NAIM

A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD

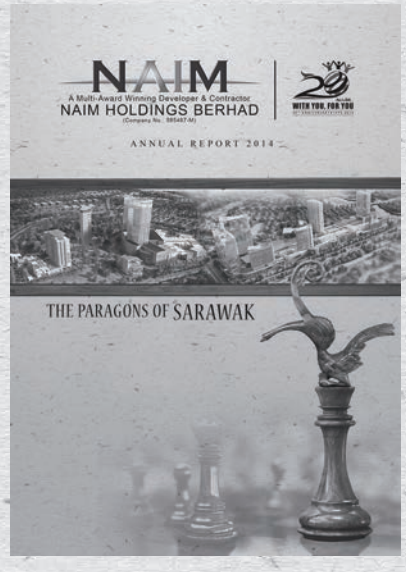
(Company No.: 585467-M)

NAIM
WITH YOU, FOR YOU
20TH ANNIVERSARY • 1995-2015

ANNUAL REPORT 2014

THE PARAGONS OF SARAWAK

Contents



Theme and Cover Design

2014 Was an embodiment of hard work and perseverance for the Naim Team. We triumphed over challenges, had our hearts in the business and strived as one towards the continued and sustainability of the Group.

We created a new chapter in Sarawak's property scene with two iconic developments, the Bintulu Paragon and Kuching Paragon integrated developments. Redefining the 'live, work and play' experience, and with their innovatively designed components, they are the 'Paragons of Sarawak'- the epitome of modern and affluent lifestyle, your world in one place.

The 'Paragons of Sarawak' has cemented the Group's position as the market leader and 'play maker' in Sarawak's property scene, now and for many years to come.

NAIM
NAIM HOLDINGS BERHAD

Logo Rationale

The actual logo 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.

For this annual report, the report was presented in black and white, including the Naim logo, affirming our commitment towards cost management.

Wisma Naim

2½ Mile, Rock Road,
93200 Kuching,
Sarawak, Malaysia

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

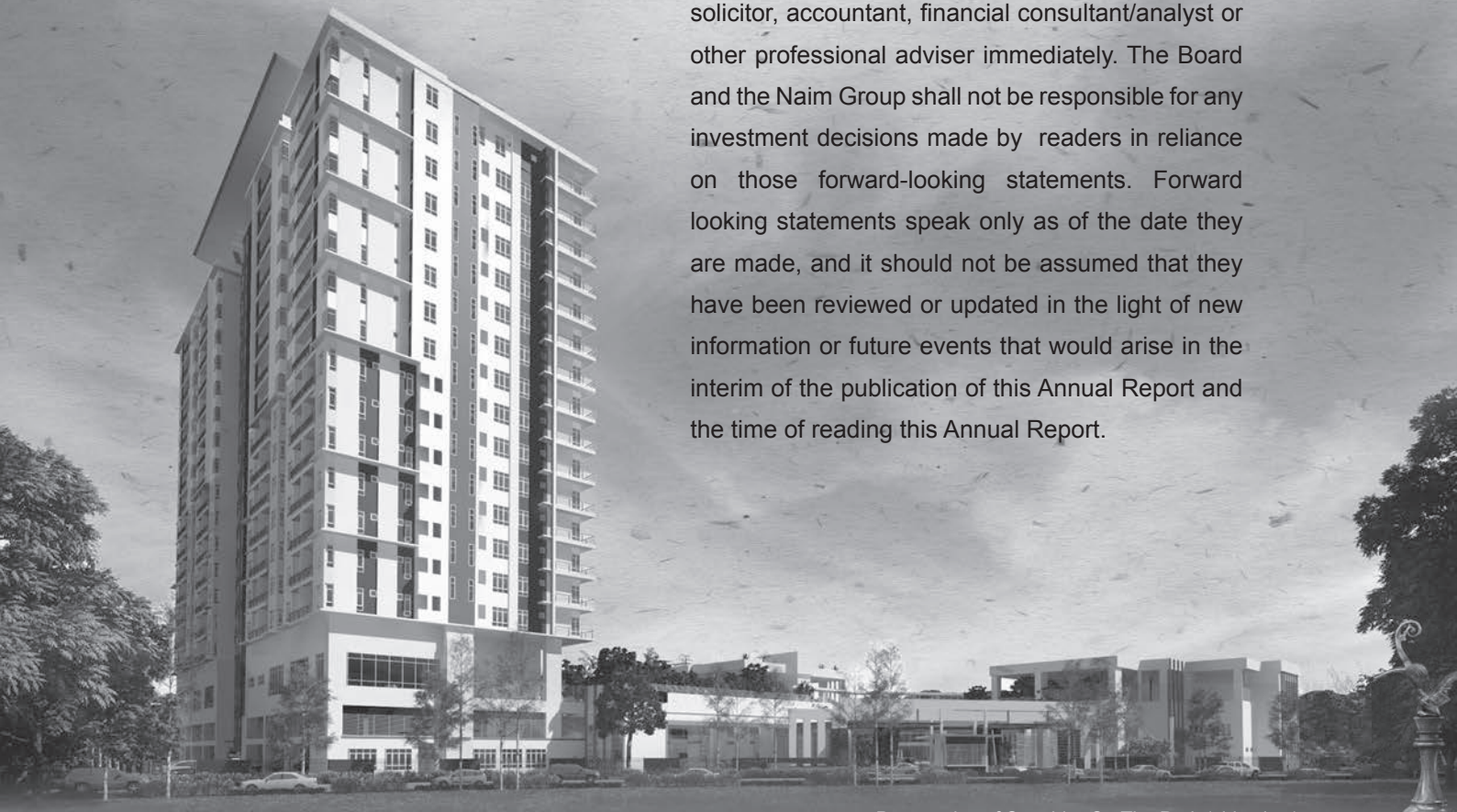
- To provide the finest products and services to our customers
- To provide increasing value and superior returns for our shareholders
- To empower every member of our staff to develop their potential to the maximum
- To be a role model customer for our suppliers, sub-contractors and service providers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

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. You should rely on your own evaluation to assess the merits and risks of any investment decisions and seek independent advices from your stockbroker, bank manager, solicitor, accountant, financial consultant/analyst or other professional adviser immediately. 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.



Perspective of Sapphire On The Park (side view)

Our Presence

Head Office : 9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia. Website: www.naim.com.my

Kuala Lumpur Office : No A-39-1, Level 39, Menara UOA Bangsar, No 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur, Malaysia

Kuching Sales Gallery : Rock Commercial Centre, Jalan Green, Kuching, Sarawak, Malaysia
Website: www.kuchingparagon.com.my FB: www.facebook.com/kuchingparagon

Bintulu Sales Gallery : B-G-1, No.1 Old Airport Place, 97000 Bintulu, Sarawak, Malaysia
Website: www.bintuluparagon.com.my FB: www.facebook.com/BintuluParagon

Miri Sales Gallery : Lot 223-226, First Floor, Permy Mall, Bandar Baru Permyjaya, 98000 Miri, Sarawak, Malaysia
Website: www.southlake.com.my FB: www.facebook.com/southlakepermyjaya

Performance At A Glance

Corporate Profile

Bandar Baru Permyjaya, 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 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, Kuching Paragon integrated development, Desa Ilmu and Riveria in Kuching, Bintulu Paragon integrated development in Bintulu, and a number of smaller developments in Sarawak, Naim has also built more than 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 22 industry awards/accolades being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.

ISO 9001 & ISO 14001 CERTIFICATIONS

OHSAS 18001 CERTIFICATION

Group Financial Summary

Financial Performance		% Change From 2013
Revenue (RM'000)	656,484	- 7.7
Profit Before Tax (RM'000)	227,718	- 9.9
Net Profit Attributable to Owners of the Company (RM'000)	220,337	- 6.5
Total Assets (RM'000)	1,862,963	+ 8.6
Shareholders' Equity (RM'000)	1,261,028	+ 21.3
Earnings Per Share (sen)	92.99	- 6.5
NA Per Share (RM)	5.04	+ 21.2
Return On Equity (%)	17.47	- 22.9
Gross Dividend (sen)	3.5^	+ 16.7
Gross Dividend Yield (%)	1.17#	**

*** Gross Dividend Yield for 2013 was 0.82%. Effect of % change in yield was not presented.*
 # Based on year end share price of RM2.98
^ Declared on 26 February 2015 in respect of the year ended 31 December 2014

Financial Calendar

Financial Year End		31 Dec 2014
Announcement of Results	1st quarter	28 May 2014
	2nd quarter	21 Aug 2014
	3rd quarter	28 Nov 2014
	4th quarter	26 Feb 2015
Notice of Annual General Meeting		22 May 2014
Annual General Meeting		13 June 2014
Single-tier Tax Exempt Dividend	Declaration	26 Feb 2015
	Ex-date	23 March 2015
	Book closure	25 March 2015
	Payment	24 April 2015

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

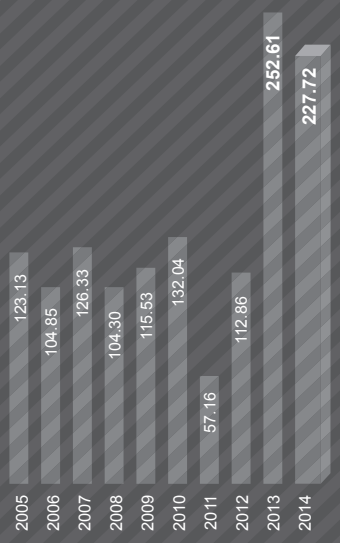
10-Year Financial Highlights (in RM million)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	423.09	526.00	646.02	523.72	566.92	612.69	411.89	492.78	711.46	**656.48**
Profit before taxation	123.13	104.85	126.33	104.30	115.53	132.04	57.16	112.86	252.61	**227.72**
Net Profit Attributable to Owners of the Company	79.15	66.23	76.27	80.75	84.98	97.75	46.63	89.49	235.72	**220.34**
Total Assets	710.28	793.84	906.92	955.92	1,057.16	1,054.62	1,289.06	1,397.45	1,715.09	**1,862.96**
Net Tangible Assets	459.50	487.68	537.96	586.75	652.36	714.38	738.22	823.69	1,032.28	**1,254.11**
Shareholders' Equity	459.50	489.82	539.32	587.65	652.36	724.02	747.18	831.96	1,039.88	**1,261.03**
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)	32.00	27.10	31.20	33.32	35.85	41.25	19.68	37.77	99.49	**92.99**
Gross Dividend Rate (%)	12%	15%	15%	13%	8%	10%	8%	8%	3%	**3.5%**^
Net Tangible Assets Per Share (RM)	1.84	1.95	2.15	2.35	2.61	2.86	2.95	3.29	4.13	**5.02**

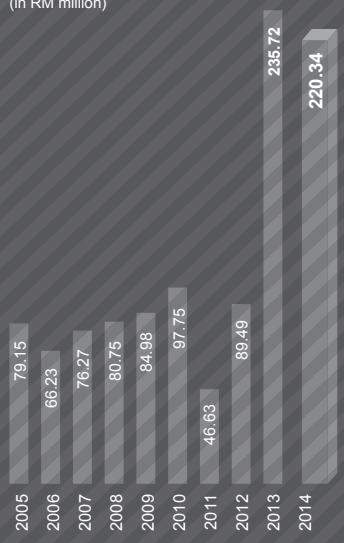
^ *Declared on 26 February 2015 in respect of the year ended 31 December 2014*

Revenue
(in RM million)

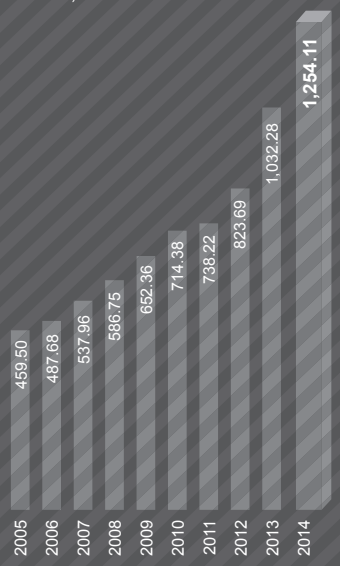
Profit Before Tax
(in RM million)



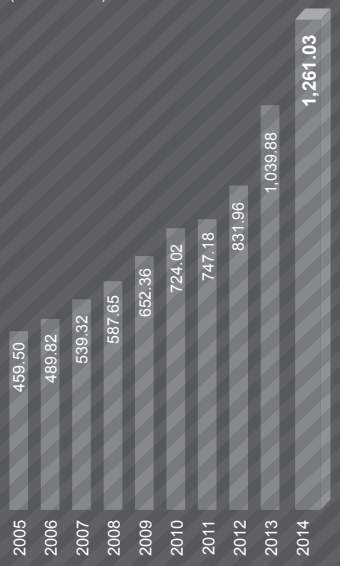
Net Profit Attributable to Owners of the Company
(in RM million)



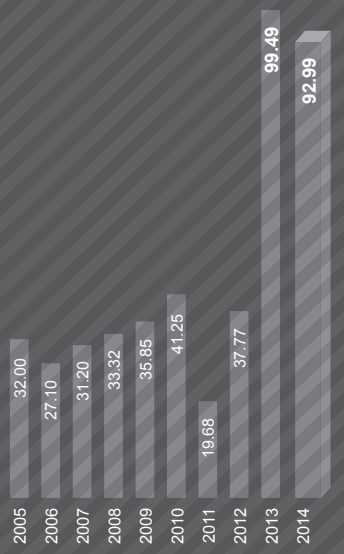
Net Tangible Assets
(in RM million)



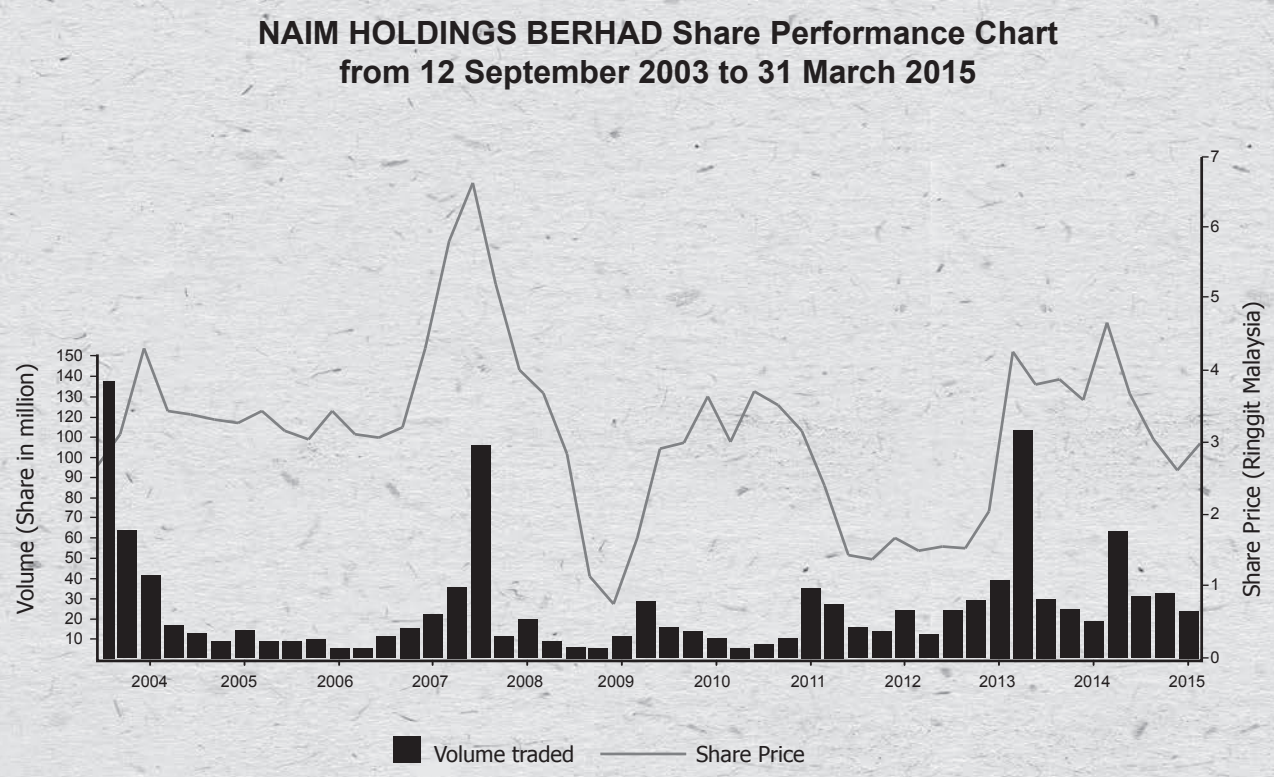
Shareholders' Equity
(in RM million)

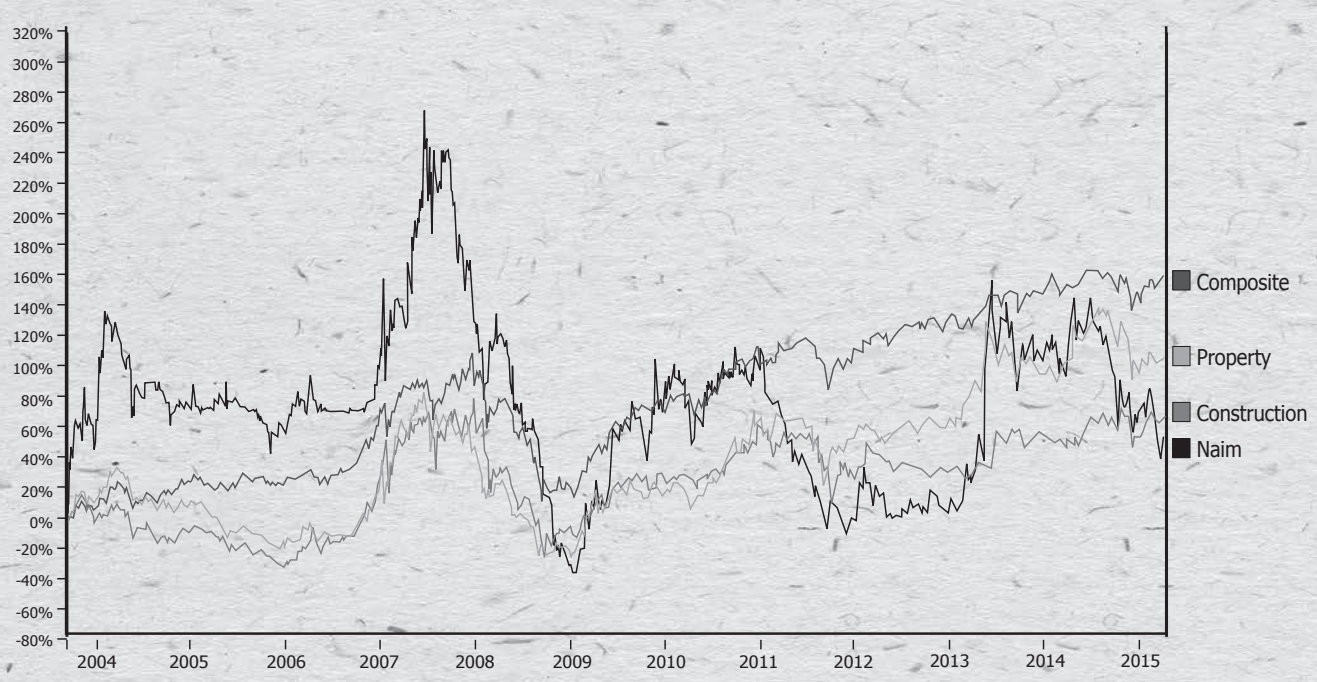


Earnings Per Share
(sen)



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

Bong Siu Lian (MAICSA 7002221)
Hasmiah Binti Anthony Hasbi (SAA0772-KH004)

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 (as at date of Annual Report)

NAIM
A Multi-Award Winning Developer & Contractor

- **OIL & GAS**
  - Dayang Enterprise Holdings Bhd.
- **PROPERTY**
  - Naim Land Sdn. Bhd.
    - **PROPERTY DEVELOPMENT**
      - Khidmat Mantap Sdn. Bhd.
      - Desa Ilmu Sdn. Bhd.
      - Naim Commercial Sdn. Bhd.
      - Peranan Makmur Sdn. Bhd.
      - Samalaju Properties Sdn. Bhd.
    - **PROPERTY INVESTMENT**
      - Yakin Pelita Sdn. Bhd.
      - Naim Realty Sdn. Bhd.
      - Harmony Faber Sdn. Bhd.
- **ENGINEERING/CONSTRUCTION**
  - Naim Engineering Sdn. Bhd.
  - Kempas Sentosa Sdn. Bhd.
    - **MANUFACTURING**
      - Naim Premix Sdn. Bhd.
      - Unique Composite Sdn. Bhd.
    - **TRADING / SERVICES**
      - Naim Supply & Logistic 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
- **THIRTY ONE OTHER DORMANT COMPANIES**

Board of Directors

From Left to Right:

1 **Datuk Hasmi Bin Hasnan**
Managing Director

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

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

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

From Left to Right:

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

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

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

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

9 **Wong Ping Eng**
Deputy Managing Director

Directors' Profile

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Malaysian aged
66

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 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 conferred the coveted Sarawak State Outstanding Entrepreneurship Award 2014 by the Ministry of Industrial Development, in association with the Sarawak Chamber of Commerce and Industries (SCCI) and Ernst & Young in recognition of his contribution towards the State's economic development.

He was also a member of the National Economic Consultative Council II.

Datuk Hasmi Bin Hasnan
Managing Director

Malaysian aged
62

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 the 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.

Directors' Profile (continue)

Wong Ping Eng
Deputy Managing Director

Malaysian aged
41

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 the Malaysian Institute of Accountants 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 an Audit Assistant at KPMG Kuching in September 1997 until December 2000. In 2004, she moved to Naim as an Accountant. In July 2004-2008, 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 the Vice President – Finance and Accounts to oversee the Group's Finance and Accounts Division and subsequently promoted as the Deputy Director, Finance and IT Division. In August 2012, she was promoted to a Senior Director for the Group's Support Division comprising Finance and Accounts, Administration, Human Resource and Information Technology. She was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013 she was re-designated as the Deputy Managing Director.

Tan Sri Izzuddin Bin Dali
Independent Non-Executive Director

Malaysian aged
66

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, USA

Working Experience and Occupation
He has served the Government for more than 35 years in various departments within the Ministry of Finance. In 2003, he was appointed as the Secretary General, Ministry of Works and in 2004 he was promoted as the 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, Cyberview Sdn. Bhd, Syarikat Pembinaan BLT Sdn. Bhd, Sarawak Hidro Sdn. Bhd, Non-Independent Non-Executive Director of Petronas, Malaysia Airlines System Bhd, Perbadanan Insuran Deposit Malaysia, Bank Negara Malaysia, Uda Holdings Berhad, Malaysia Airports Holdings Berhad, Bintulu Port Sdn. Bhd. and Kuala Lumpur International Airport Berhad. His international stint also includes board membership in the International Islamic Trade Finance Corporation, a subsidiary of the Islamic Development Bank, based in Jeddah.

He is Chairman, Director and Advisor of several private limited companies.

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

Malaysian aged
62

Date of Appointment

i As Independent Non-Executive Director (25 July 2003)

ii Re-designated to Non-Independent Non-Executive Director (14 March 2005)

iii Reinstated as Independent Non-Executive Director (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 first joined Telecom Department Sarawak as a Telecommunication Engineer from 1979 to 1986 and assumed the post of the 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 Bintang Sarawak (PSBS) in 2011 by TYT Yang di-Pertua Negeri Sarawak.

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

Malaysian aged
69

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 the Government Service for 41 years and has held various senior posts in Government Departments and Statutory Bodies. The last post he held was the Director of Sarawak Foundation 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 the State Secretary of 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, Chairman of a number of Yayasan Sarawak's subsidiary companies and a Board member of Sarawak Economic Development Corporation (SEDC).

Currently, he is also the Chairman of the Charitable Trust, Bandar Sri Aman Mosque, a Board Member of Swinburne University of Technology and Deputy Chairman of the University'ss Council (Sarawak Campus).

Directors' Profile (continue)

Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Malaysian aged
59

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 till her retirement on 31 December 2012. 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
59

Date of Appointment
17 September 2013

Academic/Professional Qualification(s)
- Fellow of the Association of Chartered Certified Accountants, UK
- Member of Malaysian Institute of Accountants (MIA)

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.

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Independent Non-Executive Director

Malaysian aged
62

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, and was 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 the 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 at Malaysian International Consultants and Perunding Bakti Sdn. Bhd. He has served as a Board Member of the 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 Advisor to the Master Builders Association, Malaysia (MBAM) and Chairman of CIDB Steering Committee on Industrialised Building System. He was appointed an Advisor of 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 the National Accreditation Board (LAN), Director of Housing Research Centre (HRC), Universiti Putra Malaysia, and Board Member, of the Polytechnic Curriculum Board, Ministry of Higher Education.

He has written a book on Industrialised Buildings Systems (IBS) and has 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 153 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 60 for Directors' attendance at board meetings held during the financial year.

