5. ORDINARY RESOLUTION 8 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"That subject to and, contingent upon the passing of Ordinary Resolution 5 above, authority be and is hereby given to Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 8**

6. ORDINARY RESOLUTION 9 - 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, if applicable, 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 does not exceed 10% of the total 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 9**

7. ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES ("PROPOSED RENEWAL")

"THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby 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 as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;
ii. an amount not exceeding the Company's audited share premium and/or retained profits for the financial year ended 31 December 2013 will be allocated by the Company for the purchase of own shares; and
iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase." **ORDINARY RESOLUTION 10**

8. 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 22 May 2014

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. To be valid the Proxy form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act 1965 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. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 6 June 2014 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

Notice of Annual General Meeting (continue)

Explanatory Notes on Special Businesses

a. Ordinary Resolution 8 – Retention of Independent Non-Executive Director

In line with the recommendation 3.3 of the Malaysian Code of Corporate Governance 2012, the Nominating Committee has assessed the independence of Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis who has served as Independent Non- Executive Director of the Company for a cumulative term of more than nine (9) years, and upon its recommendation, the Board of Directors has recommended Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis to continue to act as an Independent Non- Executive Director of the Company based on the following justifications:-

i. Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis continues to fulfill the criteria under the definition of independent director pursuant to paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad, and hence, he would be able to continue to provide objectively and independent judgment to the Board.

ii. He performed his duty diligently and in the best interest of the Company.

iii. Having been in the Company for more than nine (9) years, he is familiar in the Group's business operations and has devoted sufficient time and attention to his professional obligations and facilitated informed and balanced decision making process.

b. Ordinary Resolution 9 – Authority to Allot and Issue Share

This proposed resolution in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, 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, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 14 June 2013. The Company did not utilize the mandate that was approved last year. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercises, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

c. Ordinary Resolution 10 – Proposed Renewal of Authority to Purchase Own Shares

Please refer to the Statement to Shareholders in relation to The Proposed Renewal of Authority for Purchase of Own Shares dated 22 May 2014 for further information.

Statement accompanying Notice of Annual General Meeting

Directors standing for re-election at the 12th Annual General Meeting

The following are Directors retiring pursuant to Article 85 and Article 92 of the Company's Articles of Association:

i. Article 85 Retirement by rotation

Dato Ir. Abang Jemat Bin Abang Bujang
Wong Ping Eng (Ms)
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis

ii. Article 92 – Retirement after appointment to fill casual vacancy

Tuan Haji Soedirman Bin Haji Aini

The respective profiles of the above Directors are set out in the Profile of Directors pages 13 to 18

The details of interest in securities of the Company (if any) held by the Directors are stated on page 138 of the Annual Report.

NAIM HOLDINGS BERHAD
585467-M (Incorporated in Malaysia)

CDS account no. of authorized nominee

FORM OF PROXY

I/We _____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. _____ (new) _____ (old)

of _____
(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint _____

_____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

NRIC NO./Passport No _____ (new) _____ (old) 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 12th Annual General Meeting of the Company to be held at Damai Beach Resort, Teluk Santubong, 93756 Kuching, Sarawak, Malaysia on Friday 13 June 2014 at 11.00 a.m. or any adjournment thereof, in the manner indicated below

Resolutions		FOR	AGAINST
Ordinary Resolution 1	Adoption of the audited financial statements and reports thereto		
Ordinary Resolution 2	Approve payment of Directors' fee		
Ordinary Resolution 3	Re-election of Director : Dato Ir. Abang Jemat Bin Abang Bujang		
Ordinary Resolution 4	Re-election of Director : Wong Ping Eng (Ms)		
Ordinary Resolution 5	Re-election of Director : Datu' (Dr.) Haji Abdul Rashid Bin Mohd Azis		
Ordinary Resolution 6	Re-election of Director : Tuan Haji Soedirman Bin Haji Aini		
Ordinary Resolution 7	Re-appointment of Auditors : Messrs KPMG as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 8	Retention of Datu' (Dr.) Haji Abdul Rashid Bin Mohd Azis as Independent Director		
Ordinary Resolution 9	Authority to allot and issue shares		
Ordinary Resolution 10	Proposed renewal of authority to purchase own shares		

(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.)

Dated this _____ day of _____ 2014.

Number of shares held:

_____
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 Companies Act 1965 shall not apply to the Company.
2. To be valid the Proxy form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act 1965 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. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 6 June 2014 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

1. Fold here / Lipat di sini

STAMP

The Company Secretary

NAIM HOLDINGS BERHAD

9th Floor, Wisma Naim, 2½ Mile,
Rock Road 93200, Kuching, Sarawak, Malaysia.

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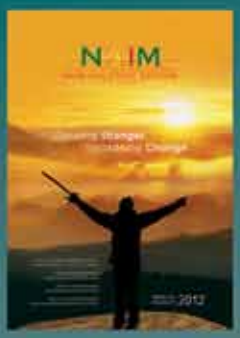
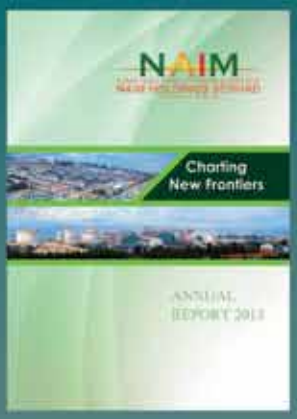
From where we began . . .

Annual Report **2010**
NAIM HOLDINGS BERHAD

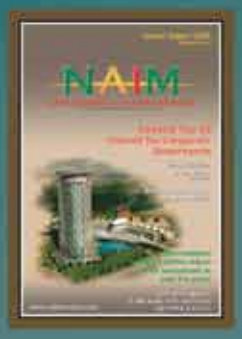
Annual Report **2011**
NAIM HOLDINGS BERHAD



Annual Report **2012**
NAIM HOLDINGS BERHAD

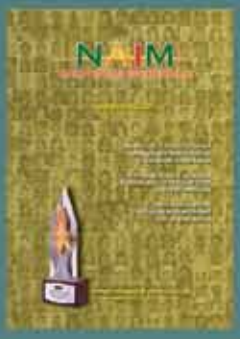


Annual Report **2013**
NAIM HOLDINGS BERHAD

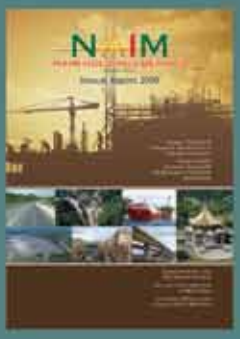


Annual Report **2006**
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2007**
NAIM CENDERA
HOLDINGS BERHAD



Annual Report **2008**
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)



Annual Report **2009**
NAIM HOLDINGS BERHAD

Annual Report **2002**
NAIM CENDERA SDN BHD

Annual Report **2003**
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2004**
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2005**
NAIM CENDERA
HOLDINGS BERHAD

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

A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD

(Company No.: 585467-M)

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: 6 082 411667 Fax: 6 082 429869 E-mail: enquiries@naim.com.my
Website: www.naim.com.my

Kuala Lumpur | Kuching | Bintulu | Miri