Our Awards and Accolades

2014
One of Malaysia's
Top 20 Property Developers
(The Edge Malaysia's Top Property Developers Awards 2014)
& the **ONLY East Malaysia-based** developer award recipient

2014
The Sarawak CMEA Award:
Large Industries (Services and Other Sectors - Construction)

2014
Malaysian Reserve Property Press Awards
Most Prestigious Integrated Development
- Bintulu Paragon

2014
Malaysian Reserve Property Press Awards
Most Prestigious Integrated Lifestyle Residential Development
- Southlake Permyjaya

2014
Readers' Choice
Malaysian Reserve Property Press Awards
Best Commercial Development
- Bintulu Paragon

2014
AREA
Social Empowerment Category

2013
APEA
Outstanding Entrepreneurship Category

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

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

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

2009
SHEDA Excellence Awards:
Top Developer in Residential Development

2008
FIABCI Malaysia Property Award:
Property Man of The Year

2007
The Malaysian Construction Industry Excellence Awards:
Contractor Award Grade 7

2005
Malaysia Corporate & Social Environment Responsibility Award

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

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

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

2003
SCCI Annual Corporate Report Awards:
Best Annual Report Award

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

2002
CIDB Builders Building Works Category Awards:
Institutional Building Project

Annual Dinner with the theme 'Superstars'

OUR PEOPLE, OUR 'SUPERSTARS': Talent Management and Development

At Naim, we celebrate our people and their achievements. Be it, small job milestones or triumphant achievements, our people get a share of life, grow and excel.

We recognise that our people are the backbone of our Group's success, a vital part of our journey in becoming one of Malaysia's leading developers and contractors. As such, we are committed to investment in honing our talent, developing our people and rewarding them for their efforts and initiatives. We focus on their career development plans because, as they grow, our Group grows too.

It was a whirlwind of activities for our people in the year under review, ranging from recruitment and implementation of new performance management programme to developmental initiatives participated.

Our initiatives reaffirm our commitment to make Naim **A TRULY GREAT PLACE TO WORK**, taking us closer to our aspiration of becoming an **EMPLOYER OF CHOICE**.

Human Capital Development

Training and Development Programmes
As part of the Group's commitment to focus on continuous development of our people, various structured training and development interventions were organised 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, we exceed our training hours target by a whopping 116%.

Some of the training and development programmes organised were:
- Inaugural 'Team Bonding' training series held Group-wide
- HSE awareness and related training sessions
- CIDB Green Card training
- 'Train-the-Leader' Trainer session to develop a pool of in-house trainers
- Effective Interpersonal Skills
- Effective Problem Solving and Decision Making
- Fundamentals of Effective Customer Service
- GST-related workshops
- Basic First Aid and CPR Certification Course
- Occupational Safety and Health Awareness session

Professional Development Conferences
Our team members participated in various professional regional conferences in an effort to attain more exposure in related areas and keep abreast of the current and innovative industrial practices – such knowledge gained will undoubtedly benefit not only those who attended the conferences but also other team members through platforms such as sharing sessions.

Among the major conferences attended were:
- EPC Project Risk (Jakarta, Indonesia)
- 10th MOSPA OSH National Conference 2014 (Kuala Lumpur, Malaysia)
- 3rd Annual Global Hr Excellence Conference (Singapore)

Work Culture Transformation
The Group organised its Senior Management Corporate Retreat on 1 and 2 November 2014 at Damai Beach Resort, Kuching. Themed 'Cultural Transformation', the retreat focused on strategies to transform the Group's work culture towards operational excellence.

Some of the significant outcomes of the retreat were the formation of the Culture Transformation Team, cultural values to be adopted Group-wide and the appointment of Change Drivers, comprising a team of enthusiastic and innovative staff members from different divisions and departments. Such initiatives would bring us closer towards creating a top-notch workforce, at the same time providing personal enrichment to our staff.

OUR PEOPLE, OUR 'SUPERSTARS': Talent Management and Development (continue)

Naim Training Day

We embarked on the Naim Training Day initiative, whereby the first Thursday of every month was designated as a training day. Under this initiative, work-related training/sharing sessions, or even training sessions on areas outside the normal job scope are held by designated trainers – these trainers can comprise of heads of divisions or departments, or staff members who are expert in particular subject matters.

More importantly, the Naim Training Day has enhanced the level of management engagement with and camaraderie among our team members, a crucial factor in promoting teamwork and team spirit within the organisation.

Board of Directors and Senior Management Retreat

With fitness being the order of the day, we organised a 'fitness cum business' retreat in Chiang Mai, Thailand in March 2015. With a unique blend of fitness activities and business plan meetings, it was indeed 'business and pleasure' at the same time, the HEALTHY way!

Recruitment Initiatives

2014 saw the recruitment of 475 new staff for various positions within the Group.

In addition we participated in a number of career fairs in an effort to boost our talent pool:

- Borneo Career Fair in Kuching (23 February 2014)
- Sarawak Career and Training (SCaT) Fair in Kuching (15 – 16 March 2014; 7 – 8 March 2015)
- Managerial and Professional Job Fair in Kuala Lumpur (5 – 7 September 2014)
- 'Program Penempatan Pekerjaan AZAM' in Kuching (27 – 28 September 2014)
- GRADUAN Career Fair in Kuching (14 March 2015)
- UiTM's 'Mini Carex' in Kota Samarahan (19 March 2015)

In addition, we increased our utilisation of the social media such as 'Linkedin' to add value to our recruitment process, and commenced utilisation of the Harrison Assessment Tool, a personal profiling assessment in the recruitment for senior management positions.

Team Building & Bonding, Camp Mike

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 of 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 absorbed into our Group. An additional 16 degree holders participated in this programme for 2014, making up a total of 18 participants since the commencement of the programme in 2013.

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

Employee Engagement and Interaction

We encourage management engagement and interaction with our team members to develop and motivate them in their work. To facilitate greater management interaction with staff and their family members, we organised the inaugural Group-wide Family Day events from November to December 2014. The events saw participation by our staff and their family members, and also our foreign workers.

Launched and commenced in Kuching, the events saw a line-up of family-oriented fun activities and competitions, and sumptuous food for all!

Succession Planning

Naim Management Trainee Programme (NMTP)
The NMTP launched in 2011, is now into its fourth 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. A total of 6 candidates were selected to participate in the said programme in 2014.

This 12-month intensive programme includes both office and site attachment. 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 and Talent Retention

We successfully implemented the new web-based performance management system to drive performance and productivity among our team members. 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. It also improves the efficiency in the conduct of appraisal/review exercises.

In addition, the formulation of a Long Term Incentive Plan (LTIP), which involves the grant of new ordinary shares to eligible staff based on various service and performance conditions is currently in the process, and details on this would be announced in due course. The implementation of the LTIP would undoubtedly add significant value in the Group's talent retention initiatives.

Process Improvement

2014 saw the re-organisation of the Human Resources Department to facilitate greater efficiency in HR operations, especially in relation to site operations requirements. This process is part of our initiatives to facilitate operational excellence within the Group.

Our Workforce and Workplace Diversity

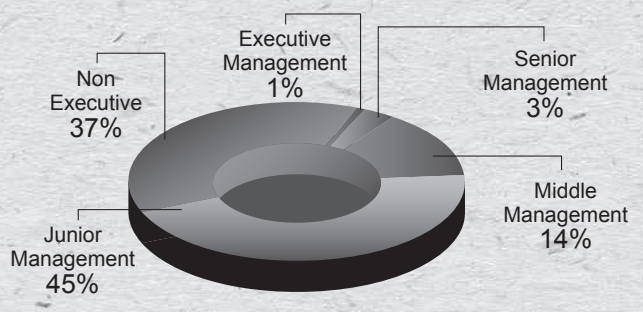
We encourage workplace diversity and provide equal opportunity for all team members – all team members irregardless of age, gender, race, religion, nationality and education work in harmony and have equal opportunity to succeed.

We also believe in recruiting the best talent available and developing them to realise their full potential. As at 31 December 2014, there was a total of 911 monthly staff working at various locations, with 57% holding tertiary and technical qualifications consistent with our objective to absorb more young graduates and technically qualified persons into the workforce. Among our executive level employees, 84% possesses professional and/or postgraduate qualifications.

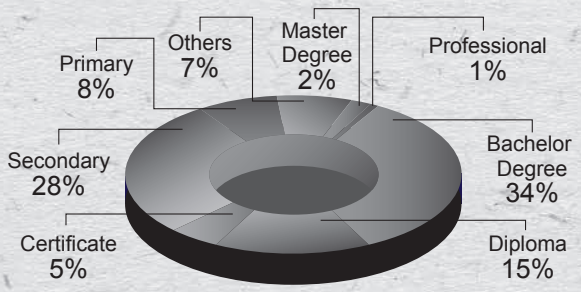
We have also increased the participation of women in our workforce, with an increase of 4% in 2014 as compared with 2013.

Manpower Distribution by Job Category as at 31 December 2014

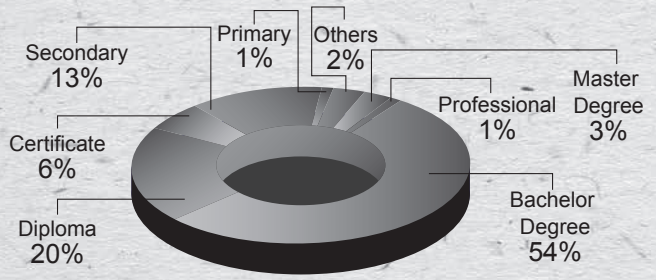
Manpower Distribution for Monthly Paid Employees by Job Category as at 31 December 2014



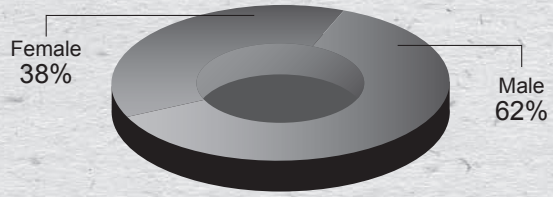
Manpower Distribution for Monthly Paid Employees as at 31 December 2014



Manpower Distribution for Monthly Paid Employees (Executives & Above) as at 31 December 2014



Manpower Distribution between Men and Women for Monthly Paid Employees as at 31 December 2014

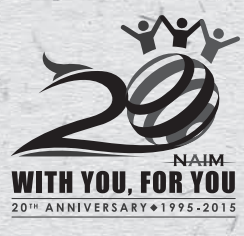


Business Review

Letter to our Shareholders

Dear Valued Shareholders
2014 was an extremely busy and challenging year for Naim Holdings Bhd. Notwithstanding this, we achieved commendable performance, the result of our perseverance and hard work.

2014 also marked the commencement of our Group's 20th Anniversary Countdown celebrations, details of which are contained in this report – a prelude to an exciting year ahead!



The Group achieved revenue of RM656.6 million for 2014

FINANCIAL PERFORMANCE

Overall Results

The Group achieved revenue of RM656.6million for 2014. Profit before tax was RM227.7million, while profit attributable to shareholders was approximately RM220.3million. Earnings per share stood at 93 sen.

Contributions to Results

Contributions to the Group's overall revenue were as follows:

Property Division	:	RM247.2million / *38%*
Construction Division	:	RM353.4million / *54%*
Others	:	RM56million / *8%*

Apart from revenue, other contributions to profit included a share of the results of our associates amounting to RM59.1million and share of the results of joint ventures of RM2million.

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 31% illustrated as follows:

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Gross Dividend Per share (Sen)	9	12	12	15	15	13	8	10	8	8	3	3.5
Payout Ratio	38.5%	43.2%	37.5%	55.4%	48.1%	39.0%	22.3%	24.2%	40.7%	21.2%	3.0%	3.8%

Letter to our Shareholders (continue)

Perspective - The Iconic Bintulu Paragon Integrated Development

Since listing, Naim has paid a total of RM282million in gross dividends, more than its paid-up capital of RM250million.

REVIEW OF FINANCIAL PERFORMANCE

Property Division

The Property Division's revenue was down from RM298million in 2013 to RM247.2million in 2014. At the same time, the Property profit also declined from RM86.4million in 2013 to RM75.9million in 2014. This was partly due to lower contributions from substantially completed projects. In addition, the Property segment also recorded lower new sales of about RM200million, as compared with about RM331million achieved in 2013. These news sales are expected to progressively contribute positive results to this segment within the next 2 years.

Construction Division

The Construction segment recorded lower revenue of RM353.4million against RM372.6million achieved in 2013. However, the segment showed an improvement in performance, reporting smaller loss from RM84.3million in 2013 to RM27.1million in 2014, mainly due to higher progress of construction works from existing on-going projects, especially from those contracts secured in 2013 as against increased operation costs.

Since listing, Naim has paid a total of RM282 million in gross dividends

The Paragon of Sarawak, Bintulu Paragon

Perspective - Sarawak's Longest Street Mall @ Bintulu Paragon

LNG Train 9 Project, Bintulu, Sarawak

Dayang Enterprise Holdings Bhd.

For Other Division higher revenue of RM56.0 million was recorded as compared with RM40.9 million in year 2013

Other Oil and Gas Project

The contract awarded to our Group for the LNG Train 9 project in Bintulu, Sarawak, which was secured in 2013 continues to contribute positively to the Group's bottom line in 2014.

Other Division

In 2014, the Division recorded higher revenue of RM56.0million was recorded as compared with RM40.9million in year 2013. Additionally, this segment also reported a lower level of loss from RM3.8million in 2013 to RM363,000 in 2014. The improvement was contributed by higher trading sales with improved margin.

Associate Company – Dayang Enterprise Holdings Bhd.

Dayang Enterprise Holdings Bhd. performed very well throughout 2014, registering a profit after tax of approximately RM178.6million. With its call out contracts of about RM4billion to last at least until 2018, we expect this investment to contribute positively to the Group's results.

Letter to our Shareholders (continue)

LOOKING AHEAD

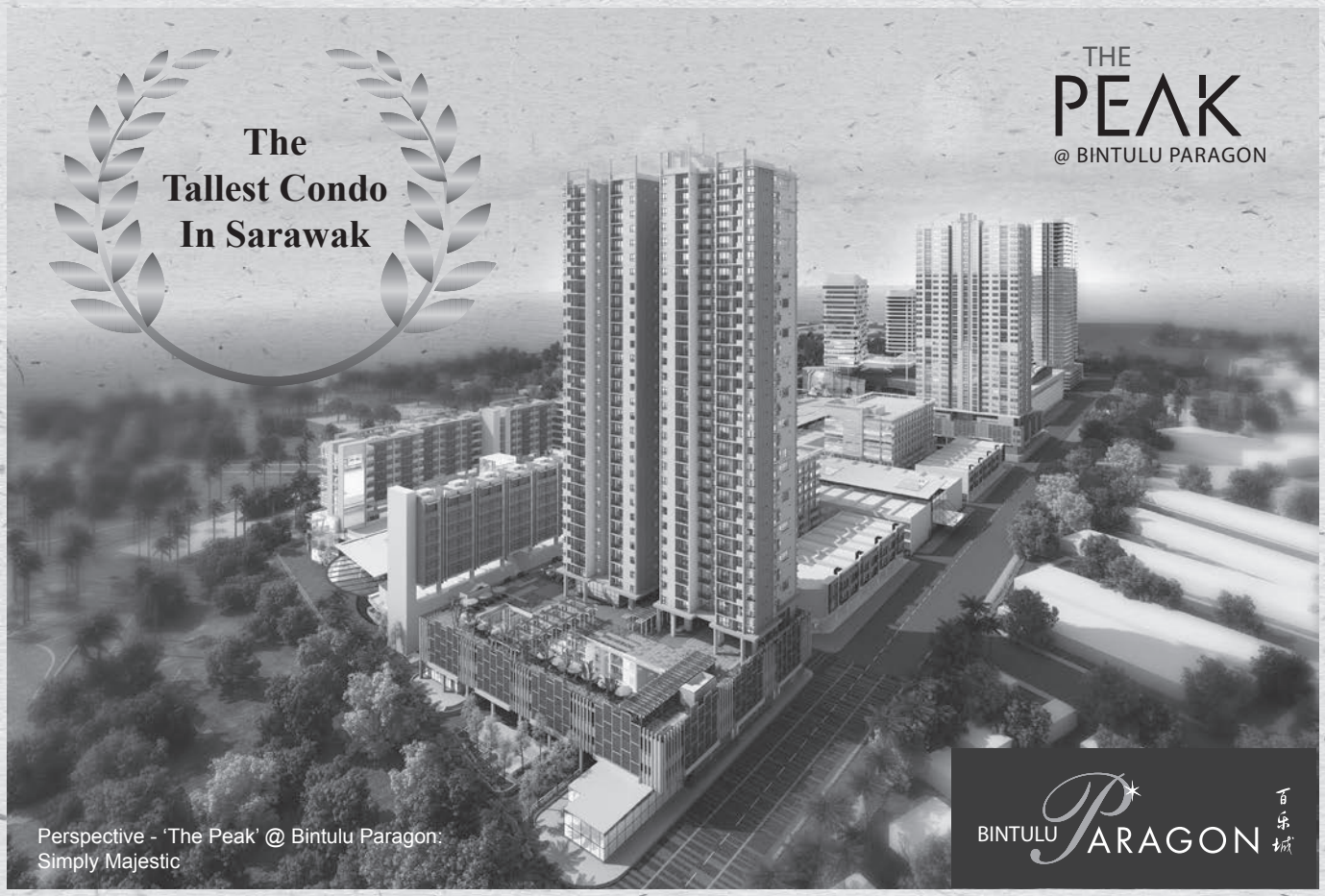
Economic Situation

2014 saw a divergence in terms of global economic performance. While the U.S. economy seemed to have picked up, China slowed, Japan faltered and Europe continued its slide due to a combination of restrictive fiscal and monetary policy, accompanied by weak export growth. Back home, although the Malaysian economy grew by 6% as compared with 4.7% in 2013, we faced external shocks such as the fall in crude oil prices and the depreciation of ringgit in Q4 2014. The ringgit depreciation has led to portfolio re-allocation by foreign investors and acquisition of foreign portfolio by institutional investors. If this is not managed properly and in a timely manner, the external shocks and other traumatic events such as severe flooding could affect productivity and lower the potential output of the economy.

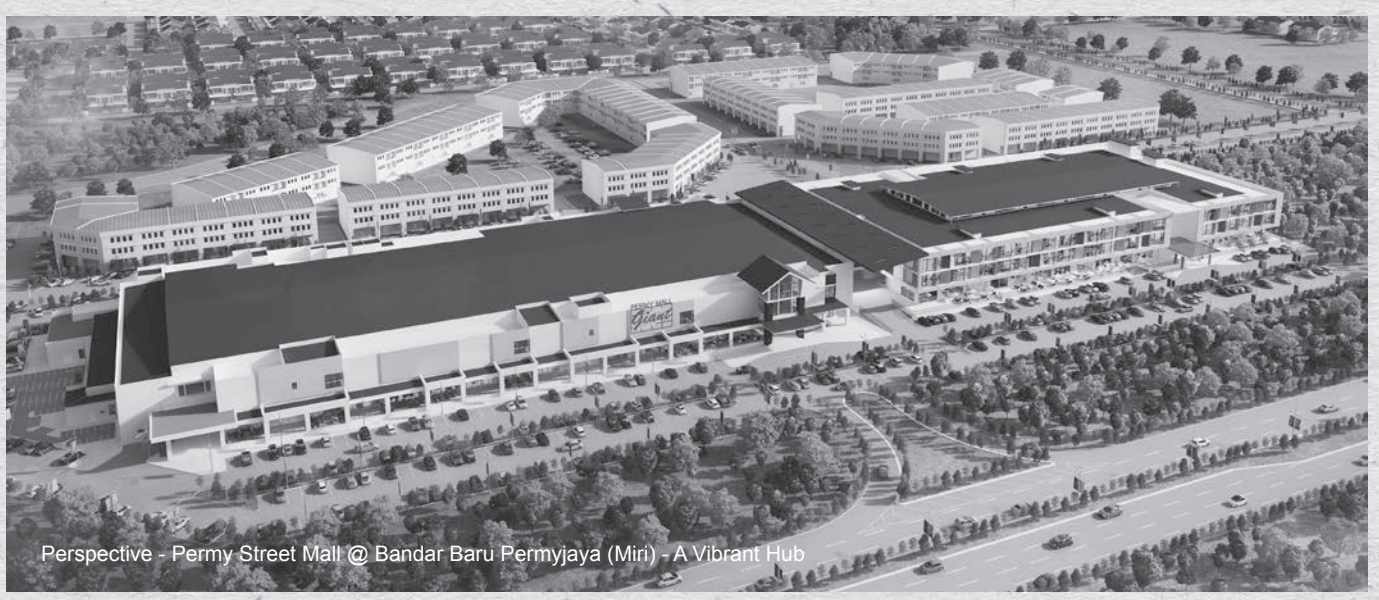
Looking ahead to 2015, a snapshot of the IMF forecast revealed that although activities in the U.S. and U.K. have gathered momentum, South America was not out of the woods, while Russia and Western Europe remained weak. Similar situation was faced in the Euro Area and Japan, while China was undergoing a carefully managed slowdown. In short, the global economy would still be struggling to gain momentum as many high-income countries continue to grapple with legacies of global financial crisis and emerging economies are less dynamic than that in the past.

2015 is set to be another challenging year for the Malaysian economy, with real GDP growth projected to be moderate, while ringgit depreciation, unfavourable crude oil prices and anticipated higher interest rates environment are expected to adversely affect Malaysia's domestic macroeconomic fundamentals. In addition, the Goods and Services Tax's (GST) introduction is widely expected to drag its 2015's GDP growth to below 5%.

The Malaysian economy grew by 6% as compared with 4.7% in 2013



Perspective - 'The Peak' @ Bintulu Paragon: Simply Majestic


Perspective - Permy Street Mall @ Bandar Baru Permyjaya (Miri) - A Vibrant Hub

As such, 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 2014– our commendable results this year is 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.

Property

The property landscape is expected to remain challenging, amid rising costs of doing business, tighter monetary policy and the impact of the Goods and Services Tax (GST), which is expected to lead to a lull in demand that could last 6 to 9 months due to affordability issues and subdued buyer sentiment.

In 2014, we launched the exclusive 'Sapphire On The Park' condominium, iconic 'The Peak' condominium and upmarket 'SouthLake Permyjaya' developements

In February 2014, we launched the much awaited exclusive 'Sapphire On The Park' condominium, which is a part of the iconic Kuching Paragon integrated development at Batu Lintang, Kuching, followed by 'The Peak' condominium development, the tallest condominium tower within the iconic Bintulu Paragon integrated development in June 2014. This was followed by the launch of the SouthLake Permyjaya integrated township development in Miri in July 2014.

Capitalising on the success of our Bintulu Paragon's Street Mall launch, we later launched the final Street Mall units in February 2015, which were regarded to be the super-prime units. Due to their strategic location within the iconic integrated development, the launch was well-received.

Another significant event was the launch of Bandar Baru Permyjaya's (Miri) first Street Mall development, the Permy Street Mall in February 2015. Set to offer a different retail and shopping experience for business owners and customers, the Street Mall has various interesting attributes, conceptually as well as architecturally. Externally, its colourful and unique 'zig zag' window façade exudes a cheerfulness which is beckoning. Besides offering generous spaces, its design allows good visibility to the retail units. The Street Mall is complemented by a large atrium, suitable for holding events or expos, further boosting customer patronage to the mall. As the Street Mall is also linked to the Permy Mall, the entire concept is appealing to the customers as it provides an integrated shopping experience.

At the macro level, the Property market is expected to slow down in 2015 as a result of expected weaker buyers' sentiment (such as 'wait and see' attitude) due to various property cooling measures and introduction of GST in April 2015.

Letter to our Shareholders (continue)

Although we expect some degree of slowdown in the take-up of our products, aggressive marketing, competitive pricing and attractive product packages have been put in place to 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.

We will adopt a more cautious approach towards product launches this year. More thoughts will be put into pricing strategy with better understanding of the market's buying behavior. As part of the key measures to be implemented for this challenging market would be more innovative marketing and sales strategies, such as target marketing and buyer-get-buyer scheme, especially when there is a large pool of customer database.

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.

We continue to actively seek opportunities to acquire strategic land banks in Sarawak, Sabah and Semenanjung Malaysia

Construction

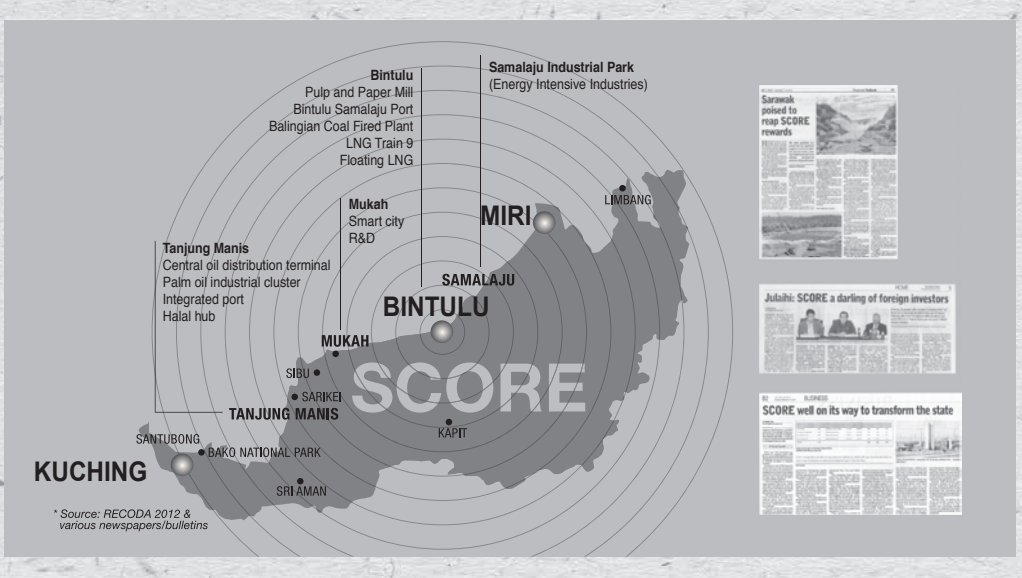
On the business side, we have managed to secure cumulatively, about RM322million new order book (including Naim's share in JV projects) in 2014, which should sustain our short term earnings growth. For the short to medium term, a number of sizeable construction tenders has been submitted and we are cautiously optimistic to secure some to replenish our order book which currently stands above RM1billion.

Various proactive efforts and measures have been put in place to better manage cost, improve efficiency, enhance monitoring of operational costs and improve construction margin. At the same time, we are also in the process of improving risk management and internal controls for this segment.

For the longer term, we have our eyes firmly on SCORE – as a local contractor with the relevant resources and capability, we are able to handle these projects.

Oil and Gas

Our achievement in Oil and Gas construction projects is notable, via our partnership with Samsung Engineering Co. Ltd (Sabah Onshore Gas Terminal) and JGC Corporation, Japan (LNG Train 9 project in Bintulu, Sarawak). With these partnerships, particularly that with JGC, one of the four largest specialists in LNG projects globally - 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.

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.

Our successful venture into retail property, Permy Mall has spurred us to embark on similar developments in Bintulu, Miri and Kuching in the near future. In addition to retail property, we are planning to embark on other types of commercial properties for example hotel in Bintulu Paragon for recurring income.


Permy Mall, Bandar Baru Permyjaya, Miri, Sarawak

Associate Company
Our associate, Dayang Enterprise Holdings Bhd. is expected to contribute positively to our results in the near future, with its call out contracts estimated at about RM4billion to last at least until 2018, an outstanding tender book of approximately RM800million together with various cost cutting initiatives and available reserves plus a healthy balance sheet.

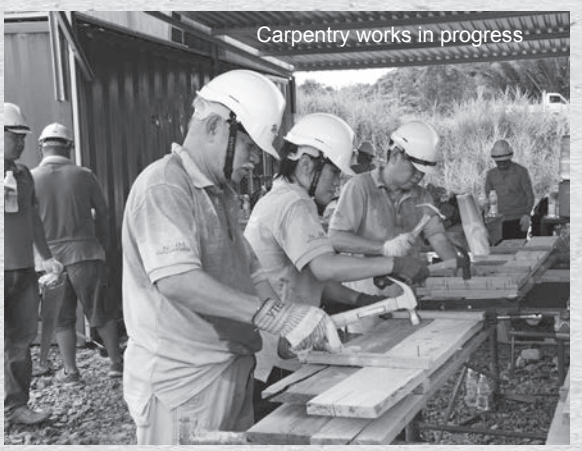
CORPORATE AFFAIRS

Corporate Governance
We will continue to strive for the highest standards of business integrity and is 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
2014 saw the re-aligning of the Human Resources department to enhance its efficiency, major initiatives being embarked to effect a work culture transformation, successful implementation of a new web-based performance management system to drive performance and productivity, and various initiatives to facilitate employee engagement and developmental aspect of staff. The formulation of the Long Term Incentive Plan (LTIP) framework which was reported in the previous section was also ongoing, implementation of which would add significant value to the Group's talent retention.

Letter to our Shareholders (continue)

Naim volunteers hard at work for Habitat for Humanity's Borneo Blitz Build (BBB 2014) Project



Carpentry works in progress

Cement works in progress

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 its determination to fulfill this responsibility can be seen to extend far beyond statutory obligations and compliance with legislation.

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

ACKNOWLEDGEMENTS

For our commendable performance in 2014, we wish to acknowledge the outstanding work 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, our Group's achievements this year would not have been possible.

As the Group moves forward, we hope to grow the Naim brand and business further. Your support has spurred us to give our best throughout the years, and it is this same support which will spur us to greater heights in the future!

Thank you and our warmest regards.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Performance Overview

The Group achieved a total sales value of about RM200 million

Property segment was the main driver of earnings for the Group.

Property Division

Property Sales

The Group achieved a total sales value of about RM200million. A total of 433 units comprising residential and commercial properties were sold, with successful launches and sales in Bintulu, Miri and Kuching throughout the year. These news sales are expected to progressively contribute positively to the result of this segment within the next 2 years.

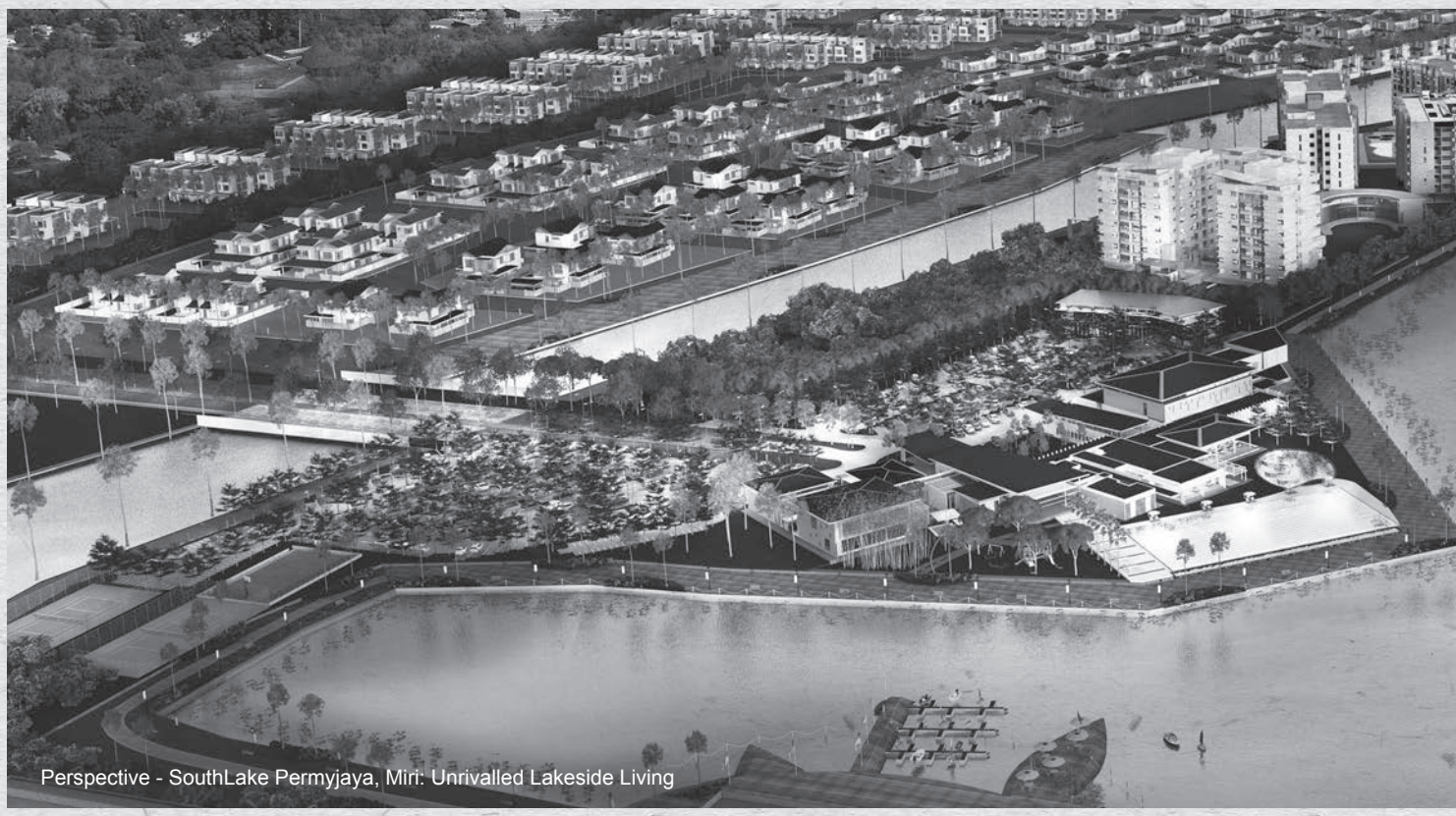
New Property Developments

2014 got off to a resounding start with the launch of our much awaited exclusive Sapphire On The Park condominium in February 2014, which is a part of the iconic Kuching Paragon integrated development at Batu Lintang, Kuching. In conjunction with this launch, we also introduced Naim's newly created upmarket brand known as the 'Naim Signature Collection' (hereinafter referred to as 'the Collection') of which Sapphire is the first product under the Collection. The Collection is set to move Naim up the value chain as an upmarket property developer in time to come. We also launched Miri's first apartment development known as Bahagia Residences in February 2014, with a commendable take-up upon launch.

The Iconic Integrated Develoment in Kuching, Sarawak

Perspective - Kuching Paragon Integrated Development:
Kuching's New Central Lifestyle District

Performance Overview (continue)



Perspective - SouthLake Permyjaya, Miri: Unrivalled Lakeside Living

In June 2014, we launched 'The Peak' condominium development starting with its Tower A, the first residential component within the iconic Bintulu Paragon integrated development, another product of the Collection. The launch was well-received, recording more than 50% take-up within 2 months upon launch. Another significant event was the launch of our SouthLake Permyjaya in July 2014, an affluent integrated township within the highly successful Bandar Baru Permyjaya in Miri, which has been categorized as a Naim Signature Collection zone. With attributes such as a 30 acre lake providing the community with boundless lakeside activities, a Clubhouse with various recreational facilities and amenities, and properties equipped with High Speed Broadband services and home security system for added peace of mind, SouthLake is indeed a development offering unrivalled lakeside living experience in Miri.

Capitalising on the success of Bintulu Paragon's Street Mall launch, we also launched Bandar Baru Permjaya's first Street Mall development in Miri, the Permy Street Mall. The Street Mall has a few interesting conceptual and architectural attributes. Externally, its colourful and unique 'zig zag' window façade exudes a cheerfulness which is beckoning. Besides offering generous spaces, its design allows good visibility to the retail units. The street mall is complemented by a large atrium, suitable for holding

Perspective - Street Mall @ Bintulu Paragon: Unique Retail Experience

With High Speed Broadband services and home security system for added peace of mind, SouthLake provides unrivalled lakeside living in Miri

events or expos, further boosting customer patronage to the mall. As Permy Street Mall is also linked to the Permy Mall, this entire concept is appealing to the customers as it provides an integrated and seamless shopping experience for all.

As the property market is expected to slow down in 2015 due to weaker buyers' sentiment caused by various cooling measures, stringent bank lending regulations and the imposition of the GST in April 2015, we will adopt cautious approach in the coming year. Our product launches and pricing strategy will be implemented based on market demands and buying behaviour. Amongst the key measures implemented to sustain performance of our property segment will be more aggressive marketing strategies, target marketing and innovative products and packaging.

Moving forward, we have also planned for launches in Kuching, Bintulu and Miri throughout 2015 comprising residential and commercial properties. With over 2,500 acres of prime 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.

With over 2,500 acres of prime land bank located at Sarawak's key growth areas namely Bintulu, Miri and Kuching, we can expect a bright future for the Group


Bandar Baru Permyjaya, Miri, Sarawak

Performance Overview (continue)

Property Investment Division
Permy Mall located in Miri, our first property investment project launched in November 2011 has done well for 2014. The Mall is about 92% tenanted, yielding a good return on investment. Additionally, more focus was accorded to brand the Mall as a fun place to be through the organizing of interesting family-related events and other events. More activities were also held to increase engagement with the Mall's tenants towards relationship building.

Preparations for our hotel development in Bintulu Paragon, our first ever hotel within the Group, are on track, and more information on this would be made available in due course. Another interesting development is the Group's first ever Clubhouse situated within the SouthLake Permyjaya integrated township, expected to be completed in 2015.

Permy Mall's success and our enthusiasm towards our hotel development in Bintulu have also encouraged us to expand such investments, and we are targeting further such developments in Miri, Bintulu and Kuching.

Construction Division

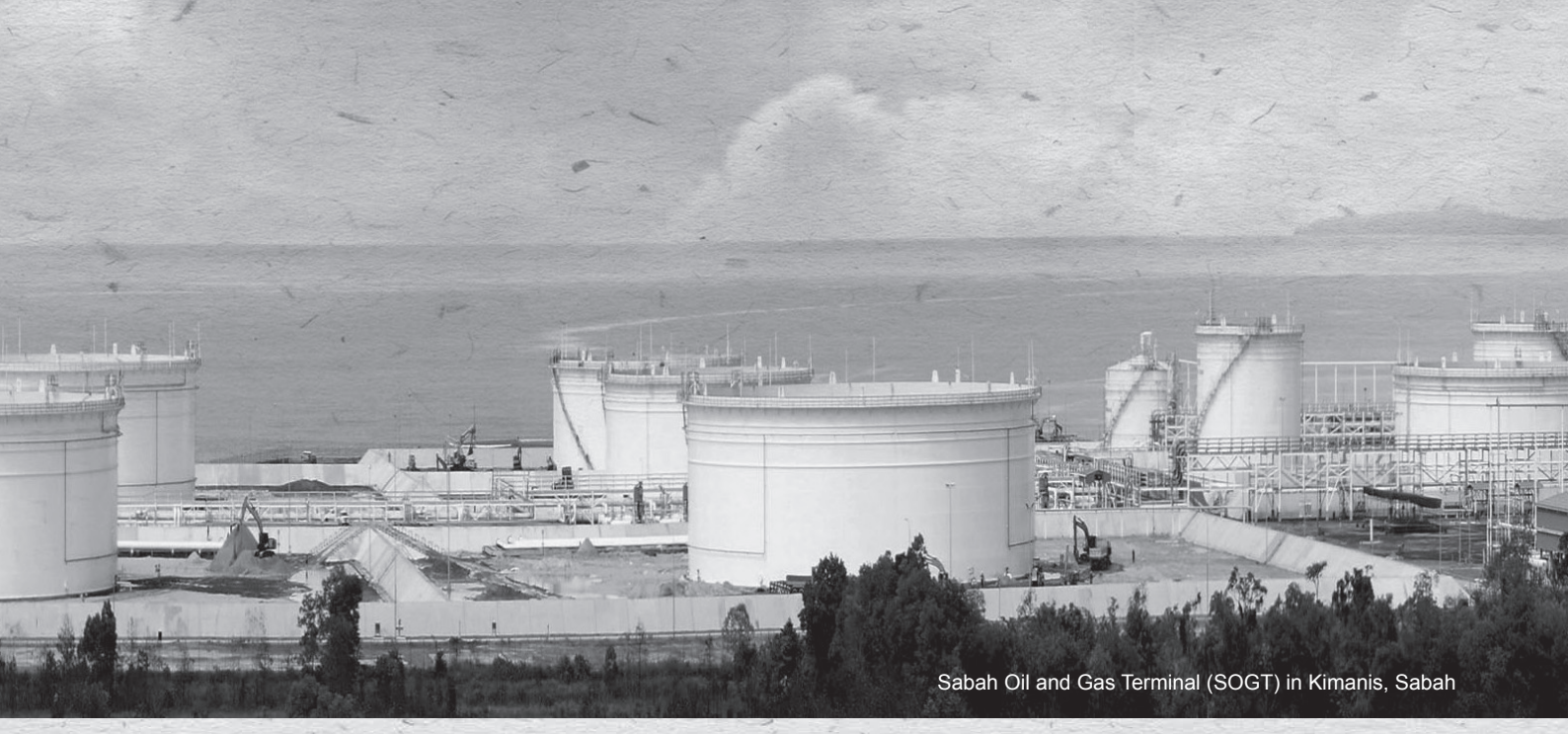
Completed Projects
During the year, the Division successfully completed the Terbat/Pangkalan Amo/ Tebedu Road at the Samarahan Division.

Ongoing Projects
Among the ongoing projects are as follows:
- Elevated Stations and Other Associated Works (MRT S2 & S4)
- Tanjung Manis Port Extension
- Tanjung Manis Water Treatment Plant and Associated Facilities
- Upgrading of Existing Bukut Road
- Bintulu Central Boulevard Road
- SPNB projects on affordable housing (Sultan Tengah, Kuching & Desa Bahagia, Miri)
- Tanjung Manis Residential Housing project, Mukah, Sarawak

Works for the above projects are progressing and constantly monitored.

Preparations for our hotel development in Bintulu Paragon, our first ever hotel within the Group, are on track

Perspective of MRT Projects, Peninsular Malaysia



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

Our Oil and Gas Team also did us proud when the team was adjudged one of the top achievers in relation to workplace safety by achieving 1.2 million man hours without Lost Time and Injury (LTI)

Future Projects
We are continuously seeking further businesses for the medium and long term, and have submitted bids for various projects ranging from road projects to office complexes.

Oil and Gas Division
Our foray into oil and gas via the Sabah Onshore 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 the LNG Train 9 are progressing well.

Our Oil and Gas Team also did us proud when the team was adjudged one of the top achievers in relation to workplace safety by achieving 1.2 million man hours without Lost Time and Injury (LTI), contributing significantly to the client's safety achievement of 3 millions man hours without LTI in relation to the Bintulu LNG Train 9 project in March 2014.The team proved their mettle as it was once again honoured as the 'Top 3 Contractor' from a pool of more than 30 local and international contractors with a combined workforce of more than 5,000, for good HSE performance and its continuing efforts in cultivating a strong HSE culture by the clients.

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

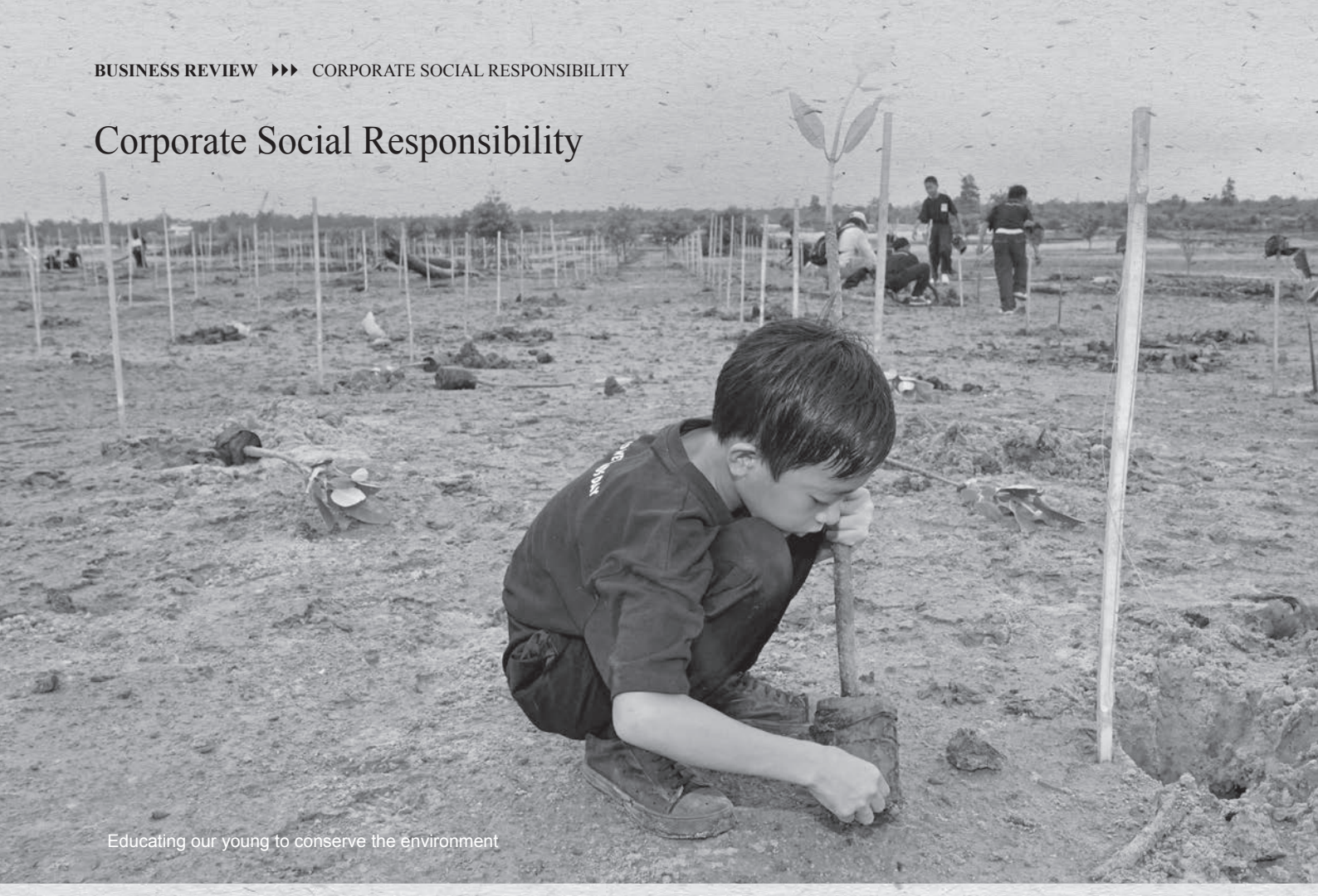
Other Division
2014 saw various measures implemented to boost trading sales for its products, better manage cost to improve sales margins and enhance efficiency in its daily operations of this segment.

In addition, a warehouse situated in Miri is currently being built and once completed, would provide a good point of sales for building materials such as steel bars, spun piles etc thereby boosting revenue for this Division. The warehouse is expected to be completed in 2015.

Moving forward, continuous focus would be accorded to measures to boost sales and operational efficiency.

Associate Company
Our associate, Dayang Enterprise Holdings Bhd. achieved a stellar performance this year, with a profit after tax of approximately RM179million, due to higher contribution from its business segments. With its ongoing contracts of above RM4billion to last at least until 2018, we expect this investment to contribute positively to the Group's results in time to come.

Corporate Social Responsibility



Educating our young to conserve the environment

We believe that building a strong business and creating a better world are essential ingredients for long-term success. As such, 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 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 RM4million 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 34 scholarships.

In addition, we have made corporate donations of some RM2.9million 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 Quality Management System, OHSAS 18001:2007 Occupational Health and Safety Management System and 14001:2004 Environmental Management System and is recognized by the Intertek Certification International (previously known as the Moody International). Qualified Quality Assurance, Quality Control and HSE personnel oversee implementation of related matters group-wide and in addition, a HSE Committee has been established to propose and implement continuous improvements in relation to HSE-related matters.

Quality, Health and Safety

Naim Organises 'Performance Management System (PMS) Awareness' Sessions (17 – 21 February 2014); 'Basic First Aid and CPR' Workshop (12- 13 June, 25 – 26 September, 29 – 30 September 2014), 'CIDB Green Card' Training (3, 14, 15, 21 July 2014), 'Occupational Safety & Health Awareness' Series ' Training (throughout October – December 2014) and 'Ergonomics Awareness' Workshop (throughout October – December 2014) sessions

The programmes/workshops were organised to inculcate the culture that quality, health and safety are central in all operational aspects.

Naim Promotes Healthy Living: Organises Staff Futsal Tournament (30 March 2014)

The tournament saw participation from 7 teams comprising staff from HQ, Tanjung Manis and Bengoh.

Implementation Of 'Mock Unit'

The Group implemented the 'mock unit' for property developments to facilitate better quality control for its developments, commencing Q3 2014.

Naim Adjudged One Of Top Safety Achievers And Top 3 Contractors For Good HSE Performance (March and October 2014)

Naim's Oil and Gas team made us proud when it was adjudged one of the top achievers in workplace safety and one of the top 3 Contractors for good HSE performance, contributing significantly to the client's safety achievement of 3 million and 10 million man hours without Lost Time and Injury (LTI) in March and October 2014 respectively.

Naim's Clocks 1 Million Man Hours Without LTI (October 2014)

Naim achieved another safety milestone as it clocked 1 million man hours without LTI for its Bintulu Paragon integrated development project.

Naim Organises Fire Drill (25 November 2014)

Naim's Permy Mall organised its fire drill to provide hands-on experience and knowledge to participants in the event of fire emergencies. The drill saw the involvement of the Mall's staff and tenants, and property sales staff.

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) (Large Industries – Construction) in December 2014, making it our third consecutive win of the prestigious award (we were adjudged the winner in 2010 and 2012 as well).

Naim Deploys Fire-Fighting Team To Put Out Wildfire (March 2014)

Naim Miri's fire-fighting sprang into action to help put out forest fires in Kuala Baram. The team which comprised of staff volunteers and was formed more than 10 years ago, battled challenging weather conditions for 2 weeks in this noble attempt.

Naim Organises 'Gotong-Royong' To Repair Gravity Feed Pipe (17 August 2014)

Naim staff from Bengoh participated in the event to clear the gravity feed at the Sebarau Waterfall and repair the gravity feed pipe to ensure consistent water supply to 3 villages, Kampung Bidak, Kampung Payang and Kampung Segandar.

Naim To Collaborate With Sarawak Forestry Department For Sustainable Environment-related Programmes (28 February 2015)

To facilitate wetlands and environmental conservation, Naim would commence its collaboration with Sarawak Forestry Department for a 3-year conservation programme in Sarawak and Peninsular Malaysia in 2015.

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, be improved and refined. We pledge to ensure business sustainability without compromising the rights and needs of future generations.

Naim Contributes RM100,000 To SABATI (8 March 2014)

Naim, via Tabung Amanah Naim made the contribution to facilitate SABATI's fund raising efforts for its activities, Sarawak Heart Foundation and Sarawak Orphans Welfare Association (PERYATIM).

Naim Aids Bintulu Chinese Schools (2 February 2014)

Naim sponsored a total of RM43,888 to six Chinese schools in Bintulu, making this the second contribution since Naim established its presence in Bintulu in 2013.

Naim Holds Group Blood Donation Drive (12 April 2014)

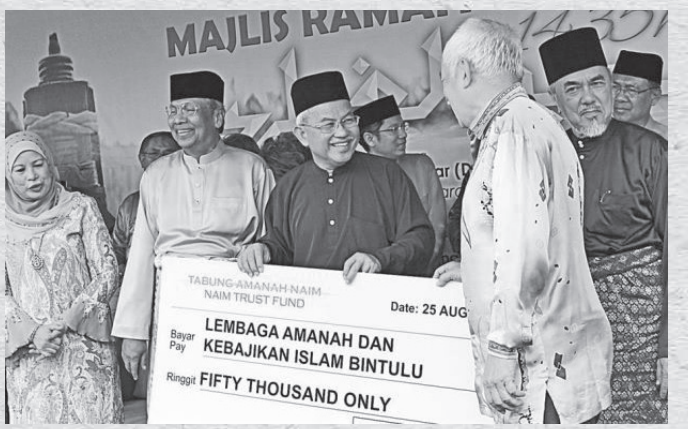
We organised our inaugural group blood donation drive, simultaneously held in Kuching, MIri and Bintulu. The drive received good response having managed to draw more than 100 donors.

Naim Contributes Ramadhan Donations To Mosques And Suraus (July 2014)

Naim handed over its annual Ramadhan contributions to mosques and suraus in Kuching, Miri and Bintulu as part of the Group's goodwill activities during the Holy Month.

Naim Lends A Hand To Muslim Charitable Trust Boards (30 July and 25 August 2014)

Tabung Amanah Naim handed over RM50,000 contribution to Miri Malay Charitable Trust Board (LAKMM) and Bintulu Muslim Charitable Trust Board (LAKIB) respectively.



Naim Sponsors Professional Golf Of Malaysia (PGM) MNRB Sarawak Championship (12 September 2014)

Tabung Amanah Naim contributed RM50,000 to PGM to facilitate sports development, making it the third consecutive contribution to PGM.

Corporate Social Responsibility (continue)

Naim Organises X'mas Party For Children Of Bintulu's 'Pusat Pemulihan Dalam Komuniti' (PERPIKAT) (12 December 2014)
Naim Bintulu had some fun time in the party, spreading the X'mas cheer to children of special needs.

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

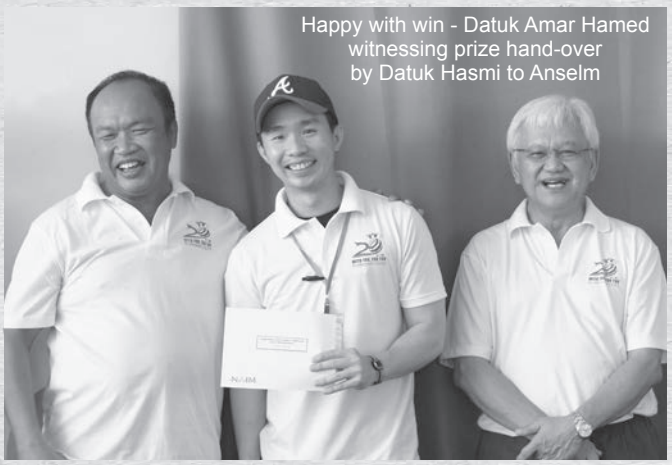
We have an ongoing internship programme which provides undergraduate and graduate students opportunities to perform their industrial training with us as part of their course requirements. In 2014, a total of 47 students underwent internship with us.

Special Feature

Naim's 20th Anniversary Countdown Begins!


Together we launch!!

Unveiling the 20th Anniversary logo

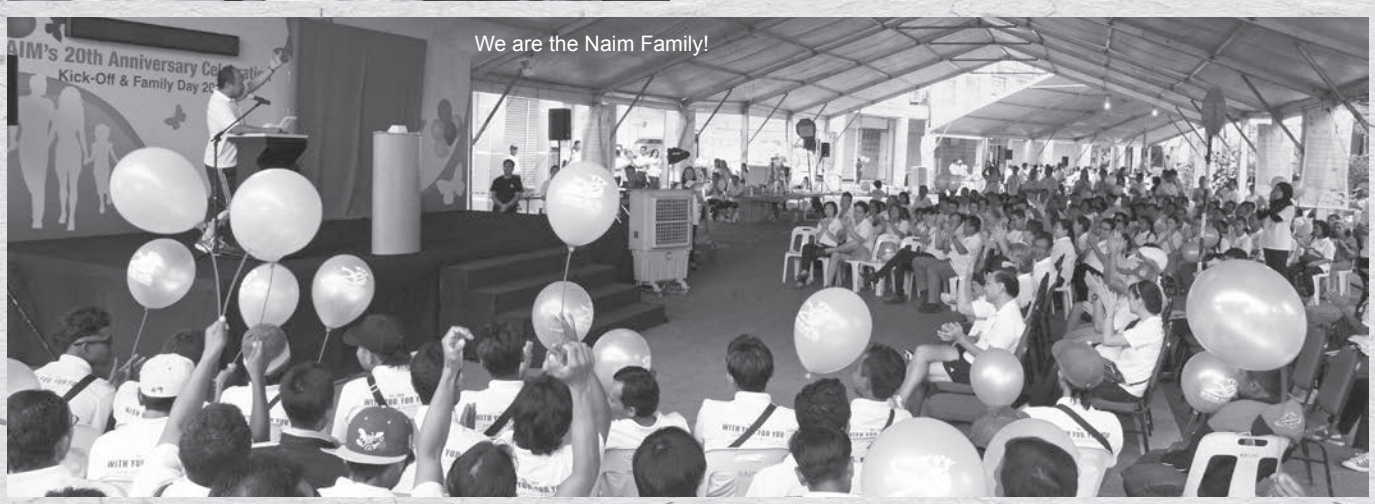

Happy with win - Datuk Amar Hamed witnessing prize hand-over by Datuk Hasmi to Anselm

It was a day of festivities as the Group kicked-off its 20th Anniversary Countdown celebrations at its Rock Commercial Centre office, Kuching on 8 November 2014. The kick-off was officiated by the Group's Chairman, Datuk Amar Abdul Hamed Haji Sepawi and among those in attendance were the Group's Managing Director, Datuk Hasmi Hasnan, Deputy Managing Director, Christina Wong and distinguished Board Members namely Tan Sri Izzuddin Bin Dali, Datu (Dr) Haji Abdul Rashid Bin Mohd Azis and Tuan Haji Soedirman Bin Haji Aini. The event also saw the launch of the Group's 20th Anniversary logo and prize giving to recipients of anniversary-related competitions.

The countdown signaled the commencement of an array of exciting events, great product promotions and activities for staff and the public, leading up to the anniversary date on 15 October 2015.

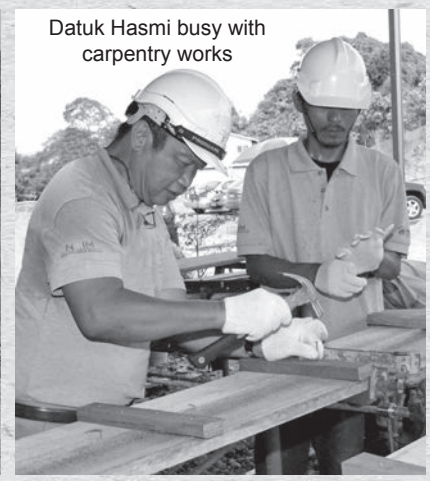
Leading the countdown celebrations were the Group's Regional Family Days, starting with Kuching, Kuala Lumpur, Miri and Bintulu, and the launch of the exciting property promotion, the 'Super Deals!'

Stay tuned for more exciting celebratory activities leading up to the actual anniversary in October 2015!


We are the Naim Family!

The Beginning In The Journey of Giving: Commencing Works For Habitat For Humanity Malaysia's Borneo Bliltz Build (BBB) 2014 Project

NAIM BOLEH!


Datuk Hasmi busy with carpentry works

One for the album - Naim & Canadian volunteers

Datuk Amar Hamed handing over mock cheque to Habitat's representatives

As Naim's Group Managing Director used to say: We must never forget those who need our help and we must do all we can to help.

In a true demonstration of selflessness and spirit of voluntarism, staff participated actively in Habitat for Humanity Malaysia's BBB 2014 building works throughout the year. BBB 2014 involved the construction of 14 houses for the deserving and was the largest single project that Habitat has ever undertaken in Malaysia. Naim was the largest sponsor, contributing RM400,000 towards the project.

Leading the way was the Group MD himself, Datuk Hasmi Hasnan, who, together with more than 50 volunteers comprising Board Members, staff and subcontractors, participated in the first slot of the building works in June 2014. This set the pace for subsequent builds which saw increased participation by the staff members, for its weekend and weekday builds, from June 2014 to Q1 2015.

As our teams were deployed for building works, the 'vibes' were just amazing: exuberant team members who were not afraid to get their hands dirty, willing to learn and try new things, upheld 'oneness' during challenges, and more significantly, despite the heat and sun, chose to sacrifice their weekend time with their families for the greater good - helping to build houses for the deserving.


Christina & team hard at work

These are the values which we must never lost sight of, and which will make us better people, in life and in work.

Kudos to the Naim teams and subcontractors for making a difference!

And The Award Goes To…….

2014
AREA Social Empowerment Category

2014
Malaysian Reserve Property Press Awards
Most Prestigious Integrated Lifestyle Residential Development
- Southlake Permyjaya

2014
Malaysian Reserve Property Press Awards
Most Prestigious Integrated Development
- Bintulu Paragon

2014
Readers' Choice
Malaysian Reserve Property Press Awards
Best Commercial Development
- Bintulu Paragon

2014
The Sarawak CMEA Award:
Large Industries (Services and Other Sectors - Construction)

One of Malaysia's
Top 20 Property Developers
(The Edge Malaysia's Top Property Developers Awards 2014)
& the **ONLY East Malaysia-based** developer award recipient

We set a traiblaze this year when we received 5 awards and 1 accolade, making it a total of 6 awards won in 2014, the highest number of awards won in a single year in the Group's history.

All smiles - Asia Responsible Entrepreneurship Awards (AREA) 2014

Our exciting journey started when we were adjudged the winner of the Asia Responsible Entrepreneurship Awards (AREA) 2014 (South East Asia) in the Social Empowerment category in June 2014. The AREA was a regional award to honour businesses across Asia for demonstrating commitment and stewardship in corporate social responsibility, an acknowledgement of our efforts in this regard.

In October 2014, the Group made Sarawak proud by being the ONLY East Malaysia-based developer adjudged one of Malaysia's Top 20 Property Developers by the Edge Malaysia's Top Property Developers Awards 2014. The award win was a testament that Sarawak companies have what it takes to be among Malaysia's best.

Our exciting journey continued when we clinched a whopping 3 awards by the Malaysian Reserve Property Press Awards 2014 in November 2014, being the SOLE Sarawak-based property developer in the list of award recipients. We won the Most Prestigious Integrated Development Award for our Bintulu Paragon integrated development, the Most Prestigious Integrated Lifestyle Residential Development Award for our SouthLake Permyjaya development in Miri and the Readers' Choice Award in the Best Commercial Development category for our Bintulu Paragon development. Jointly organised by a publishing firm, Terra Value Sdn Bhd and the Malaysian Reserve Business Daily, in association with the prestigious International New York Times, the Property Press Awards recognises the outstanding achievements of industry players via the unique perspective of the media.

One for the album - Malaysian Reserve Property Press Awards 2014

YAB Datuk Patinggi Tan Sri (Dr) Haji Adenan Satem handing over the trophy to Datuk Amar Hamed

Adding to the excitement in November 2014 were the industrial recognitions conferred on our Chairman, Datuk Amar Abdul Hamed Sepawi and Group Managing Director, Datuk Hasmi Hasnan for their immense contribution towards the industry and Sarawak's economic development. Datuk Amar Hamed was conferred the coveted Sarawak State Outstanding Entrepreneurship Award 2014 by the Ministry of Industrial Development Sarawak, in association with the Sarawak Chamber of Commerce and Industries (SCCI) and Ernst & Young, while the Sarawak Housing and Real Estate Developers' Association (SHEDA) honoured Datuk Hasmi by conferring him the status of the Honorary Member, in recognition of his significant contribution towards the Association and housing and real estate development in Sarawak.

In December 2014, we added another feather to our cap by winning the 6th Sarawak Chief Minister's Environmental Award (CMEA) 2014 in the Large Industries (Construction) category, marking it our third consecutive win of the coveted award. The CMEA serves as a recognition to companies and organizations in Sarawak that have made tremendous effort to improve environmental performances in their operations.

It was indeed a great and proud year for the Naim Family!

Other Highlights

Corporate Diary

Naim, Sinohydro Corp (M) Sign Contract For Bintulu Paragon (25 January 2014)

The contract signing with Sinohydro, the world's largest hydropower construction company demonstrated Naim's commitment in maintaining its standing as a developer and contractor of quality.

Naim's Group-wide Chinese New Year 2014 Celebrations (2 February 2014)

The celebrations were held simultaneously in Kuching, Miri and Bintulu, which saw the launch of the exclusive Sapphire On The Park condo and Bahagia Residences apartment in Kuching Paragon and Miri respectively, and Bintulu's fun open house.

Kuching

Miri

Bintulu

Naim Inks MoU With Hydropol, Czech Republic On Hydropower Development (17 February 2014)

Naim inked this MoU with Hydropol, part of the established Hydropol Group, one of the world's major players in international hydropower developments to facilitate possible co-operation and joint-venture developments in hydropower development within Malaysia.

Naim Organises Town Hall Session (28 February 2014)

More than 200 staff attended this event, organised as part of Naim's staff engagement initiatives.

Corporate Diary (continue)

Naim Celebrates Group-wide Labour Day (1 May 2014)
Naim organised its inaugural Labour Day celebrations in Kuching, Miri and Bintulu, with fun events and great food.


Kuching


Bintulu

Miri

'Superstars' On The Roll (13 June 2014)
It was a night ala Hollywood as Naim organised its Annual Dinner, with the theme 'Superstars'.

Unveiling Sarawak's Tallest Condo: The Peak @ Bintulu Paragon (7 June 2014)
This iconic development was launched and received great response from the Bintulu community.

Naim Clinches First Ever CSR Award: Asia Responsible Entrepreneurship South East Asia) (AREA)(SEA) Awards 2014 (21 June 2014)
Naim made Sarawak proud when it was adjudged the winner of this regional award, in the Social Empowerment category.

Naim Launches SouthLake Permyjaya (12 – 13 July 2014)
Naim launched its iconic Signature Collection development zone, the SouthLake Permyjaya, a chic, upmarket and precinct-based enclave with a 30-acre lake and Clubhouse as its major features.

Naim In The News

Naim clinches AREA 2014 award for CSR efforts

KUCHING: Naim Holdings Bhd (Naim), one of Malaysia's leading developers and contractors, has made Sarawak proud when it was adjudged the winner of the Asia Responsible Entrepreneurship Awards (AREA) 2014 Southeast Asia (SEA) in the social empowerment category.

The award was presented by Lieutenant General Sudhir Sharma, advisor to Enterprise Asia, the awarding body, at its official awards presentation ceremony and luncheon held at Resorts World Convention Centre, Sentosa, Singapore recently.

Representing Naim in receiving the award was Christina Wong, Naim's deputy managing director.

In a statement, Wong said the award was a testament of the group's determination not only to fulfill its corporate social responsibility (CSR), but extend it far beyond statutory obligations and compliance with legislation.

"Building a strong business and a better world are essential for long-term success, as businesses cannot succeed if the world fails.

"Our CSR efforts are driven by a sincere passion to make a difference in people's lives. It is our utmost belief that CSR is the only investment that never fails.

"As such, we remain committed to our triple bottom line - People, Planet and Profit," Wong remarked.

Wong added that one of Naim's significant efforts in relation to CSR was the setting up of Tabung Amanah Naim in 2004 which aims to provide assistance in areas such as education, relief of distress, development in sports, arts and culture, religious worship and other charitable causes.

"Besides assisting local communities, we extend our assistance beyond the shores of Sarawak including providing scholarships to deserving foreign students and embarking on post disaster clean-up exercises such as that done for Lautoka City and Nadi Town in Fiji devastated by the massive Tropical Cyclone Evan in 2012," Wong explained.

The AREA is a regional award to honour businesses across Asia for demonstrating leadership, sincerity and on-going commitment in incorporating responsible and ethical values, legal compliance, concerns for health issues, respect for people, involvement in communities and protection of the environment into the way they run their organisation.

Winners are selected based on region, where each year, the awards culminates in four sections of Asia; South Asia, East Asia, Southeast Asia and Middle East.

Organised by Enterprise Asia, a regional non-government organisation (NGO) for entrepreneurship, the awards aim to connect Asia's leading minds and businesses to strengthen regional ties and encourage the growth of a responsible corporate culture while spurring greater innovation along the way.

Wong (centre) is seen receiving the award from Lieutenant General Sudhir Sharma (left) witnessed by Dato William Ng (right), president of Enterprise Asia.

Building a strong business and a better world are essential for long-term success, as businesses cannot succeed if the world fails.

Christina Wong, Naim deputy managing director

Naim the only M'sian in Top 20 Property Developers Award

KUCHING: Naim Holdings Bhd (Naim) added another feather to its cap by being adjudged one of Malaysia's Top 20 property developers by The Edge Malaysia's Top Property Developers Awards 2014.

Naim was the only East Malaysia-based property developer in the list of award recipients.

The Award, which was established in 2003, ranks Malaysia's best property players from the consumer's perspective, based on their quantitative and qualitative attributes.

Naim's deputy managing director, Christina Wong said the result was a testimony that Sarawak-based property developers have the capability to join the ranks of Malaysia's best.

"We are honoured with the award. This sends an important message to all – that Sarawak companies can do it.

"We would like to thank all our customers, stakeholders, the Naim team and all who have helped in making Naim what we are today," said Wong.

Wong said that Naim will continue to build products of quality to the people and be the community's partner towards achieving its desired lifestyle.

"In addition to enhancing value to our property customers, we are constantly improving our services, focusing on aspects which matter to our customers.

"Our recent developments such as the Bintulu Paragon and Kuching Paragon integrated developments, which focus on multifaceted live-work-play experience and SouthLake Permyjaya, Miri, focusing on security and superior lifestyle, are reflective of our quest of constantly raising the bar for the community.

"More importantly, as we are also property owners individually, what matters to our customers, matters to us as well. We share our customers' values, and these are the values which guide us in our property operations now, and in the future," Wong remarked.

We are honoured with the award. This sends an important message to all – that Sarawak companies can do it.

Christina Wong, Naim's deputy managing director

An artist's impression of Naim's Sapphire on the Park, Kuching Paragon.

Abang Hasni (right) presenting the sponsorship to Ahmad Sarji.

Naim sponsors golf tourney

KUCHING: Naim Group of Companies, via its charitable trust Tabung Amanah Naim, recently contributed RM50,000 to Professional Golf of Malaysia (PGM) for its 'PGM MNRB Sarawak Championship', which ends at Kelab Golf Sarawak today.

The contribution, the third consecutive contribution to PGM, was presented by Naim's senior director, Abang Hasni Abang Hasnan, to PGM Chairman, Tun Ahmad Sarji Abdul Hamid, recently.

Ahmad Sarji, in a press release, said, "We are delighted that Naim continuously supports our earnest efforts in promoting golf in Malaysia. Through these burgeoning competitions, we hope Malaysia will be able to produce professional players good enough to compete in the Olympics in Rio in 2016."

Abang Hasni said Naim was all for developing sports as it wanted the state to become a destination for sports and healthy living.

"Tabung Amanah Naim has contributed generously towards sports development over the years. Besides golf, we have also supported sporting events such as badminton, soccer and bowling.

"We also believe in promoting healthy living in the fun way through sports. Sporting events can also inculcate the spirit of competition and teamwork among our youths, thereby nurturing personal development."

Part of the PGM Tour since 2011 and jointly organised with the Asian Development Tour, the 'PGM MNRB Sarawak Championship' featured professional golfers from [illegible]

Tabung Amanah Naim has contributed generously towards sports development over the years. Besides golf, we have also supported sporting events such as badminton, soccer, and bowling.

Abang Hasni Abang Hasnan, Naim's senior director

Naim bidding for contracts worth RM1bil

By JACK WONG
sarawakstar@thestar.com.my

KUCHING: Naim Holdings Bhd has bid for over RM1bil worth of contracts in Pengerang refinery and petrochemical integrated development (Rapid) project in Johor.

The contracts that wholly-owned subsidiary Naim Engineering Sdn Bhd has tendered for are civil works and workers' camp project, according to managing director Datuk Hasmi Hasnan.

He said Naim group had gained expertise in the oil and gas construction projects via its partnership with Samsung Engineering Co Ltd in the Sabah oil and gas terminal project which was recently completed and involvement with JGC Corp, Japan, in the Malaysian Liquified natural gas (MLNG) Train 9 project currently being implemented in Bintulu, Sarawak.

With these collaborations and particularly with JGC, one of the world's largest LNG contractors, Hasmi said this had given the Naim group valuable insight and lessons in world-class project management system by virtue of transfer of technology.

On the Klang Valley Mass Rapid Transit (MRT) project that Niam Engineering is undertaking, he said the company had achieved good progress in the two elevated station packages it was awarded.

To date, about 35% of one of the packages had been completed, and 9% for the other package. The packages worth a combined RM412mil are due to be completed in 2016. The company was the first contractor in Sarawak and Sabah to win the MRT contracts.

"We want to use our performance in the project as a benchmark to bid for the next phase contract," said Hasmi after the company AGM yesterday.

Naim, which is Sarawak's largest property developer, is currently undertaking two ambitious high rise projects – Bintulu Paragon and Kuching Paragon.

Hasmi said the company had recorded good takeup rate in the latest component – *The Peak* – condominium project in Bintulu Paragon with some 60 units booked at its launch last week. *The Peak*, which comprises 261 units, are priced from RM288,000 to more than RM1mil each.

When completed, the 34-storey tower will be Sarawak's tallest. Other components of Bintulu Paragon currently under construction are a street mall as well as small-office-versatile-office units.

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Naim gives RM50,000 to Bintulu Muslim Charitable Trust Board

BINTULU: Naim Group of Companies, through its charitable trust fund, Tabung Amanah Naim, contributed RM50,000 to the Bintulu Muslim Charitable Trust Board (Lembaga Amanah dan Kebajikan Islam Bintulu or LAKIB) in a handing over ceremony held at Masjid Jepak, Bintulu recently.

Representing Naim for the hand over was Charles Boerman, Naim's Senior General Manager, who presented the mock cheque to Datuk Haji Talib Zulpilip, the Assistant Minister of Tourism, Sarawak and the elected representative for the area. The hand over was witnessed by Sarawak's Chief Minister, Tan Sri Datuk Amar Haji Adenan Satem, who was the Guest of Honour for the event.

Boerman said that Naim operated with a strong awareness of its corporate social responsibility.

"We have a strong outreach programme to connect with the less fortunate members of the community, trying to assist them in ways we can. We strongly believe in giving back to the society. This is beyond corporate social responsibility - this is from our hearts, driven by a passion to make a difference in people's lives.

"We hope that our contribution would be able to facilitate LAKIB's noble efforts in assisting the needy such as widows, orphans and those living in poverty, and we look forward to a continuation such efforts in time to come," he said.

(From third right) Hamed and Hasmi unveiling the upcoming 20th anniversary logo

Zumba session in progress – one of the activities held during the Naim Family Day in Kuching

Kuching Family Day to start Naim's countdown

Naim wins environmental award for the third time

We believe that building a strong business and creating a better world via efforts such as environmental stewardship, are essential ingredients for long-term success.

Naim Land, Sinohydro ink pact for substructure jobs

Naim lends muscle to Habitat for Humanity

By Jeremy Vano

We are committed to fulfill our corporate social responsibility by extending aid beyond statutory obligations and compliance with legislation.

JGC pays courtesy visit to CM

KUCHING: A six-member delegation from Japan-based JGC Corporation (JGC), recently paid a courtesy call on Chief Minister Tan Sri Datuk Amar Adenan Satem to brief him on its business activities in the state.

The delegation, comprising JGC senior officials, was headed by Koichi Kawana, its president and representative director. Also present during the courtesy visit were Naim Holdings Bhd (Naim) chairman Datuk Amar Abdul Hamed Sepawi and managing director Datuk Hasmi Hasnan.

The courtesy call was organised to provide an overview of JGC's business operations and to update the newly appointed chief minister on its current business activities in Sarawak.

Established in 1928 and recognised internationally as a first-class engineering company with superior technological capabilities, JGC is a leading global player which has left its mark in the international field of hydrocarbons.

With its highly advanced engineering technologies and commendable project management, JGC has maintained a successful trail of completed large scale projects and it has also accumulated experiences gained from over 20,000 projects performed in approximately 70 countries.

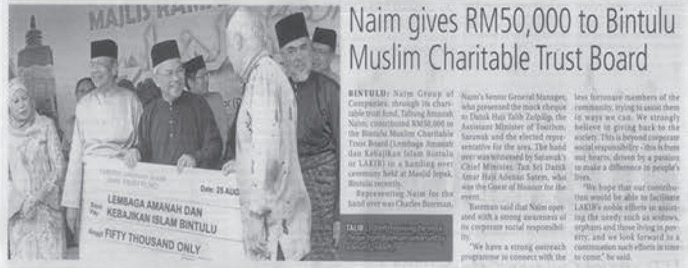
For the past 35 years, JGC has been involved in all the construction of MLNG's liquified natural gas (LNG) plants as well as the construction of Shell Malaysia's Shell Middle Distillate Synthesis's (SMDS) gas-to-liquid (GTL) plant in Bintulu.

It is also currently working on Petroliam Nasional Bhd (Petronas) Train 9 project, which involves the construction of the nineth train to the existing Petronas LNG Complex in Bintulu.

Adenan (centre) is seen with Koichi (fourth left) during JGC's courtesy visit. Also present are Abdul Hamed Sepawi (third left), Hasmi (second left) and Sarawak Planning Unit director Datuk Ismawi Ismuni (right) along with JGC delegates.

Rare Lithops plant sale for charity

13 CONSTRUCTION SITES VETTED FOR SAFETY, HEALTH



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"We hope that our contribution would be able to facilitate LAKIB's noble efforts in assisting the needy such as widows, orphans and those living in poverty, and we look forward to a continuation such efforts in time to come," he said.

Naim inks MoU with Czech firm on hydropower development

Done deal: (Top from left) Howorka, Jabu, Masing and Tengah witnessing the signing of the MoU between Seb Tonnar and Hasnul.

Jabu's sales pitch: See Page 55

KUCHING: Naim Engineering Sdn Bhd has signed a Memorandum of Understanding (MoU) with Hydropul Project and Management on possible joint venture of suitable projects.

The MoU is also to focus on the development of micro and mini hydro technologies in Sarawak and other parts of Malaysia.

"The MoU is a significant step in facilitating generation of renewable energy via micro and mini hydro in the state," said Naim senior project director Soah Boon Kee.

Hydropul Project and Management is part of the established Hydropul Group while Naim Engineering is one of Malaysia's leading developers and contractors.

The signing ceremony was held in Prague.

Naim was represented by its group managing director Datuk Hasnu Husnan while Hydropul by managing director Jan Tonnar.

One of the major players in international hydropower development, Hydropul focuses on hydropower development in all areas from greenfield projects and rehabilitation in engineering and financial structuring.

The company plans, builds, operates and finances small and medium hydropower plants and associated hydraulic structures such as dams, weirs and penstocks.

They also specialises in rehabilitating old mini hydro developments successfully in regions such as Europe, Indonesia and Korea.

Currently, there are various mini hydro developments around Sarawak and Hydropul would be embarking on surveys for hydropower development opportunities in Malaysia soon.

"Hydropul would allow us to better capitalise on the potential of renewable energy, something which is beneficial to the state in the long run," said Soah.

Also present at the ceremony were Deputy Chief Minister Tan Sri Alfred Jabu, Land Development Minister Tan Sri Dr James Masing, Second Resource Planning and Environment Minister Datuk Seri Awang Tengah Ali Hasan and Czech Republic Industry and Trade Deputy Minister Milan Howorka.

Vow shows his award after receiving it from Abang Johari (fourth left). Also seen are (from second right) Abdul Karim, Zaidi, Su and Sim. — Photo by Muhammad Rais Zainol

Abang Johari (third right), Abdul Karim (right) and Zaidi (second right) with (from left) Tan, Wong and Tan.

Sheda to state govt: Defer implemention of new housing law

KUCHING: Sarawak Housing and Real Estate Developers Association (Sheda) has appealed to the Ministry of Housing to defer implementing the new Housing Development Ordinance.

In making the appeal during Sheda's annual dinner cum excellence awards here on Saturday, its president Zaidi Ahmad also hoped the state government would keep importing the low cost house and low cost house plus policy.

He suggested looking for a "middle ground" for the government and Sheda to achieve a win-win outcome.

On another matter, Zaidi opined that demand for houses would continue to rise across the state in view of inward and rural-urban migration. For instance, he said, more people are expected to come to Bintulu for better jobs due to the Sarawak Corridor of Renewable Energy (SCORE).

"When more people move to Bintulu for jobs, are there enough houses in Bintulu? SCORE will help Bintulu housing for a decade."

Housing Minister Datuk Amar Abang Johari Tun Openg, in his response, said he would look into Sheda's requests.

But Abang Johari, who represented Chief Minister Datuk Patinggi Tun Sri Adenan Satem, did not elaborate.

Meanwhile, the Sheda Property Men of the Year award went to Tiew Tze Chee Weng of Sarawak Land (Kemena Park) Sdn Bhd. Outstanding Commercial Shop Offices award (Partial Bays) went to Sim Hui Hui, Outstanding Transportation Hub award (Inner City Development Sdn Bhd), Merit Award for Low Rise Residential (Midas Residence Sdn Bhd) and Commendation for Medium Rise Residential (Riverview Corporation Sdn Bhd).

Sheda also presented certificates to three honorary members: Datuk Teh Chiew Hock, who is Huck Peng Organisation managing director; Datuk Hasnu Husnan (Naim Holdings Bhd managing director), and Tan Cook Eee (Lam Oeh Construction Co managing director). Hasnu was represented by Christina Wong, the deputy managing director of Naim Holdings Bhd.

Assistant Minister for Housing Datuk Abdul Karim Rahman Hamzah, Sheda senior vice-president Tan Kiang Chok and organising chairman Tony Su were among those present.

Naim holds media appreciation night

Discounts for early birds

Apple (third right) presents a memento to Mandin (third left) accompanied by Naim senior staff and contractors.

Photo shows an update on the Green Mall whereby work on its lower ground car park is in progress.

Naim clocks 1 million manhours without LTI

KUCHING: Naim Land Sdn Bhd (Naim) achieved another milestone as it clocked one million manhours without Lost Time and Injury (LTI) for its Riverfront Project integrated development project.

The safety achievement celebration was officiated by the general manager of Bintulu Development Authority, Dato Mohdzin Idnah. Among those in attendance were Datuk Hasnu Husnan, Naim's group managing director; contractors and Naim's staff.

Naim assumes Quality, Health, Safety and Environment (QHSE) stewardship by integrating QHSE best practices into our daily operations and that of our contractors.

Hasnul Hussein, Naim GM Manager

"Betul sesuai dengan Quality Health, Safety and Environment (QHSE) stewardship, by integrating QHSE best practices into our daily operations and that of our contractors," said Naim's group QHSE manager Abdul Basit Lubis during the celebration.

"In fact, our QHSE Management is a coherent system of ISO 9001:2008, OHSAS 18001:2007 and EMS 14001:2004, and accredited by the Moody International.

"As part of our commitment to QHSE, the group introduced various policies, including Healthy Workplace and Zero Accident Policy, which culminated in the formulation of our QHSE Charter in 2010.

"In addition to normal regulatory requirements, we incorporate other measures, such as utilising spray materials in our projects, constantly maintaining chemical storage and waste disposal to prevent pollution and strictly enforcing related policies through surprise checks by our QA/QHSE team," Basit added in explained.

He added that Naim's QHSE work culture stemmed from the top management's values and commitment towards the cause.

"We are all inspired by the commitment shown by our group managing director Datuk Hasnu Husnan, who would personally make surprise checks on our projects' sites around the country, lead toolbox meetings and motivate us to constantly raise the bar in terms of QHSE. He has shown us that QHSE is the responsibility of everyone, and for everyone's benefit," Sheikuddin said.

Meanwhile, works for Bintulu Paragon, were on track with works on lower ground car park and retaining walls expected to be completed by end of 2014. The car park once completed, could accommodate over 1,200 cars, the largest car park in Bintulu.

Works for its Street Mall and Small Office Versatile Office (SOVO) were also expected to be completed by fourth quarter of 2014 and first quarter of 2015 respectively.

KUCHING: Naim Holdings Berhad conducted its inaugural "Pre Pasa" celebration for its project within the newly Bintulu Paragon, using good development as its Sales Gallery at Rock Road Commercial Centre here.

Present as representative of Naim Holdings Bhd, Zamry Ibrahim said during the opening of the Pre-Pasa mission development site Naim's Corporate Office.

"The Signature Collection customers you will get to experience the well guarded hospitality, world class security, benefits of integrated development and lifestyle amenities," he said.

In the prestigious development are expected to be the "Pioneers" to enjoy the early bird discount which is being offered.

Meanwhile, Naim Holdings is also organising "Naim Holdings Festive Feasts as a gesture of appreciation for the community's support over the years.

The Hawai Fiesta featured

DATUK Amar Abdul Hamed Sepawi (fourth right) receives the Sarawak Outstanding Entrepreneur of the Year Award from the Chief Minister Datuk Patinggi Tan Sri Adenan Satem (third left), while (from left) SCCI deputy president Datuk Dr Philip Ting, Datuk Amar Awang Tengah Ali Hassan, SCCI president Datuk Abang Abdul Karim Tun Openg, organising chairperson Rita Liew, and Ernst & Young partner Peter Chin look on.

NAIM'S Senior GM for Sales and Marketing, Alice Ting receiving the award for South Lake Petroleum, Mei from Chin Fraud, managing editor and co-owner of Bona Value Sdn Bhd, Malaysian Reserve's publishing arm.

NAIM'S Zamry Ibrahim (right), receiving the award for Bintulu Paragon, Bintulu from CEO of the Malaysian Reserve, Syed Hadha Syed Hussain.

Naim Group celebrates Mid-Autumn Festival with Riveria Bay residents

KUCHING: Naim Group of companies celebrated Mid-Autumn Festival in a recent inaugural event organised exclusively for its Riveria Bay Apartments' residents.

Held at its Riveria Bay Apartments Phase 1, it was a night of fun and scrumptious cuisines, featuring an interesting event line-up comprising children's colouring contest and the 'Most Beautiful Lantern' competition.

Through a press release, Naim's senior general manager (Asset Management) Tony Lau said the event was held as a gesture of appreciation for the support of the Riveria Bay customers.

"Due to this strong support, our Riveria Bay Apartments have been fully taken up. We are indeed thankful for the faith that our customers have on our products and services.

"The event also serves as a good opportunity to foster a spirit of community living and camaraderie among the residents.

"We will continue to serve and engage our Riveria Bay residents in ways we can, and to organise more of such fun events in the near future to facilitate vibrant community living," said Lau.

Naim management team posing for a group photo with the children who took part in the colouring contest.

Hamed Sepawi winner of inaugural State Outstanding Entrepreneurship Award

KUCHING: Datuk Amar Abdul Hamed bin Haji Sepawi was the winner of the inaugural 2014 Sarawak State Outstanding Entrepreneurship Award organised by the Sarawak Chamber of Commerce & Industry (SCCI).

For the Sarawak State Entrepreneur of the Year Awards (EOYS), this year's recipients were Awang Habiburilah Bin Awang Ismail representing Dewan Usahawan Bumiputera Sarawak, Nobel Pang Paul Gen representing SCCI and Troy Yaw Chee Weng representing Sarawak Housing and Real Estate Developers' Association.

The Awards were presented to the recipients at the SCCI 63rd Anniversary Dinner held at the Hilton Hotel here Friday night.

The Sarawak State Outstanding Entrepreneurship Award aims to by the Ministry of Industrial Development Sarawak in association with SCCI and Ernst & Young. It was first launched in 2004 and is a prestigious Awards Programme held annually to honour and acknowledge exceptional entrepreneurial talent and leadership.

In the past, the EOYS Adjudicating Committee has nominated recipients of the EOYS to represent Sarawak at the EY Entrepreneur of the Year (EOY) Malaysia Awards.

If nominated, the entrant has access to a range of events to help the entrant's company achieve its potential as well as the opportunity to join a group of illustrious alumni.

Amongst the top nominees for this year's EY EOY Malaysia Awards are Sarawak's Dato' Kho Kak Beng of KKB Engineering Bhd and Anne

Triple win for NAIM

KUCHING: It one indeed a night to remember as Naim Holdings Bhd bagged three awards by the Malaysian Reserve Property Prime Awards 2014. The sole Sarawak-based property developer to the list of award recipients, Naim won the Most Prestigious Integrated Development Award for its Bintulu Paragon Integrated Development and the Most Prestigious Integrated Lifestyle Residential Development Award for its South Lake Petroleum Waterfront Development.

Jointly organised by a publishing firm, Bona Value Sdn Bhd and the Malaysian Reserve Business Daily, in association with the International New York Times, the Property Prime Awards recognises the outstanding achievements of industry players via the unique perspective of the media.

Naim's senior general manager for property, Zamry Ibrahim said the awards were a testimony that Sarawak-based property developers, stakeholders and the Naim team in making Naim what we are today. For our team, the awards were a wonderful acknowledgement of our work, and more important, they itself to us, a reminder constantly to propose so that we can only meet but exceed customer expectations. The awards also are important message to all – that Sarawak's companies can do it," Zamry said.

Zamry said that Naim would continue to build products of quality on our property customers, we are constantly improving our services, focusing on aspects which matter to our customers. The recent developments such as the Bintulu Paragon and Bintulu Waterfront Mall, focusing on security and superior lifestyle are reflective of our quest of continually raising the bar for the community.

"More importantly, as we are non-property entities individually, what matters to us as well. We strive not

Being good team staff with the children, along the lapping of fish.

Naim donates money and daily necessities

KUCHING: Naim Holdings Bhd has come to the aid of Rumah Rezi Bari Marie by donating money and daily necessities such as rice and other food items.

The donation was made by the welfare of various groups such as orphanages and the poor.

Naim also hosted a breaking of fast for its residents comprising orphans, awareness of its corporate social responsibility.

"We have a strong outreach programme to connect with the less fortunate members of

Naim organises 'Discover & Win' Facebook contest

BINTULU: In conjunction with the Group's anniversary countdown celebrations and launch of its 'Super Deals!' mega property promotion, Naim Land Sdn Bhd is organising its Bintulu Paragon 'Discover & Win' Facebook contest, which runs with immediate effect till Dec 31. Among the attractive prizes on offer are the Apple iPad Mini and Apple iPod Nano.

Its senior general manager for Property, Zamry Ibrahim said that the contest was organised a gesture of appreciation for strong support shown by the community towards the Bintulu Paragon development.

"This contest also provides a fun opportunity to find out more about Bintulu Paragon's products, view our various show units at our Bintulu Sales Gallery and know more about our mega promotion," walking away with great prizes was merely a "click" away.

"Just go to our Bintulu Paragon's Facebook page and share our 'Super Deals!' Facebook ad on your Facebook wall, take a photo of yourself in one show units located at our Bintulu Sales Gallery and share it on your Facebook page. Participants with the most number of 'likes' will walk away with the prizes. It's that easy, so don't miss out," Zamry requested.

Zamry also urged interested property buyers to take advantage of Naim's 'Super Deals!' mega promotion.

"This is an unprecedented promotion for our Group, unlike the ones we have previously offered.

"The mechanism is simple, decide the property of your choice, make booking and we will help you with your downpayment. As this promo is applicable to our customers interested are advised to contact our respective sales offices in these regions. Action promotion will end on Dec 31, please act fast," Zamry added.

For more information, call (086) 319 888, visit Bintulu Paragon's website and facebook at www.bintuluparagon.com.my and www.facebook.com/Bintulu Paragon respectively or visit Naim Bintulu's Sales Gallery at No. 1, Old Airport Place, Bintulu.

BINTULU Paragon – Sarawak's largest integrated development.

Naim Holdings gives Ramadan contributions to mosque, suraus

KUCHING: Naim Holdings Berhad handed over its Ramadan contributions to a mosque and various suraus recently during a simple breaking-of-fast ceremony held at Masjid Darul Ilmu, Samarahan.

The contributions were handed over by its Property Development senior general manager Zamry Ibrahim.

"Naim has always taken into consideration the interest of the community in which it operates. We have a very strong outreach programme whereby we connect with the community.

"In fact, this Ramadan contribution is an annual activity we organise during the holy month of Ramadan," Zamry said in a press statement.

The said contributions were handed over to one mosque and five suraus around the Samarahan area namely Masjid Darul Ilmu, Surau Kampung Pinang, Surau Kampung Baru, Surau Darul Amanah, Surau Fasa 1 Kampung Tanjung Bundong and Surau Kampung Paoh Penyo.

"We strongly believe in giving back to the society. This is from our hearts, driven by a passion to make a difference in people's lives. Every little help goes a long way," he noted.

Zamry (front row, fourth right) and representatives of the mosque and suraus in a photo call after the handing over ceremony.

Naim officially unveils Signature Collection and Sapphire project

By Sharon Ajing
sharon@borneopost.my

KUCHING: Naim Holdings Bhd (Naim) has launched its signature Naim Residences Collection (Signature Collection) and Sapphire (Sapphire) – two distinctive residential projects in the heart of the city.

The Signature Collection is a distinctive unique proposition of Naim's Bintulu Waterfront Mall Development.

Starting its launch, Naim's Group managing director, Datuk Hasnu said that the response to the Pre-Pasa event, which was held before official launch, taking advantage of Naim's Aug 31st promotion.

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

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

"We decide to do so a gesture of appreciation to our Naim's Sapphire's well wishers."

Another first product under Naim's Signature Collection, Sapphire is set to be a unique offer up-market residential development in the city.

► Turn to Page 55, Col 1

Hasnu Husnan and Datuk Lawrence Ngiewing and Sapphire project manager Lewis Jackson (left) and Kevin Jack (centre) and other senior managers Tony Lau (Naim Group) are overlooking the Sapphire site from Naim's gallery.

Sim (fourth left) presents the sponsorship items to Liong as others look on.

40 juniors to compete in Naim Open

BINTULU: About 40 junior tennis players from across the state will be competing in the 'Naim Open Junior Tennis Tournament' from October 24 to 26 at Kidurong Club Bintulu (KKB) tennis court here.

They are representing their respective clubs, academies and associations namely from Sibu, Miri, Kuching and Bintulu.

Among the teams are KKB Tennis Academy Bintulu, BDA Tennis Academy, Sibu DLTA Tennis Academy, Miri DLTA and the Sarawak Bumiputera Lawn Tennis Association.

Tournament director Liong Wool Hua said the event is a programme that has been organised by Bintulu Division Lawn Tennis Association (BDLTA) as its annual event.

He said BDLTA, which is led by its president Sulaiman Sahari, is an association responsible in organising any tennis activity in Bintulu.

Liong added that the tournament is used to assess the level of skill among the young players and at the same time to popularise the sport among the school children in Bintulu and Sarawak.

"I would like to thank all those involved for the support given to us in developing tennis in the division as we are not only able to produce quality tennis players but also players for our state Sukma team," said Liong.

He said this after receiving the sponsorship from Naim Holdings Bhd as the main sponsor, and other co-sponsors Swagelok (M), Rhmart and three individuals at KKB last Sunday night.

Naim Holdings Bhd was represented by Naim Land Sdn Bhd Bintulu Property senior operations manager Gerald Sim and the handing over of sponsorship was witnessed by tournament secretary Ahmad Ghazi Ariffin and other BDLTA committee members.

Liong hoped the association will be given continuous morale and financial support by all parties in its efforts to further develop the sport.

The tournament will be divided into three categories namely Boys-Girls U10, Boys/Girls U14 and Boys/Girls 18 and above.

Corporate Governance

Corporate Governance Statement

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.

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.

During the year under review, the Board composition is in line with the recommendations of the Malaysian Code of Corporate Governance 2012 ("MCCG 2012"). 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 judgement. 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 relationship, 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 acknowledges the recommendation of the Malaysian Code of Corporate Governance 2012 for board gender diversity. It will continue to identify suitably qualified woman candidate to fill board seats when vacancy arises. Presently 22% of board members are represented by women.

Corporate Governance Statement (continue)

In the current year, 2015, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis, an Independent Non-Executive Director has served more than ten (10) 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 (9) 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.

The Board has designated one of its independent directors, 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 six (6) 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	4/6	67%
Datuk Hasmi Bin Hasnan	5/6	83%
Wong Ping Eng	6/6	100%
Dato Ir. Abang Jemat Bin Abang Bujang	6/6	100%
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	6/6	100%
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	6/6	100%
Tan Sri Izzuddin Bin Dali[1]	5/6	83%
Datin Mary Sa'diah Binti Zainuddin	5/6	83%
Tuan Haji Soedirman Bin Haji Aini	5/6	83%

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 are scheduled during Board and Committee meetings by management and/or consultants and advisors in order to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's 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 judgement 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
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.

Corporate Governance Statement (continue)

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 42 to 46 for details in relation to Corporate 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, no new directors were appointed to the Board. Directors are appointed 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.

Acting on the recommendation of the Nominating Committee, the Board appoints the Director(s). The newly appointed Director shall retire at the next annual general meeting of shareholders pursuant to Article 92 of the Company's Articles of Association.

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 reelection 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 to keep abreast with the relevant changes in law, regulations and the business environment:

- 2014 Audit Committee Conference by MIA & IIA
- Understanding of Goods and Services Tax in Malaysia by Bursatra
- GST-Everything You Need To Know About Malaysian Goods & Services Tax by MAICSA
- GST Workshop: Property Development & Construction Perpective by Daniel Chow C.K
- GST Seminar for Property & Construction Industries by IFCA
- GST Seminar by Royal Malaysian Customs
- EPC Project Risk, Jakarta by Marcus Evans Pan Asia
- 3rd Annual Global HR Excellence by Marcus Evans Pan Asia
- Data Protection Act and Related Party Transaction/Insider Trading Implementation by Smart Business Consulting
- Corporate Directors Advanced Programme 2014 (Strategy & Risks – Managing Uncertainty) by Malaysian Directors Academy (MINDA)
- Women Directors' Training Programme Initiative 2014 by NAM Institute for the Empowerment of Women (NIEW)
- In-House Senior Management Corporate Retreat: New Culture for Transformation

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

Board Committee

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)			
Shirley Noivont David				√ (Internal Auditor)
Denise Yong Hui Hui				√ (Secretary)
Total No. of members	**3**	**4**	**3**	**5**

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, Financial Statements, 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/goal. 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.

Board Committee (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 2014 are as follows:

Range of Remuneration (RM)	**Number of Directors**	
	Executive	**Non-Executive**
Above RM2,650,001 to RM2,700,000	1	-
Above RM1,300,001 to RM1,350,000	-	1
Above RM650,001 to RM700,000	1	-
Above RM200,001 to RM250,000	-	5
Above RM100,001 to RM150,000	-	1

The details of remuneration paid to each Director for the financial year ended 31 December 2014 are as follows:

Remuneration (RM)	**Executive**	**Non-Executive**	**Total**
Salaries	2,807,869	-	2,807,869
Allowances	-	1,278,454	1,278,454
Fees	-	1,136,095	1,136,095
Bonus, Incentive & Others	-	-	-
EPF	449,284	184,596	633,880
Benefit-in-kind	33,900	-	33,900
Others	-	-	-
Total :	**3,291,053**	**2,599,145**	**5,890,198**

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, provisions of the Companies Acts 1965 and the Listing Requirements of Bursa Malaysia.

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 to ensure that all source documents used for preparing the financial statements are properly filed and accurate

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 and detect 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 pages 77 to 78 of this Annual Report.

The Group's Statement on Risk Management and Internal Control is described in pages 79 to 80 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 at least 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 2014, the Audit Committee met the external auditor on 27 November 2014 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.

Board Committee (continue)

ADDITIONAL COMPLIANCE

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

Share Buy-Back

A total cumulative treasury share as at 31 December 2014 was 13,056,000.

During the financial year ended 31 December 2014, 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 2014 amounted to RM456,682.

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 143 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 14 April 2015.

NOMINATING COMMITTEE

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

Datuk Amar Abdul Hamed Bin Haji Sepawi – Chairman
Non-Executive Chairman

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

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

Tan Sri Izzuddin Bin Dali – Member
Independent Non-Executive Director

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

Category	No. of Director(s)	Percentage
Non-Executive Director	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 skill 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 Judgement**
  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.

- **Time Commitment**
  Service on the Board demands a 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.

Board Committee (continue)

- **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, Financial 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 & Gas
Tuan Haji Soedirman Bin Haji Aini	-	Oil & Gas, Government, Audit, Financial 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 of no fewer than three (3) members, all of whom shall be Non-Executive Directors and a majority shall be Independent Non-Executive Directors.

Duties and Responsibilities

The duties and responsibilities of the 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 13th November 2003. The Committee consists of the following members:

Datuk Ir. Abang Jemat Bin Abang Bujang – Chairman
Independent Non-Executive Director

Datuk Hasmi Bin Hasnan – Member
Managing Director

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

The current composition of Executive and Non-Executive Directors in 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 Committee (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 rating 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 - Chairman
Independent Non-Executive Director

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

Datuk Amar Abdul Hamed Bin Haji Sepawi - Member
Non-Executive Chairman

The current composition in the Risk Management Committee is 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 provides oversight of the Group's risk management activities and reports to the Board. The Board retains the overall risk management responsibility.

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 held five (5) meetings during the year 2014, during which, the relevant management staff, the Risk Management Unit and the Internal Audit attended the meetings to, inter alia, report, review and discuss on the key risks and issues impacting the Group's strategic objectives.

The Risk Management Committee 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

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

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

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

Quorum
A quorum shall consist of two (2) members.

Secretary
The Secretary of the Committee shall be the Risk Manager.

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

Board Committee (continue)

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 escalates 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

Reporting Arrangement to the Committee – The Risk Management Unit

The Risk Management Committee is supported by a Risk Management Unit 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 shall consolidate the Corporate Risk Profile from the respective business units/ divisions/ departments risk registers outlining the risks, controls and risk mitigation plans that the management has taken in mitigating the risks for submission to the Risk Management Committee.

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 and
6. Corporate Social Responsibility Committee

Audit Committee Report

Members

The Audit Committee comprises the following:

Tuan Haji Soedirman Bin Haji Aini – Chairman
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

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 nine (9) times during the year 2014 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Tuan Haji Soedirman Bin Haji Aini	9/9	100
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	9/9	100
Dato Ir. Abang Jemat Bin Abang Bujang	9/9	100

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 thrice during the year in executive sessions with the external auditors without the presence of the management.

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.

Audit Committee Report (continue)

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 Risk Management and Internal Control portion.
c. Based on the satisfactory review and discussion referred to in 3.1a and 3.1b above, the Audit Committee recommends to the Board of Directors
   i. that the audited financial statements be approved for tabling at the shareholders' meeting; and
   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 the Group Internal Audit Charter.
c. Reviewed the appraisal of performance of the Head of Internal Audit.

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 high risks areas and entities across all levels of operations within the Group. The Internal Audit role and responsibilities are defined in the Internal Audit Charter with the mission is to provide independent, objective assurance and consulting services to add value and improve the organization's operations.

The department is headed by a Chartered Accountant who holds a Masters Degree in Forensic Accounting and Financial Criminology. The internal audit staffs comprise those that possess tertiary qualifications in the field of Accountancy and Civil Engineering.

Audit Committee Report (continue)

4.1. Authority

To accomplish its primary objectives in examining and evaluating whether the Group's internal control and governance process is adequate and functioning properly, the internal auditors are authorised to have full, free and unrestricted access to Group's operations, affiliates, activities, information, functions, records, properties and personnel relevant to the performance of audit function at any time.

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 submitted to the Audit Committee every quarter.

The report will include the status and results of the annual audit plan 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 2014, 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 RM495,707 was incurred by the internal audit department in respect of the financial year under review.

Statement On Risk Management And Internal Control

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 manages the affairs of the Group in accordance with the Code. In addition, the Board believes that ethical 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 risk management and 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 is committed to ensuring that it has an effective risk management framework which allows the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives and strategies within a defined risk tolerance in a timely and effective manner.

The Risk Management Committee is chaired by an Independent Non-Executive Director, and comprises of the majority of whom are Independent Non-Executive Directors. The Committee is supported by an independent Risk Management Unit to assist in the coordination and implementation of the risk management policy which reports directly to the Committee.

Each business unit in the Group regularly identify, assess and monitor the risks. A business planning and budgeting exercise is undertaken each year to establish plan and budget against which performance is measured. Key risks to each business unit are identified during the business planning process and scored for likelihood of the risks occurring, the magnitude of the impact, the control effectiveness and the action plans taken to mitigate those risks to the desired level.

The Risk Management Unit consolidates and highlights the key Group Risk Profiles, from the respective business unit's risk register, to the Risk Management Committee on a quarterly basis for an overall perspective of the key risks impacting the Group's strategic objectives. The Risk Management Committee, after reviewing the same, escalates them to the Board.

Statement On Risk Management And Internal Control (continue)

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 Financial Authorities Limit ("FAL") 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), to adhere to a set of well-established standard operating procedures covering all major critical processes. In continual pursuit for process excellent for Quality, Health, Safety & Environment, the management system integrates Quality, Environmental and Occupational, Health & Safety management System (certified with Integrated management System, ISO 9001, ISO 14001 and OHSAS 18001 since year 2009) into one coherent system so as to enable the optimal achievement of its business objectives. Surveillance audits are conducted yearly to ensure continuing compliance with the system.
- Anti-Fraud Policy Statement document the Group's attitude and stance of fraud and guidelines in dealing with fraud in an appropriate manner. Any cases of suspected fraud, Malpractice Reporting Plans will be applied to ensure appropriate and timely action is taken.
- 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 scheduled 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 venture, 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 venture.

Internal Audit

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

This statement is made in accordance with a resolution of the Board of Directors dated 14 April 2015.

Investor Relations Activities


Briefing 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.

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 RHB Research.

Economic Outlook

Economic Outlook

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2015 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/
(5 December 2014)

2015 will be a very challenging year for the Malaysian economy. Real GDP growth is projected to moderate, depending on the magnitude of fluctuations in crude oil prices and also movements of the ringgit exchange rate against currencies of Malaysia major trading partners. Commodity terms of trade (CTOT) shock, ringgit depreciation and anticipated higher interest rates environment are expected to adversely affect Malaysia's domestic macroeconomic fundamentals.

Bank Negara Malaysia (as reported in the Malaysian Insider)
http://www.themalaysianinsider.com/malaysia/article/bank-negara-sees-slower-growth-in-2015-sliding-oil-prices-a-risk
(11 March 2015)

Bank Negara sees slower growth in 2015 with sliding oil prices a risk, with the economy expected to expand 4.5% - 5.5%. This has put pressure on the country's fiscal position and knocking the ringgit to a 6-year low. Household spending was also likely to be affected by the implementation of GST in April 2015.

The World Bank (as reported the Star)
http://www.thestar.com.my/Business/Business-News/2014/12/18/World-Bank-cuts-2015Malaysia-GDP-forecast
(18 December 2014)

The World Bank has cut its 2015 growth forecast for Malaysia's economy to 4.7% from an earlier estimate of 4.9% on expectations of slower export growth and investments in the oil and gas industry as well as moderate private consumption next year.

According to the World Bank, Malaysia's export growth would likely slow to 4.1% next year, from the estimated 5.4% this year. Investment in oil and gas was also expected to slow in 2015 amid declining global oil prices, while private consumption in Malaysia was expected to moderate as consumers adjust to higher prices when the goods and services tax kicks in in April and credit moderates further.

Economic Outlook (continue)

OUTLOOK FOR SARAWAK

Oxford Business Report
http://www.oxfordbusinessgroup.com/news/sarawak-year-review-2014
(29 January 2015)

Investments in Sarawak's resource-based and service industries kept the Borneo Island State ahead in 2014, with economic growth set to continue in 2015.However, new initiatives will be needed to diversify the economy and add more value across the oil and gas product chains.

Unless Sarawak increases its processing capacity for assets such as natural gas, it will continue to lose out on profits traded out of the State.

CH Williams, Talhar, Wong and Yeo
http://www.wtwy.com/files/reports/WTWPMR2014.pdf

The property market generally will face a challenging year with the possible exception of the industrial sector. With tightening domestic liquidity situation and the apparent inflationary trend (rising to 3.2% in December 2013) the retail sector can expect to face the biggest challenge. Studies by MIER showed the Business Confidence Index declining to 92 points in the last quarter and the Consumer Sentiments Index settling at 82.4 points, its lowest reading for almost five years.

Some factors which will influence the property market are:
- Upward revision of the RPGT in 2014
- Tighter bank lending regulations
- Imposition of GST in April 2015

Note: CH Williams, Talhar, Wong and Yeo occasionally acts for the Naim Group in an advisory capacity.

Financial Statements

Directors' Report for the year ended 31 December 2014

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 2014.

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	220,337	73,373
Non-controlling interests	282	-
	220,619	73,373

Dividends
Since the end of the previous financial year, the Company paid a first and final single-tier tax exempt dividend of 3.0 sen per ordinary share of RM1.00 each totalling RM7,108,000 in respect of the year ended 31 December 2013 on 8 January 2014.

On 26 February 2015, the Directors declared an interim single-tier tax exempt dividend of 3.5 sen per ordinary share of RM1.00 each totalling RM8,293,000 in respect of the financial year ended 31 December 2014, to be paid on 24 April 2015.

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

Directors' interests in shares
The interests and deemed interests of the Directors (including where applicable, 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) during and at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	11,500,700	-	(1,764,100)	9,736,600
Datuk Hasmi Bin Hasnan	16,668,850	-	-	16,668,850
Wong Ping Eng	4,000	1,000	-	5,000
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,967,700	-	-	27,967,700
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
Unique Composite Sdn. Bhd.	2	399,998	-	400,000

	Number of ordinary shares			
	At 1.1.2014	Bought	Sold	At 31.12.2014
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
Unique Composite Sdn. Bhd.	2	399,998	-	400,000

** *These subsidiaries have been struck off from the Registrar of Company subsequent to year end.*

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 2014 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 Directors (including remuneration received as full-time employee, where applicable) as shown in the financial statements of the Company and of its related corporations disclosed as part of the key management personnel compensation] 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 substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in 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.

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.

Directors' Report for the year ended 31 December 2014 (continue)

Other statutory information (continue)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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, other than the following:

i. gain arising from the disposal of equity interest as well as from the effect of the dilution in interest in an associate amounting to RM96,705,000 and RM70,526,000 in the Group and the Company respectively (see Note 37(a));
ii. non-cash gain arising from land exchange of RM25,485,000 (see Note 24);
iii. allowance for impairment loss of RM20,851,000 made against doubtful debts for certain construction projects (see Note 13.4); and
iv. provision for liquidated and ascertained damages of RM12,538,000 for late delivery of certain construction projects (see Note 22).

Significant events

i. On 9 January 2014, the Company disposed 15,000,000 ordinary shares of RM0.50 each or representing approximately 2.73% of its equity interest in Dayang Enterprise Holdings Bhd. ("DEHB") for a cash consideration of RM82,072,000 (net of transaction costs). Upon the disposal, the resultant Group's equity interest in DEHB had decreased from 33.63% to 30.90%. The Group and the Company recognised gain on disposal of RM61,792,000 and RM70,526,000 respectively (see Note 37(a)(i)).
ii. On 31 March 2014, the Company redeemed in full the outstanding non-current portion of its Islamic Bonds (including coupon expense accrued thereon) amounting to RM153,477,000 prior to the respective maturity dates (which were to be due in year 2016 and 2021). Subsequently, the Company cancelled the Islamic Securities Programmes of up to RM500 million comprising medium term notes and commercial papers (see Note 21.3).
iii. On 7 October 2014, as a result of a private placement exercise effected by DEHB, the Group's equity interest had further decreased from 30.90% to 29.06%. The dilution in interest has been accounted for as deemed disposal with the resulting gain of RM34,913,000 recognised in the profit or loss (see Note 37(a)(i)).
iv. In 2014, the Group has accepted the offer from the relevant authority for additional parcels of land as the remaining compensation in relation to prior year's land exchange exercise. This has resulted in an one-off non-cash gain of RM25,485,000, being recognised in profit or loss (see Note 24).

Subsequent event

On 14 April 2015, the Company announced its proposal to establish and implement a Long Term Incentive Plan ("LTIP") of up to 10% of its issued and paid-up capital (excluding treasury shares). The proposed LTIP comprises restricted share plan and performance share plan and shall be in force for a period of 10 years commencing from the effective date of implementation, which is yet to be determined. The proposal is subject to approval of shareholders and relevant regulatory authorities.

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

……

Datuk Hasmi Bin Hasnan

Kuching,

Date: 14 April 2015

Statements of Financial Position as at 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	43,001	54,310	6,331	6,259
Prepaid lease payments	4	2,427	2,455	-	-
Investment in subsidiaries	5	-	-	331,212	331,212
Investment in associates	6	329,176	274,046	130,815	142,361
Investment in joint ventures	7	17,085	44,768	-	-
Land held for property development	8	404,876	344,913	-	-
Investment properties	9	66,447	66,384	-	-
Intangible assets	10	6,917	7,599	-	-
Deferred tax assets	11	20,626	8,348	-	-
Other investments	12	2,974	11	-	-
Trade and other receivables	13	65,875	-	-	-
Total non-current assets		959,404	802,834	468,358	479,832
Inventories	14	24,172	28,876	-	-
Property development costs	15	367,922	245,446	-	-
Trade and other receivables	13	320,615	335,025	8,256	150,422
Deposits and prepayments	16	7,637	7,561	88	22
Current tax recoverable		11,304	13,124	696	1,527
Cash and cash equivalents	17	160,969	259,157	9,682	37,860
		892,619	889,189	18,722	189,831
Assets classified as held for sale	18	10,940	23,069	-	-
Total current assets		903,559	912,258	18,722	189,831
Total assets		1,862,963	1,715,092	487,080	669,663
Equity					
Share capital	19	250,000	250,000	250,000	250,000
Reserves	20	1,011,028	789,879	177,312	103,939
Total equity attributable to owners of the Company		1,261,028	1,039,879	427,312	353,939
Non-controlling interests	5	13,770	24,200	-	-
Total equity		1,274,798	1,064,079	427,312	353,939
Liabilities					
Loans and borrowings	21	121,982	198,245	-	150,000
Deferred tax liabilities	11	27,069	41,117	-	-
Total non-current liabilities		149,051	239,362	-	150,000
Loans and borrowings	21	136,263	154,299	-	150,000
Trade and other payables	22	290,815	245,636	59,768	15,724
Current tax payables		5,487	8,676	-	-
		432,565	408,611	59,768	165,724
Liabilities classified as held for sale	18	6,549	3,040	-	-
Total current liabilities		439,114	411,651	59,768	165,724
Total liabilities		588,165	651,013	59,768	315,724
Total equity and liabilities		1,862,963	1,715,092	487,080	669,663

The notes on pages 95 to 147 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	656,484	711,458	18,360	19,506
Cost of sales		(531,407)	(605,007)	-	-
Gross profit		125,077	106,451	18,360	19,506
Other operating income	24	52,279	204,059	582	-
Selling and promotional expenses		(11,549)	(7,441)	-	-
Administrative expenses		(73,927)	(69,588)	(9,239)	(9,854)
Other expenses		(12,545)	(39,976)	-	-
Results from operating activities	25	79,335	193,505	9,703	9,652
Other non-operating income	37(a)(i)	96,705	-	70,526	-
Finance income	26	7,661	5,628	972	6,647
Finance costs	26	(17,205)	(18,382)	(7,799)	(14,244)
Net finance costs		(9,544)	(12,754)	(6,827)	(7,597)
Share of profit (net of tax) of equity-accounted:					
- associates	6	59,195	56,458	-	-
- joint ventures	7	2,027	15,402	-	-
Profit before tax		227,718	252,611	73,402	2,055
Tax expense	28	(7,099)	(14,344)	(29)	(462)
Profit for the year		220,619	238,267	73,373	1,593
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(142)	(413)	-	-
Share of other comprehensive income/(loss) of an equity-accounted associate		830	(9,009)	-	-
Total other comprehensive income/(loss) for the year		688	(9,422)	-	-
Total comprehensive income for the year		221,307	228,845	73,373	1,593
Profit attributable to:					
Owners of the Company		220,337	235,725	73,373	1,593
Non-controlling interests	5	282	2,542	-	-
Profit for the year		220,619	238,267	73,373	1,593
Total comprehensive income attributable to:					
Owners of the Company		221,025	226,303	73,373	1,593
Non-controlling interests	5	282	2,542	-	-
Total comprehensive income for the year		221,307	228,845	73,373	1,593
Basic and diluted earnings per ordinary share (sen)	29	92.99	99.49		

The notes on pages 95 to 147 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity for the year ended 31 December 2014

		Attributable to owners of the Group										
		Non-distributable							Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency 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 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 (loss)/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/ At 1 January 2014		250,000	86,092	26,283	1,074	-	(34,748)	34	711,144	1,039,879	24,200	1,064,079
Foreign currency translation differences for foreign operations		-	-	-	(142)	-	-	-	-	(142)	-	(142)
Realisation of reserves to profit or loss arising from the decrease in investment in an associate		-	-	51	(175)	-	-	(6)	-	(130)	-	(130)
Share of other comprehensive income/(loss) of an associate		-	-	-	972	-	-	(12)	-	960	-	960
Total other comprehensive income/(loss) for the year		-	-	51	655	-	-	(18)	-	688	-	688
Profit for the year		-	-	-	-	-	-	-	220,337	220,337	282	220,619
Total comprehensive income for the year		-	-	51	655	-	-	(18)	220,337	221,025	282	221,307
Changes in ownership interests in a subsidiary	36(ii)	-	-	-	-	-	-	-	124	124	(124)	-
Transfer of capital reserve to retained earnings		-	-	(26,334)	-	-	-	-	26,334	-	-	-
Disposal of a subsidiary	36(iii)	-	-	-	-	-	-	-	-	-	(10,738)	(10,738)
Transaction with non-controlling interests												
- Issue of shares by subsidiaries		-	-	-	-	-	-	-	-	-	150	150
At 31 December 2014		250,000	86,092	-	1,729	-	(34,748)	16	957,939	1,261,028	13,770	1,274,798
		(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 to an equity-accounted investment of an associate.*

The notes on pages 95 to 147 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2014

		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 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 2013/1 January 2014		250,000	86,092	(34,748)	52,595	353,939
Profit and total comprehensive income for the year		-	-	-	73,373	73,373
At 31 December 2014		250,000	86,092	(34,748)	125,968	427,312
		(Note 19)	(Note 20)	(Note 20)	(Note 20)	

The notes on pages 95 to 147 are an integral part of these financial statements.

Statements of Cash Flows for the year ended 31 December 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities				
Profit before tax	227,718	252,611	73,402	2,055
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	682	680	-	-
- investment properties (Note 9)	1,095	1,907	-	-
- prepaid lease payments (Note 4)	28	28	-	-
Depreciation of property, plant and equipment (Note 25) *	11,039	13,117	336	289
Dividend income	(3)	(2)	(17,845)	(18,495)
Gain on disposal of:				
- property, plant and equipment	(4,761)	(934)	-	-
- investment properties (Note 24)	(25,485)	(185,982)	-	-
- subsidiary	1,706	-	-	-
- associates	(97,038)	-	(70,526)	-
- other investments	-	(21)	-	-
Finance costs	17,205	18,382	7,799	14,244
Finance income	(7,661)	(5,628)	(1,487)	(7,658)
Property, plant and equipment written off	222	135	2	1
Share of results of equity-accounted:				
- associates (Note 6)	(59,195)	(56,458)	-	-
- joint ventures (Note 7)	(2,027)	(15,402)	-	-
Unrealised foreign exchange gain	(798)	(1,287)	(579)	-
Operating profit/(loss) before changes in working capital	62,727	21,146	(8,898)	(9,564)
Changes in working capital:				
Inventories *	5,114	2,216	-	-
Land held for property development	(4)	-	-	-
Property development costs *	(158,053)	(26,992)	-	-
Trade and other receivables, deposits and prepayments *	(45,686)	3,850	142,100	7,815
Trade and other payables *	57,387	93,378	53,961	2,358
Cash (used in)/generated from operations	(78,515)	93,598	187,163	609
Tax (paid)/refunded *	(36,110)	(15,580)	802	964
Interest received	-	-	515	1,029
Net cash (used in)/from operating activities	(114,625)	78,018	188,480	2,602
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment *	(9,398)	(14,969)	(410)	(44)
- investment properties	(1,737)	(6,868)	-	-
- associate (Note 37(b)(i))	-	(3,423)	-	-
Proceeds from disposal of:				
- property, plant and equipment	9,203	1,721	-	-
- an associate (Note 37(a))	82,072	-	82,072	-
- subsidiary, net of cash disposed of (Note 36(iii))	4,420	-	-	-
- other investments	-	58	-	-
Increase in investment in an existing associate (Note 37(b)(ii))	-	(200)	-	-
Decrease/(Increase) in pledged deposits	551	(69)	-	-
Dividends received	17,848	19,178	17,845	18,495
Distribution of profits by joint ventures	31,199	-	-	-
Interest received	3,478	4,965	972	6,647
Net cash from investing activities	137,636	393	100,479	25,098

Statements of Cash Flows for the year ended 31 December 2014 (continue)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from financing activities				
Proceeds from issuance of new shares to non-controlling interests	150	-	-	-
Proceeds from loans and borrowings*	210,029	7,731	-	-
Repayment of loans and borrowings	(304,262)	(3,196)	(300,000)	
Repayment of finance lease liabilities	(37)	(3,918)	-	-
Dividends paid to owners of the Company (Note 30)	(7,108)	(11,847)	(7,108)	(11,847)
Other interest paid	(9,227)	(2,639)	-	-
Coupon expense paid	(10,608)	(14,263)	(10,608)	(14,263)
Net cash used in financing activities	(121,063)	(28,132)	(317,716)	(26,110)
Net (decrease)/increase in cash and cash equivalents	(98,052)	50,279	(28,757)	1,590
Effect of exchange rate fluctuations on cash held	579	(8)	579	-
Cash and cash equivalents at beginning of year	258,850	208,579	37,860	36,270
Cash and cash equivalents at end of year [Note]	161,377	258,850	9,682	37,860

* *Including those classified as disposal group held for sale*

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with licensed bank with maturities less than three months (excluding deposits pledged)	78,444	158,515	2,000	7,000
Short-term cash funds	10,000	20,000	-	20,000
Cash in hand and at banks	72,093	79,659	7,682	10,860
Total cash and cash equivalents (see Note 17)	160,537	258,174	9,682	37,860
Add: Cash included as held for sale (see Note 18)	840	676	-	-
Total cash and cash equivalents as shown in the statements of cash flows	161,377	258,850	9,682	37,860

The notes on pages 95 to 147 are an integral part of these financial statements.

Notes to the 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. 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 2014 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 joint ventures. The financial statements of the Company as at and for the year ended 31 December 2014 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 14 April 2015.

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 requirements of the Companies Act, 1965 in Malaysia.

Given that certain Group entities are transitioning entities (being entities subject to the application of IC Interpretation 15, *Agreements for the Construction of Real Estate* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities), the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") Framework until 1 January 2017 as mandated by the Malaysian Accounting Standards Board ("MASB").

As a result, the Group (including the transitioning entities) will continue to apply FRS as their financial reporting framework to prepare their financial statements for annual periods ending on 31 December 2015 until 31 December 2016.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

FRS / Amendment / Interpretation	Effective date
Amendments to FRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to FRSs 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 2, *Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 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 to FRSs 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*	1 July 2014
Amendments to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)*	1 January 2016
Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)*	1 January 2016
Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 10, *Consolidated Financial Statements,* FRS 12*, Disclosure of Interests in Other Entities* and FRS 128, *Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
FRS 14, *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 101, *Presentation of Financial Statements - Disclosures Initiative*	1 January 2016
Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138*, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 119, *Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)*	1 January 2016
Amendments to FRS 127, *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)*	1 January 2016

The Group and the Company plan to apply:

- 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 1, Amendments to FRS 2 and Amendments to FRS 119 which are assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016, those standards, amendments or interpretations that are effective for annual periods beginning on 1 January 2016, except for FRS 14, which is assessed as presently not applicable to the Group and the Company.

The initial application of the above mentioned standards, amendments or interpretations are not expected to have any material impacts to the current and prior period of the financial statements of the Group and the Company.

Notes to the Financial Statements (continue)

1. Basis of preparation (continue)

a. Statement of compliance (continue)

Migration to new accounting framework
The Group's and the Company's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

The Group and the Company will apply the following MFRSs that are not yet effective:

MFRS / Amendment / Interpretation	Effective date
MFRS 15, *Revenue from Contracts with Customers*	1 January 2017
MFRS 9, *Financial Instruments (2014)*	1 January 2018
Amendments to MFRS 7, *Financial Instruments*: *Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*	1 January 2018

Material impacts of the initial application of the above accounting standards, which are or are likely to be applicable to the Group and which are to be applied retrospectively, are discussed below:

i. MFRS 15, *Revenue from Contracts with Customers*
MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with current practices. The adoption of MFRS 15 will result in a change in accounting policy.

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

Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income. The adoption of MFRS 9 will result in a change in accounting policy.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 and MFRS 9.

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 thereby.

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 those disclosed below:

i. Profit recognition from construction contracts
The Group recognises contract revenue and contract costs in profit or loss using the stage of completion method, 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 contracts, 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. The total contract revenue also includes an estimation of variations that are recoverable from contract customers.

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

ii. Profit recognition 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 the development activities, extent of property development costs incurred, estimated total property development revenue and costs as well as recoverability of the development projects.

In making such estimations and judgements, the Group relies, as with the construction activities explained above, *inter alia*, on past experiences and the assessment of its experienced project team (comprising Budget Review Committee, project managers and quantity surveyors).

1. **Basis of preparation** (continue)

d. **Use of estimates and judgements** (continue)

iii. Impairment loss on receivables

The main collectability risk of receivables is the counterparties insolvencies. Management determines allowance for impairment loss on doubtful receivables based on an on-going review and assessment performed. The evaluation is however highly judgemental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to significant changes.

2. **Significant accounting policies**

The significant accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

a. **Basis of consolidation**

i. Subsidiaries

Subsidiaries are entities, including structured 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 controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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.

Acquisition 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.

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 accounts for 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 holders. Any 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 from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group 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/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 from the consolidated statement of financial position. 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, including unincorporated entities in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are 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 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, 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 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 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.

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

viii. Non-controlling interests

Non-controlling interests at the end of the 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 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.

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.

2. **Significant accounting policies** (continue)

b. **Foreign currency**

i. ***Foreign currency transactions***

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period (reporting date) 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 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 from 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") within equity.

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, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the 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 reclassified 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.

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 as 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.

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.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

c. Financial instruments (continue)

ii. Financial instrument categories and subsequent measurement (continue)

Financial assets (continue)

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 a 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.

iv. Regular way purchase or sale of financial assets
A regular way purchase or sale 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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.

2. **Significant accounting policies** (continue)

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.

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 the 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 its residual value, if any. 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 from the date that they are available for use. 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.

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

Leasehold land	over lease terms of 49 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 and adjusted as appropriate at the end of the reporting period.

e. **Leased assets**

i. ***Finance lease***

Leases, in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, a 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 [see Note 2(d)].

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 when the lease adjustment is confirmed.

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

ii. ***Operating lease***

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, other than property interest held under operating lease and 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 to earn rental income or for capital appreciation or both, is classified as investment property and measured using 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.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

f. Intangible assets

i. Goodwill

Goodwill with an indefinite life arising from business combinations 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 which has finite useful life. It is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill, is recognised in profit or loss as incurred.

iv. Amortisation

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

Other intangible assets, with finite useful lives, are based on the cost of an asset less any residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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, as 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 purposes. 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.

i. 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 interests 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 bringing the investment property to a working condition 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.

ii. 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

iii. 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 paragraph 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.

2. **Significant accounting policies** (continue)

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 13) 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 method. The cost of inventories 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.

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 of non-current assets or disposal group as held for sale 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 is presented as part of trade and other receivables as amount due from contract customers for all contracts in which costs incurred plus recognised profits exceed progress billings (Note 13). 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 (Note 22).

n. **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, balances and deposits with banks 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

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 an 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 has been recognised in the 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 financial 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.

ii. Other assets

The carrying amounts of other assets (except for inventories [refer Note 2(j)], non-current assets classified as held for sale [refer Note 2(l)], amount due from contract customers [refer Note 2(m)] and deferred tax assets [refer Note 2(v)]) 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 with 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 purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a 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 financial year in which the reversals are recognised.

2. **Significant accounting policies** (continue)

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 the 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 differences between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

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.

ii. ***State plans***

Contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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 is recognised immediately in profit or loss.

Notes to the Financial Statements (continue)

2. Significant accounting policies (continue)

t. Revenue and other income (continue)

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 discounts. 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's 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. Rental income

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

vii. Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of financing a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs (see Note 2(u)).

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 the 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.

2. **Significant accounting policies** (continue)

w. Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

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. Operating segments 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.

y. Fair value measurements

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements (continue)

3. Property, plant and equipment

	Outright purchase										
		Leasehold land									
Group	Freehold land RM'000	(unexpired lease term more than 50 years) RM'000	(unexpired 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 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)
Reclassification	-	-	-	-	-	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/ 1 January 2014	667	469	1,433	24,273	8,327	21,686	14,980	63,127	1,952	334	137,248
Additions	-	343	-	2,049	1,254	802	2,629	280	-	2,016	9,373
Disposals/Write-offs	-	-	-	-	(199)	(2,978)	(727)	(27,846)	-	-	(31,750)
Reclassification	-	-	-	-	(33)	711	667	875	-	(537)	1,683
Transfer to assets held for sale (Note 18)	-	-	(553)	-	(163)	(286)	(913)	(8,781)	-	-	(10,696)
Effect of movements in exchange rates	-	-	2	-	-	4	7	128	-	-	141
At 31 December 2014	667	812	882	26,322	9,186	19,939	16,643	27,783	1,952	1,813	105,999
Depreciation											
At 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)
Reclassification	-	(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/ 1 January 2014	-	51	413	2,699	3,016	17,371	10,797	48,047	1,344	-	83,738
Depreciation for the year	-	7	71	1,112	1,430	1,668	2,258	6,071	130	-	12,747
Disposals/Write-offs	-	-	-	-	(178)	(2,854)	(481)	(22,872)	-	-	(26,385)
Reclassification	-	-	-	-	(65)	172	12	802	-	-	921
Transfer to assets held for sale (Note 18)	-	-	(222)	-	(87)	(260)	(575)	(6,763)	-	-	(7,907)
Effect of movements in exchange rates	-	-	1	-	1	(3)	1	(116)	-	-	(116)
At 31 December 2014	-	58	263	3,811	4,117	16,094	12,012	25,169	1,474	-	62,998
Carrying amounts											
At 31 December 2013/ 1 January 2014	667	418	1,020	21,574	5,311	4,315	4,183	15,080	608	334	53,510
At 31 December 2014	667	754	619	22,511	5,069	3,845	4,631	2,614	478	1,813	43,001

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 2013	178,411	1,401	14,279	194,091
Additions	14,969	-	-	14,969
Disposals/Write-offs	(19,878)	-	(3,720)	(23,598)
Reclassification	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 2013/1 January 2014	137,248	711	972	138,931
Additions	9,373	-	-	9,373
Disposals/Write-offs	(31,750)	-	-	(31,750)
Reclassification	1,683	(711)	(972)	-
Transfer to assets held for sale (Note 18)	(10,696)	-	-	(10,696)
Effect of movements in exchange rates	141	-	-	141
At 31 December 2014	105,999	-	-	105,999
Depreciation (continue)				
At 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)
Reclassification	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 2013/1 January 2014	83,738	573	310	84,621
Depreciation for the year	12,747	38	-	12,785
Disposals/Write-offs	(26,385)	-	-	(26,385)
Reclassification	921	(611)	(310)	-
Transfer to assets held for sale (Note 18)	(7,907)	-	-	(7,907)
Effect of movements in exchange rates	(116)	-	-	(116)
At 31 December 2014	62,998	-	-	62,998
Carrying amounts (continue)				
At 31 December 2013/1 January 2014	53,510	138	662	54,310
At 31 December 2014	43,001	-	-	43,001

Notes to the Financial Statements (continue)

3. Property, plant and equipment (continue)

Company	Building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 January 2013	5,776	744	206	6,726
Additions	-	-	44	44
Write-offs	-	(2)	-	(2)
At 31 December 2013/1 January 2014	5,776	742	250	6,768
Additions	-	370	40	410
Write-offs	-	(3)	-	(3)
At 31 December 2014	5,776	1,109	290	7,175
Depreciation				
At 1 January 2013	135	20	66	221
Depreciation for the year (Note 25)	116	134	39	289
Write-offs	-	(1)	-	(1)
At 31 December 2013/1 January 2014	251	153	105	509
Depreciation for the year (Note 25)	116	159	61	336
Write-offs	-	(1)	-	(1)
At 31 December 2014	367	311	166	844
Carrying amounts				
At 31 December 2013/1 January 2014	5,525	589	145	6,259
At 31 December 2014	5,409	798	124	6,331

3.1 Titles to properties

Strata title to one (2013: one) building with a carrying amount of RM80,000 (2013: RM82,000) has yet to be issued by the relevant authority.

3.2 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Recognised in profit or loss	10,940	13,117	336	289
Capitalised in:				
- construction work-in-progress (Note 13.3)	1,482	3,029	-	-
- property development costs (Note 15)	363	336	-	-
	12,785	16,482	336	289

3.3 Security

Assets under finance leases were charged to banks as security for the finance lease liabilities of the Group (see Note 21.1).

Freehold land of a subsidiary with carrying amount of RM667,000 (2013: RM667,000) is charged to a bank as security for a term loan facility granted to another subsidiary (see Note 21.1).

4. Prepaid lease payments - Group

	Leasehold land (unexpired lease term more than 50 years) RM'000
Cost	
At 1 January 2013, 31 December 2013/1 January 2014 and 31 December 2014	3,056
Amortisation	
At 1 January 2013	573
Amortisation for the year (Note 25)	28
At 31 December 2013/1 January 2014	601
Amortisation for the year (Note 25)	28
At 31 December 2014	629
Carrying amounts	
At 31 December 2013/1 January 2014	2,455
At 31 December 2014	2,427

5. Investment in subsidiaries - Company

	2014 RM'000	2013 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 (%) 2014	2013
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			
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 developer	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.	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
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.	Property investment	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.	Dormant	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
Kuching Paragon Sdn. Bhd. (formerly known as Naim Housing Sdn. Bhd.)	Dormant	100.0	100.0

Notes to the Financial Statements (continue)

5. Investment in subsidiaries - Company (continue)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%) 2014	2013
Subsidiaries of NLSB (continue)			
Miri Paragon Sdn. Bhd. (formerly known as Syarikat Usahasama Naim - RSB Sdn. Bhd.)	Dormant	100.0	100.0
Pavilion Quest Sdn. Bhd. %	Dormant	100.0	100.0
Exclusive Paragon Sdn. Bhd. %	Dormant	100.0	-
Bina Hartamas Sdn. Bhd. %	Dormant	100.0	-
Platinum Amber Sdn. Bhd. %	Dormant	100.0	-
Solid Greenland Sdn. Bhd. %	Dormant	100.0	-
Vista Megalink Sdn. Bhd.	Dormant	100.0	-
Total Reliability Sdn. Bhd. ("TRSB")^	Property developer and civil and building contractor	-	51.0^
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 sale of RC pile and ready mix	100.0	100.0
Naim Overseas Sdn. Bhd. ("NOSB")	Investment holding	100.0	100.0
Naim Capital Sdn. Bhd.	Investment holding	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd.	Dormant	100.0	100.0
Unique Composite Sdn. Bhd.	Manufacture and sale of asphalt	80.0	100.0
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
Subsidiaries of NCSB			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Dormant	100.0	100.0
Subsidiaries of NASB			
Bintulu Paragon Sdn. Bhd.	Dormant	100.0	100.0
Naim Property Services Sdn. Bhd.	Dormant	100.0	100.0
Bright Sungreen Sdn. Bhd. ("BSSB") *	Dormant	100.0	-
Subsidiary of PMSB			
Harmony Faber Sdn. Bhd.	Property investment	100.0	100.0

% Audited by a firm of Chartered Accountants other than KPMG.
^ These subsidiaries are classified as disposal group held for sale following a plan to dispose the investments [see Notes 18 and 36(iii)].
 # Audited by other member firms of KPMG International.
** The unaudited results of NECSB and BSSB have been incorporated into the consolidated financial statements for the year ended 31 December 2014 and 2013, which are not material to the Group.*
@ These subsidiaries have been struck off from the Registrar of Company subsequent to year end (see Note 39).

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

2014	Desa Ilmu Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership/voting interest	40%		
Carrying amount of NCI	14,638	(868)	13,770
Profit/(Loss) allocated to NCI	858	(576)	282

5. Investment in subsidiaries - Company (continue)

Non-controlling interests ("NCI") in subsidiaries (continue)

The Group's subsidiaries that have material NCI are as follows:

2014 (continue)	**Desa Ilmu Sdn. Bhd. RM'000**
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	849
Current assets	46,736
Current liabilities	(10,991)
Net assets	36,594
Year ended 31 December	
Revenue	8,888
Profit and total comprehensive income for the year	2,145
Cash flows (used in)/from:	
- operating activities	(848)
- investing activities	1,061
Net increase in cash and cash equivalents	213

No dividend was paid to the NCI during the current year.

2013	**Desa Ilmu Sdn. Bhd. RM'000**	**Jelas Kemuncak Resources Sdn. Bhd. RM'000**	**Total Reliability Sdn. Bhd. RM'000**	**Other subsidiaries with immaterial NCI 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 last year.

^^ *As the Group had classified interest in TRSB as held for sale during the last financial year, no disclosure on summarised financial information of TRSB was made, as permitted by FRS 12, Disclosure of Interests in Other Entities. The Group has completed the disposal of TRSB during the year (see Note 36(iii)).*

Notes to the Financial Statements (continue)

6. Investment in associates

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
Unquoted shares	8,036	11,971	-	-
Quoted shares in Malaysia	130,815	142,361	130,815	142,361
Share of post-acquisition reserves	190,325	119,714	-	-
	329,176	274,046	130,815	142,361
Market value				
Quoted shares in Malaysia	739,274	1,070,849	739,274	1,070,849

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 (%) 2014	2013
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	29.06	33.60
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporarily accommodation facilities, which is in line with Group's existing property segment operation	39.00	39.00
SINOHYDRONAIM Sdn. Bhd. #	One of civil engineering contractors to the Group for one construction project	49.00	49.00
Kempas Sentosa Sdn. Bhd. ("KSSB") **	One of civil contractors to the Group and provide hiring of plant and equipment to the Group	40.00	40.00
Bima Galeksi Sdn. Bhd. #	Intended to involve in property investment holding activities	30.00	30.00
TR Concrete Sdn. Bhd. ("TRC") ^	One of the Group's concrete products suppliers	-*	29.10

\# *Held through NLSB*
** *Held through NESB*
^ *Held through TRSB and NLSB*
* *Certain portion of the Group's interest in TRC [held through TRSB] was classified as held for sale during the last financial year following Group's commitment to a plan to sell TRSB towards the last financial year end [see Notes 18 and 36(iii)]. The retained interest held by the Group in TRC has been reclassified as available-for-sale investment and remeasured at its fair value when the Group ceased to have significant influences over TRC upon the disposal of TRSB in 2014 (see Note 37).*

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		
2014	DEHB RM'000	SPSB RM'000	KSSB RM'000
As at 31 December			
Non-current assets	719,581	11,844	23,449
Current assets	599,090	60,549	18,566
Non-current liabilities	(77,380)	(930)	-
Current liabilities	(278,108)	(18,090)	(23,394)
Net assets	963,183	53,373	18,621

6. Investment in associates (continue)

Summary of financial information (continue)

	Group				
2014 (continue)	**DEHB RM'000**	**SPSB RM'000**	**KSSB RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
For the year ended 31 December					
Profit for the year	178,551	9,017	2,343		
Other comprehensive income	3,337	-	-		
Total comprehensive income for the year	181,888	9,017	2,343		
Revenue	876,870	14,896	46,753		
Dividend received	17,845	-	-		
Reconciliation of net assets to carrying amount					
As at 31 December 2014					
Group's share of net assets	279,941	20,815	7,448	192	308,396
Goodwill	23,688	-	946	-	24,634
Elimination of unrealised profit	-	-	(3,854)	-	(3,854)
Carrying amount in the statement of financial position	303,629	20,815	4,540	192	329,176
For the year ended 31 December 2014					
Group's share of:					
- profit	54,708	3,517	937	33	59,195
- other comprehensive income	960	-	-	-	960
Group's share of total comprehensive income for the year	55,668	3,517	937	33	60,155
2013					
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/(Loss) 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	-	-		
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

Notes to the Financial Statements (continue)

6. Investment in associates (continue)

Summary of financial information (continue)

	Group				
2013 (continue)	**DEHB RM'000**	**SPSB RM'000**	**KSSB RM'000**	**Other immaterial associates RM'000**	**Total RM'000**
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

7. Investment in joint ventures

	Group	
	2014 RM'000	**2013 RM'000**
At cost:		
Capital contribution	1,800	1,800
Share of post-acquisition reserves	15,285	42,968
	17,085	44,768

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:

	Effective voting interest (%)	
Name of entity	**2014**	**2013**
NESB-Hock Peng JV	51.0	51.0
PPES Works-NLSB JV	45.0	45.0
Sinohydro-Naim JV	50.0	50.0
Samsung-Naim JV	10.0	10.0
Syarikat Usahasama Naim Cendera Sdn. Bhd.-RSB Management Services Sdn. Bhd.	-	90.0

2014	**NESB - Hock Peng JV RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
As at 31 December			
Cash and bank balances	32,018		
Other current assets	42,474		
Current liabilities	(41,325)		
Net assets	33,167		
For the year ended 31 December			
Profit and total comprehensive income for the year	7,222		
Revenue	121,437		
Interest income	526		
Tax expense	(921)		

7. Investment in joint ventures (continue)

2014 (continue)	**NESB - Hock Peng JV RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
Reconciliation of net assets to carrying amount			
As at 31 December 2014			
Group's share of net assets and carrying amount in the statement of financial position	17,567	(482)	17,085
For the year ended 31 December 2014			
Group's share of profit/(loss) and share of total comprehensive income/(loss)	2,762	(735)	2,027

2013	**NESB - Hock Peng JV RM'000**	**Samsung - Naim JV RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
As at 31 December				
Cash and bank balances	18,686	-		
Other current assets	76,525	20,827		
Current liabilities	(69,265)	-		
Net assets	25,946	20,827		
For the year ended 31 December				
Profit and total comprehensive income for the year	19,459	5,523		
Revenue	325,475	7,364		
Interest income	208	-		
Tax expense	(6,486)	(1,841)		
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	13,233	20,827	10,708	44,768
For the year ended 31 December 2013				
Group's share of profit/(loss) and share of total comprehensive income/(loss)	9,924	5,523	(45)	15,402

8. Land held for property development - Group

	RM'000
At cost	
At 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 costs (Note 15)	1,453
At 31 December 2013/1 January 2014	344,913
Additions arising from land exchange exercise (Note 24)	25,485
Other additions	4
Transfer from property development costs (Note 15)	34,474
At 31 December 2014	404,876

Notes to the Financial Statements (continue)

9. Investment properties - Group

	Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2013	20,923	48,582	69,505
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 2013/1 January 2014	15,218	55,164	70,382
Additions	2,564	-	2,564
Expensed off	(827)	(579)	(1,406)
At 31 December 2014	16,955	54,585	71,540
Amortisation			
At 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 January 2014	1,234	2,764	3,998
Amortisation for the year (Note 25)	173	922	1,095
At 31 December 2014	1,407	3,686	5,093
Carrying amounts			
At 31 December 2013/1 January 2014	13,984	52,400	66,384
At 31 December 2014	15,548	50,899	66,447
Fair value (see Note 9.3)			
At 31 December 2013/1 January 2014	73,059	73,582	146,641
At 31 December 2014	73,059	68,300	141,359

9.1 Investment property with a carrying amount of RM49,998,000 (2013: RM51,419,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 21.1).

9.2 The following are recognised in profit or loss in respect of investment properties.

	Group	
	2014 RM'000	2013 RM'000
Rental income (Note 23)	7,350	7,772
Direct operating expenses:		
- income generating investment properties	5,216	5,209

9. Investment properties - Group (continue)

9.3 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	2014			2013		
	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group						
Land	55,059	18,000	73,059	55,059	18,000	73,059
Buildings	6,582	61,718	68,300	6,582	67,000	73,582

Level 2 fair value
The Level 2 fair value of investment properties have been generally derived using the sales comparison method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

Level 3 fair value
The Level 3 fair value of investment properties, which is determined for disclosures purpose, is determined by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

For determining fair value of building, Investment Method is used whereby net rental is capitalised at the appropriate market yield. For land, the fair value is determined using Comparative Method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use
The land under investment property is currently land under mixed development title. As the use of the land is currently undetermined, it is therefore impractical to estimate the highest and best use.

Major part of the buildings is a hypermarket mall situated on a prime area, hence, the fair value and best use is already on the highest. Other buildings (comprising office lots and units) are regarded at their highest and best use of the property.

10. Intangible assets - Group

	Stone quarry licence RM'000
Cost	
At 1 January 2013, 31 December 2013/1 January 2014 and 31 December 2014	10,206
Amortisation	
At 1 January 2013	1,927
Amortisation for the year (Note 25)	680
At 31 December 2013/1 January 2014	2,607
Amortisation for the year (Note 25)	682
At 31 December 2014	3,289
Carrying amounts	
At 31 December 2013/1 January 2014	7,599
At 31 December 2014	6,917

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(26,407)	(40,673)	(26,407)	(40,673)
Property, plant and equipment	-	-	(2,862)	(2,419)	(2,862)	(2,419)
Financial instruments	220	705	-	-	220	705
Capital allowances carried forward	664	904	-	-	664	904
Tax losses carried forward	469	487	-	-	469	487
Other items	21,473	8,227	-	-	21,473	8,227
Tax assets/(liabilities)	22,826	10,323	(29,269)	(43,092)	(6,443)	(32,769)
Set off of tax	(2,200)	(1,975)	2,200	1,975	-	-
Net tax assets/(liabilities)	20,626	8,348	(27,069)	(41,117)	(6,443)	(32,769)

* *This relates to the land held for property development, property development costs, property, plant and equipment as well as 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 1.1.2013 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/ 1.1.2014 RM'000	Recognised in profit or loss RM'000	At 31.12.2014 RM'000
Fair value adjustment on acquisition of subsidiaries	(43,586)	2,913	-	-	(40,673)	14,266	(26,407)
Property, plant and equipment	(1,810)	(560)	-	(49)	(2,419)	(443)	(2,862)
Financial instruments	2,673	(1,968)	-	-	705	(485)	220
Capital allowances carried forward	1,092	(188)	-	-	904	(240)	664
Tax losses carried forward	487	-	-	-	487	(18)	469
Other items	4,394	3,832	1	-	8,227	13,246	21,473
	(36,750)	4,029	1	(49)	(32,769)	26,326	(6,443)
		(Note 28)				(Note 28)	

Unrecognised deferred tax assets

Deferred tax assets of RM10,062,000 (2013: RM10,449,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2014 RM'000	2013 RM'000
Property, plant and equipment	(4,848)	683
Capital allowances carried forward	12,348	12,405
Tax losses carried forward	44,324	36,884
Other items	(6,173)	(2,795)
	45,651	47,177

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amounting to RM29,643,000 (2013: RM26,544,000) 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, the unutilised tax losses of the subsidiaries incorporated in Fiji incurred after 1 January 2013 as allowed by the Fiji tax law 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 2014 is RM27,029,000 (2013: RM22,829,000).

12. Other investments

	Group	
	2014 RM'000	2013 RM'000
Non-current		
Available-for-sale financial assets, at fair value		
- unquoted shares	2,963	-
- quoted shares in Malaysia	11	11
	2,974	11
Representing item:		
Market value of quoted investment (Note 32.4)	11	11

For the unquoted shares, it is impractical to estimate the fair value as at year end.

13. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Trade				
Contract progress billings receivables (Note 13.1)	65,875	-	-	-
Current				
Trade				
Trade receivables	73,744	113,969	-	-
Less: Allowance for impairment losses	(247)	(250)	-	-
	73,497	113,719	-	-
Contract progress billings receivables (Note 13.2)	88,274	66,349	-	-
Accrued billings	24,857	10,053	-	-
Amount due from contract customers (Note 13.3)	93,106	118,270	-	-
	279,734	308,391	-	-
Non-trade				
Other receivables (Note 13.4)	60,944	25,986	10	83
Less: Allowance for impairment losses	(23,356)	(2,506)	-	-
	37,588	23,480	10	83
Amount due from:				
- subsidiaries (Note 13.5)	-	-	8,246	150,339
- associates (Note 13.6)	3,293	3,154	-	-
	40,881	26,634	8,256	150,422
Total current	320,615	335,025	8,256	150,422
Grand total	386,490	335,025	8,256	150,422

Notes to the Financial Statements (continue)

13. Trade and other receivables (continue)

13.1 This comprise trade receivables arising from a construction project undertaken with a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years upon the completion of the project. The outstanding contract progress billings receivables are unsecured and subject to interest at 8.05% per annum.

13.2 Contract progress billings receivables

Included in the contract progress billings receivable of the Group are retention sums of RM55,378,000 (2013: RM41,621,000) relating to construction work-in-progress.

The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Within 1 year	19,149	17,904
1 - 2 years	17,520	10,715
2 - 3 years	11,936	4,307
More than 3 years	6,773	8,695
	55,378	41,621

13.3 Construction work-in-progress

	Group	
	2014	**2013**
	RM'000	**RM'000**
Aggregate costs incurred to-date	1,282,875	1,418,449
Attributable profits, net of foreseeable losses	189,068	203,099
	1,471,943	1,621,548
Progress billings	(1,401,779)	(1,521,304)
	70,164	100,244
Represented by:		
Amount due from contract customers	93,106	118,270
Amount due to contract customers reclassified under trade and other payables (Note 22)	(22,942)	(18,026)
	70,164	100,244

Additions to aggregate costs incurred during the year include:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Depreciation of property, plant and equipment (Note 3.2)	1,482	3,029
Personnel expenses (including key management personnel):		
- contributions to state plans	2,136	1,216
- wages, salaries and others	28,711	14,757
Rental of premises	1,208	920
Rental of equipment	20,164	14,674

13.4 Other receivables as at 31 December 2014 include a balance owing by two counterparties amounting to RM22,568,000 for the supply of materials and other expenses for the construction projects. An allowance for impairment loss of RM20,851,000 has been made against this balance during the year.

13.5 The amount due from subsidiaries are unsecured, interest-free and repayable on demand.

Included in the amount due from subsidiaries as at 31 December 2013 was an amount of RM142,144,000 bearing interest at 4.75% per annum. The remaining balances were interest-free.

13.6 The amount due from associates are unsecured, interest-free and repayable on demand.

14. Inventories

	Group 2014 RM'000	Group 2013 RM'000
At cost		
Developed properties held for sale	17,665	20,866
Manufactured/Trading inventories (construction and building materials)	5,137	6,209
Raw materials and consumables	1,355	1,628
	24,157	28,703
At net realisable value		
Manufactured/Trading inventories	15	173
	24,172	28,876
Recognised in profit or loss:		
- inventories recognised as cost of sales	69,744	101,910

15. Property development costs - Group

	RM'000
At 1 January 2013	
Property development costs	
Land	133,271
Development costs	244,936
	378,207
Accumulated costs charged to profit or loss	(146,392)
	231,815
Additions	
Development costs incurred during the year	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 asset held for sale (Note 18)	(11,652)
	(196,550)
At 31 December 2013/1 January 2014	
Property development costs	
Land	118,076
Development costs	327,817
	445,893
Accumulated costs charged to profit or loss	(200,448)
	245,445
Additions	
Land cost incurred during the year	851
Development costs incurred during the year	302,002
	302,853

Notes to the Financial Statements (continue)

15. Property development costs - Group (continue)

	RM'000
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(145,373)
Transfer to land held for property development (Note 8)	(34,474)
Transfer of completed properties to inventories	(529)
	(180,376)
At 31 December 2014	
Property development costs	
Land	67,970
Development costs	459,414
	527,384
Accumulated costs charged to profit or loss	(159,462)
	367,922

Property development costs incurred during the financial year include:

	Group	
	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment (Note 3.2)	363	336
Personnel expenses (including key management personnel):		
- contributions to state plans	211	323
- wages, salaries and others	8,198	4,740
Rental of equipment	52	221
Rental of premises	124	198

16. Deposits and prepayments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits	5,350	5,367	24	19
Prepayments	2,287	2,194	64	3
	7,637	7,561	88	22

Included in the prepayments of the Group is an amount of RM208,000 (2013: RM1,367,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

17. Cash and cash equivalents

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with licensed banks with maturities less than three months	78,444	158,515	2,000	7,000
Short-term cash funds	10,000	20,000	-	20,000
Cash in hand and at banks	72,093	79,659	7,682	10,860
Total cash and cash equivalents	160,537	258,174	9,682	37,860
Deposits pledged with licensed banks	432	983	-	-
	160,969	259,157	9,682	37,860

17.1 Deposit of RM432,000 (2013: RM983,000) is pledged as security to licensed banks for an immigration bond issued for a foreign subsidiary as well as bank guarantee for housing projects.

17.2 A bank balance of RM40,069,000 (2013: Nil) is placed in designated bank accounts as part of the requirements for a term loan facility granted to a subsidiary to finance a construction project during the year. The balance is considered as cash and cash equivalents as the Group may request for withdrawals thereof, as and when the need arises.

18. Assets held for sale - Group

	Note	2014 RM'000	2013 RM'000
Assets			
Disposal group held for sale			
- Assets classified as held for sale	18.1	10,337	23,069
Assets held for sale	18.2	603	-
		10,940	23,069
Liabilities			
Disposal group held for sale			
- Liabilities classified as held for sale	18.1	6,549	3,040

18.1 Disposal group held for sale

Following the Group's plan to sell some non-performing operation/investment, Naim Quarry Fiji Limited ["NQFL"] (2013: Total Reliability Sdn. Bhd. ["TRSB"]), the assets and liabilities of these subsidiaries are/were presented as a disposal group held for sale as at year end. Efforts to sell the disposal group have commenced prior to year end and the sale is expected to complete within a year.

The assets and liabilities of the disposal groups as at the end of the reporting period are as follows:

	Note	2014 RM'000	2013 RM'000
Assets classified as held for sale			
Property, plant and equipment	(i)	2,186	855
Investment in an associate	(ii)	-	5,199
Deferred tax assets		-	49
Inventories	(iii)	119	437
Property development costs	(iv)	-	11,652
Trade and other receivables		7,036	3,117
Deposit and prepayments		82	507
Current tax recoverable		74	577
Cash and cash equivalents		840	676
		10,337	23,069
Liabilities classified as held for sale			
Finance lease liabilities		-	208
Trade and other payables		6,549	2,832
		6,549	3,040

i. Property, plant and equipment held for sale comprised the following:

	2014 RM'000	2013 RM'000
Costs	5,553	1,814
Accumulated depreciation	(3,367)	(959)
Carrying amounts	2,186	855

Included in property, plant and equipment held for sale of RM855,000 as at 31 December 2013 were assets under finance leases with carrying amount of RM145,000, which were charged to bank as security for the finance lease liabilities.

The carrying amount of property, plant and equipment of the disposal group is the same as its carrying amount before it was being reclassified to current assets.

Notes to the Financial Statements (continue)

18. Assets held for sale - Group (continue)

18.1 Disposal group held for sale (continue)

ii. Investment in associate held for sale relates to investment in TR Concrete Sdn. Bhd., and comprised the following:

	2014 RM'000	2013 RM'000
Unquoted shares, at cost	-	527
Share of post-acquisition reserves	-	4,672
	-	5,199

iii. Inventories held for sale are/(were) stated at cost and comprised raw materials for quarry operation as well as completed developed properties, where applicable.

iv. Property development cost held for sale comprised the following:

	2014 RM'000	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 NQFL/TRSB, which was a separate cash-generating unit to the Group, was itself not regarded as a separate major line of business or segment of the Group. Hence, there is no presentation of operation of NQFL/TRSB as a discontinued operation.

18.2 Asset held for sale

This comprises some idle property, plant and equipment, with the intention to sell. Efforts to sell the assets have commenced during the year, and therefore, the carrying amount of these assets as at 31 December 2014 amounting to RM603,000 is classified as asset held for sale.

19. Share capital

	Group and Company			
	Amount		Number of shares	
	2014 RM'000	2013 RM'000	2014 '000	2013 '000
Ordinary shares of RM1.00 each				
Authorised:				
Opening and closing balances	500,000	500,000	500,000	500,000
Issued and fully paid:				
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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share premium	86,092	86,092	86,092	86,092
Retained earnings	957,939	711,144	125,968	52,595
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Capital reserve	-	26,283	-	-
Foreign currency translation reserve	1,729	1,074	-	-
Cash flow hedge reserve	16	34	-	-
	1,011,028	789,879	177,312	103,939

Share premium

Share premium arose from the premium paid on subscription of ordinary shares in the Company at a price above its par value of RM1.00 each in prior year.

Retained earnings

The retained earnings of the Company are fully distributable as single-tier tax 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 13 June 2014, 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 2014, the Group held 13,056,000 (2013: 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.

Foreign currency translation reserve

The foreign currency 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Secured term loans	121,982	48,245	-	-
Unsecured Islamic Bonds (Note 21.3)	-	150,000	-	150,000
	121,982	198,245	-	150,000
Current				
Secured term loans	6,263	4,262	-	-
Unsecured revolving credits	130,000	-	-	-
Finance lease liabilities (Note 21.2)	-	37	-	-
Unsecured Islamic Bonds (Note 21.3)	-	150,000	-	150,000
	136,263	154,299	-	150,000
Total	258,245	352,544	-	300,000

Notes to the Financial Statements (continue)

21. Loans and borrowings (continue)

21.1 Securities

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 3.3).

During the financial year, the Group obtained a new term loan facility to finance a construction project. This new term loan is secured by:
a. assignment of proceeds of the said project;
b. debenture over future and present assets of a subsidiary; and
c. corporate guarantees from the Company and another subsidiary.

Revolving credits
The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantee from the Company.

The revolving credit of the Company, which has not been utilised as at year end, is on a clean basis.

Finance leases
The finance lease liabilities were secured on the respective finance lease assets of the Group. All outstanding finance lease liabilities have been fully settled during the year.

21.2 Finance lease liabilities

Finance lease liabilities were payable as follows:

	2013		
Group	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Less than one year	38	1	37

21.3 Islamic Bonds facilities

On 31 March 2014, the Company redeemed in full the outstanding non-current portion of the Islamic Bonds (including coupon expense accrued thereon) amounting to RM153,477,000 prior to the respective maturity dates (which were to be due in year 2016 and 2021). Subsequently, the Company cancelled the Islamic Securities Programmes of up to RM500 million comprising medium term notes and commercial papers.

22. Trade and other payables

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Trade				
Trade payables (Note 22.1)	132,905	93,410	-	-
Progress billings	15,896	27,525	-	-
Amount due to:				
- contract customers (Note 13.3)	22,942	18,026	-	-
- associates	8,047	4,115	-	-
	179,790	143,076	-	-

22. Trade and other payables (continue)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-trade				
Accruals	62,348	37,021	1,678	8,518
Advance payments received from property buyers and contract customers	6,430	22,065	-	-
Other payables	6,892	5,810	20	63
Amounts due to:				
- associates (Note 22.2)	-	1,293	-	-
- joint venture (Note 22.2)	-	6,446	-	-
- subsidiaries (Note 22.3)	-	-	58,070	35
Dividend payable	-	7,108	-	7,108
Provision for liquidated and ascertained damages payable for late delivery of construction projects	35,355	22,817	-	-
	111,025	102,560	59,768	15,724
Total	290,815	245,636	59,768	15,724

22.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM28,723,000 (2013: RM45,547,000).

22.2 The amounts due to joint venture and associates as at 31 December 2013 were unsecured, interest-free and repayable on demand.

22.3 The amount due to subsidiaries is unsecured, repayable on demand and bears interest at rates ranging from 4.52% to 5.04% (2013: Nil) per annum.

23. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Contract revenue	353,368	372,612	-	-
Sale of development properties and vacant land	247,157	297,989	-	-
Sale of goods	47,366	33,085	-	-
Rental income of investment properties	7,350	7,772	-	-
Sandfiling and earthwork	1,243	-	-	-
Interest on short-term cash funds and fixed deposits	-	-	515	1,011
Dividend income from an associate (quoted)	-	-	17,845	18,495
	656,484	711,458	18,360	19,506

24. Other operating income

Included in other operating income of the Group is an one-off non-cash gain of RM25,485,000 (2013: RM185,982,000) arose from acceptance of additional parcels of land as the remaining compensation in addition to prior year's land exchange exercise.

Notes to the Financial Statements (continue)

25. Results from operating activities

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Results from operating activities is arrived at after crediting:				
Dividend income from:				
- associate (quoted in Malaysia)	-	-	17,845	18,495
- quoted shares in Malaysia	3	2	-	-
Unrealised foreign exchange gain	798	1,287	579	-
Gain on disposal of:				
- associate	333	-	-	-
- property, plant and equipment	4,761	934	-	-
- investment properties	25,485	185,982	-	-
- other investments	-	21	-	-
Hire of machineries	73	88	-	-
Rental income from:				
- property lease	34	67	-	-
- vehicles and equipment	-	23	-	-
and after charging:				
Allowance for impairment loss on receivables (net of reversal)	20,847	2,211	-	-
Amortisation of:				
- intangible assets (Note 10)	682	680	-	-
- investment properties (Note 9)	1,095	1,907	-	-
- prepaid lease payments (Note 4)	28	28	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	350	375	64	64
- Overseas affiliates of KPMG Malaysia	41	86	-	-
- Other auditors	11	-	-	-
- Non-audit fees				
- KPMG Malaysia	132	39	119	39
- Local affiliates of KPMG Malaysia	457	116	199	39
Depreciation of property, plant and equipment (excluding those capitalised in property development and construction cost) *	11,039	13,117	336	289
Loss on disposal of a subsidiary	1,706	-	-	-
Provision for liquidated and ascertained damages	12,538	38,380	-	-
Property, plant and equipment written off	222	135	2	1
Personnel expenses (including key management personnel):				
- contributions to state plans	4,880	6,216	68	63
- wages, salaries and others	33,253	49,736	1,957	1,140
Realised foreign exchange loss	651	2,313	-	-
Rental of equipment	87	180	-	-
Rental of premises	443	983	162	74

* *Including those classified as disposal group held for sale*

26. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income of financial assets that are not at fair value through profit or loss				
- fixed deposits and cash funds	3,596	5,001	-	-
- interest income from deferred payment scheme	2,754	-	-	-
- other finance income	1,311	627	-	-
- subsidiaries	-	-	972	6,647
	7,661	5,628	972	6,647
Interest expenses of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	9,719	2,640	-	-
- other finance costs	1,942	1,498	-	-
- coupon expense from Islamic Bonds	5,544	14,244	5,544	14,244
- subsidiaries	-	-	2,255	-
	17,205	18,382	7,799	14,244

27. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
- Fees	1,136	656	1,136	656
- Short-term employee benefits	4,720	10,262	125	10
	5,856	10,918	1,261	666
Other key management personnel				
- Fees	-	78	-	-
- Short-term employee benefits	5,763	5,573	186	137
	5,763	5,651	186	137
Total	11,619	16,569	1,447	803

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 group entity either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM34,000 (2013: RM59,000).

Notes to the Financial Statements (continue)

28. Tax expense

Major components of tax expense include:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense				
- current year	32,691	19,209	-	416
- prior year	734	(836)	29	46
	33,425	18,373	29	462
Deferred tax income (Note 11)				
- current year	(24,168)	(4,157)	-	-
- prior year	(2,158)	128	-	-
	(26,326)	(4,029)	-	-
Total tax expense recognised in profit or loss	7,099	14,344	29	462
Reconciliation of tax expense				
Profit for the year	220,619	238,267	73,373	1,593
Total tax expense	7,099	14,344	29	462
Profit excluding tax	227,718	252,611	73,402	2,055
Share of tax of equity-accounted:				
- associates	13,057	13,917	-	-
- joint ventures	1,488	5,166	-	-
	14,545	19,083	-	-
	242,263	271,694	73,402	2,055
Tax calculated using Malaysian tax rate of 25% (2013: 25%)	60,566	67,924	18,351	514
Effect of different tax rates in foreign jurisdiction	211	925	-	-
Losses/(Income) of foreign source not subject to Malaysian tax	11	(277)	-	-
Non-deductible expenses	16,191	29,631	3,934	4,661
Non-taxable income	(45,422)	(68,487)	(22,285)	(4,759)
Movements in unrecognised deferred tax assets	(387)	5,529	-	-
Effect of changes in tax rate *	(8,101)	(1,110)	-	-
	23,069	34,135	-	416
(Over-)/Under-provision in prior years	(1,425)	(708)	29	46
	21,644	33,427	29	462
Less: Share of tax of equity-accounted associates and joint ventures	(14,545)	(19,083)	-	-
Total tax expense	7,099	14,344	29	462

* *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.*

29. Earnings per ordinary share - Group

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM220,337,000 (2013: RM235,725,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2013: 236,944,000).

Weighted average number of ordinary shares

	2014 '000	2013 '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 outstanding at the end of year	236,944	236,944

30. Dividends

30.1 Dividends per ordinary share

The dividends per ordinary share as disclosed below relate to the total dividends declared or proposed for the financial year.

	Company	
	2014	**2013**
Single-tier tax exempt dividend (sen)	3.50	3.00

30.2 Dividends

Total dividends recognised in the statement of changes in equity comprised:

2013	**Sen per share**	**Total amount RM'000**	**Date of payment**
Second interim 2012 ordinary	5.00	11,847	18 April 2013
First interim 2013 ordinary	3.00	7,108	8 January 2014
		18,955	

On 26 February 2015, the Directors declared an interim single-tier tax exempt dividend of 3.50 sen per ordinary share totalling RM8,293,000 in respect of the financial year ended 31 December 2014, to be paid on 24 April 2015. The dividend will be recognised in the financial year ending 31 December 2015.

31. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business unit, the Group Managing Director ("GMD"), being the Chief Operating Decision Maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting 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 as well as quarry operation.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the GMD. 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.

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

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making, instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

Notes to the Financial Statements (continue)

31. Operating segments (continue)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue from external customers	247,157	297,990	353,368	372,612	55,959	40,856	-	-	656,484	711,458
Inter segment revenue	-	-	-	-	52,762	84,721	(52,762)	(84,721)	-	-
Total segment revenue	247,157	297,990	353,368	372,612	108,721	125,577	(52,762)	(84,721)	656,484	711,458
Segment profit/(loss)	75,940	86,444	(27,106)	(84,293)	(363)	(3,764)	1,035	(4,370)	49,506	(5,983)
Gain arising from land exchange exercise	25,485	185,982	-	-	-	-	-	-	25,485	185,982
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	4,451	-	35	6,671	-	-	4,486	6,671
- joint ventures	-	-	2,027	15,402	-	-	-	-	2,027	15,402
	101,425	272,426	(20,628)	(68,891)	(328)	2,907	1,035	(4,370)	81,504	202,072
Unallocated (expense)/income									(5,532)	752
Gains on disposal of interests in associates									97,038	-
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									54,708	49,787
Tax expense									(7,099)	(14,344)
Profit for the year									220,619	238,267
Other comprehensive income/(loss), net of tax									688	(9,422)
Total comprehensive income for the year									221,307	228,845
Total comprehensive income attributable to non-controlling interests									(282)	(2,542)
Total comprehensive income attributable to owners of the Company									221,025	226,303
Included in the measure of segment profit/(loss) are:										
Depreciation and amortisation [including depreciation capitalised in property development and construction costs]	2,952	2,473	5,441	9,117	6,294	7,507	-	-	14,687	19,097
Interest income	(329)	(594)	(3,736)	(33)	-	-	-	-	(4,065)	(627)
Interest expense	3,426	5,514	8,405	6,782	5,374	6,086	-	-	17,205	18,382
Net allowance for/ (reversal of) impairment loss on receivables	-	-	20,851	2,211	(4)	-	-	-	20,847	2,211
Provision for liquidated and ascertained damages	-	-	12,538	38,380	-	-	-	-	12,538	38,380

31. Operating segments (continue)

Major customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue individually:

	Revenue		Segment
	2014 RM'000	2013 RM'000	
State Government related entity	-	122,394	Construction
Private entities	137,734	76,585	Construction
	137,734	198,979	

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Revenue	
	2014 RM'000	2013 RM'000
Malaysia	653,816	693,019
Fiji	2,677	18,442
	656,493	711,461

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").

	2014			2013		
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	2,974	-	2,974	11	-	11
Trade and other receivables	386,490	386,490	-	335,025	335,025	-
Cash and cash equivalents	160,969	160,969	-	259,157	259,157	-
Loans and borrowings	(258,245)	(258,245)	-	(352,544)	(352,544)	-
Trade and other payables	(245,547)	(245,547)	-	(178,020)	(178,020)	-

	2014		2013	
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	8,256	8,256	150,422	150,422
Cash and cash equivalents	9,682	9,682	37,860	37,860
Loans and borrowings	-	-	(300,000)	(300,000)
Trade and other payables	(59,768)	(59,768)	(15,724)	(15,724)

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	(14,012)	8,613	2,066	7,658
Financial liabilities measured at amortised cost	(16,720)	(18,288)	(7,799)	(14,244)
	(30,732)	(9,675)	(5,733)	(6,586)

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
  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 and financial institutions.

- 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 arising from receivables is represented by their carrying amounts 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 regular customers that have been transacting with 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due from one (2013: two) subsidiary(ies)	-	-	7,756	142,144
Trade receivables from one (2013: four) counterparty(ies)	70,984	66,117	-	-
	70,984	66,117	7,756	142,144

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	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	382,045	283,891	8,256	150,422
Fiji	4,445	51,134	-	-
	386,490	335,025	8,256	150,422

Impairment losses
The ageing of receivables (excluding amount due from contract customers and accrued billings) as at the end of the reporting period was:

Group	**Gross**	**Impairment loss**	**Net**
	RM'000	**RM'000**	**RM'000**
2014			
Not past due	187,843	-	187,843
Past due 0-30 days	38,879	(10,676)	28,203
Past due 31-60 days	7,291	(761)	6,530
Past due 61-90 days	7,102	(1,263)	5,839
Past due 91-180 days	11,315	-	11,315
Past due more than 180 days	39,700	(10,903)	28,797
Total receivables	292,130	(23,603)	268,527
2013			
Not past due	127,713	-	127,713
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	209,458	(2,756)	206,702

The movements in the allowance for impairment loss of receivables during the financial year were:

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	2,756	545
Recognised	20,851	2,218
Reversed	(4)	(7)
At 31 December	23,603	2,756

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly.

Notes to the Financial Statements (continue)

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 RM8,246,000 (2013: RM150,339,000) 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 certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries 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 end of the reporting period is summarised as follows:

	Company	
	2014	**2013**
	RM'000	**RM'000**
Bank guarantees	169,909	232,292
Other loans and borrowings outstanding and recognised in financial statements	252,667	45,903
Total (see Note 38.1)	422,576	278,195

There is no indication that any subsidiaries would default on repayments of its loans and borrowings. The financial guarantees have not been recognised as their fair values on initial recognition are not material and 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/balances and banking 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 and to mitigate the effects of fluctuation in cash flows.

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's and of 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 rate %**	**Contractual cash flows RM'000**	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**	**More than 5 years RM'000**
2014							
Trade and other payables	245,547	-	249,186	219,292	18,989	10,905	-
Loans and borrowings							
- Secured term loans	128,245	4.57, 5.80 and 6.82	169,013	13,047	18,542	51,571	85,853
- Unsecured revolving credits	130,000	4.89 - 5.24	136,707	136,707	-	-	-

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 rate/ coupon rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 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	-	-	-
- Unsecured Islamic Bonds	300,000	4.50, 4.90 and 5.15	325,786	157,659	6,894	132,716	28,517
- Secured term loans	52,507	4.50 and 5.18	68,483	6,579	6,380	17,951	37,573
	=========		=========	=========	=========	=========	=========
Company							
2014							
Other payables							
- Interest-bearing	58,070	4.52 - 5.04	58,070	58,070	-	-	-
- Non interest-bearing	1,698	-	1,698	1,698	-	-	-
Financial guarantees*	-	-	422,576	422,576	-	-	-
	=========		=========	=========	=========	=========	=========
2013							
Other payables	15,724	-	15,724	15,724	-	-	-
Loans and borrowings							
- Unsecured Islamic Bonds	300,000	4.50, 4.90 and 5.15	325,786	157,659	6,894	132,716	28,517
Financial guarantees*	-	-	278,195	278,195	-	-	-
	=========		=========	=========	=========	=========	=========

* *Being corporate guarantees granted for banking facilities of certain subsidiaries [also see notes 32.3(a) and 38], which will only be encashed in the event of default by the subsidiaries. These financial guarantees do not have an impact on group contractual cash flows.*

c. Market risk

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

i. Currency risk

The Group is occasionally exposed to foreign currency risk on bank balances 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. 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 exposure to foreign currency risk, attributable to a currency which is other than the functional currency of the Group entities, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Denominated in USD				
Cash and bank balances	7,301	972	7,282	59
	=========	=========	=========	=========

A 10% (2013: 10%) strengthening of the RM against USD at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown in the ensuing page. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

c. Market risk (continue)

i. Currency risk (continue)

Exposure to foreign currency risk (continue)

	Profit or loss	
	2014	2013
	RM'000	RM'000
USD		
- Group	(730)	(97)
- Company	(728)	(6)

A 10% (2013: 10%) 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 remain constant.

ii. Interest rate risk

The Group's investments in fixed rate term deposits and its fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and 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. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the market situation and the outlook of the financial market prevailing then.

The investments in interest-earning assets are 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 of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	178,245	179,498	2,000	22,000
Financial liabilities	(130,000)	(300,037)	-	(300,000)
Floating rate instruments				
Financial assets	65,875	-	-	142,144
Financial liabilities	(128,245)	(52,507)	(58,070)	-

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 the Group 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.

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) equity and post-tax profit or loss by the amounts shown in the ensuing page. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

	Profit or loss			
	2014		2013	
	100bp increase RM'000	100bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments				
- Group	(5,736)	5,736	(2,636)	2,636
- Company	(436)	436	1,066	(1,066)

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 and manages the equity investments on 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 their fair values due to the relatively short-term nature of these financial instruments.

It is not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

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
	(Level 1)	(Level 2)	(Level 3)	Total	fair value	amount
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014						
Financial assets						
Other investments						
- Quoted shares	11	-	-	-	11	11
Trade and other receivables	-	-	65,875	65,875	65,875	65,875
Financial liabilities						
Loans and borrowings						
- Unsecured revolving credits	-	-	130,000	130,000	130,000	130,000
- Secured term loans	-	-	129,238	129,238	129,238	128,245
2013						
Financial assets						
Other investments						
- Quoted shares	11	-	-	-	11	11
Financial liabilities						
Loans and borrowings						
- Secured term loans	-	-	52,780	52,780	52,780	52,507
- Unsecured Islamic Bonds	-	-	305,287	305,287	305,287	300,000
- Finance lease liabilities	-	37	-	37	37	37

Notes to the Financial Statements (continue)

32. Financial instruments (continue)

32.4 Fair value information

Company	Fair value of financial instruments not carried at fair value (Level 3) RM'000	Carrying amount RM'000
2013		
Financial liabilities		
- Unsecured Islamic Bonds	305,287	300,000
	=========	=========

The Group does not have any outstanding financial derivatives as at 31 December 2014.

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 Level 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).

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 the business.

There were no changes in the Group's strategy and approach on capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capitals (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement.

34. Capital expenditure commitments

	Group	
	2014 RM'000	2013 RM'000
Property, plant and equipment		
Within one year		
- Authorised but not contracted for	18,136	19,098
	=========	=========

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.

The Group has related party relationships with its subsidiaries, associates, joint ventures, key management personnel and significant shareholders.

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	
	2014	**2013**
	RM'000	**RM'000**
Nature of transaction		
Management fee expenses	3,899	5,344
Interest income	(972)	(6,647)
Expenses on rental of premises	162	74
Interest expense	(2,255)	-
	=========	=========

Transactions with associates

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Nature of transaction				
Dividend income	-	-	(17,845)	(18,495)
Purchase of construction materials	5,742	6,029	-	-
Rental expense on machinery and equipment	8,677	8,299	-	-
Sale of property, plant and equipment	(262)	(9,813)	-	-
Construction costs payable	21,865	25,577	-	-
	=========	=========	=========	=========

Transaction with joint ventures

	Group	
	2014	**2013**
	RM'000	**RM'000**
Nature of transaction		
Distribution of profit	31,199	-
	=========	=========

Transactions with companies/corporations in which certain substantial shareholders have or are deemed to have substantial interests

	Group	
	2014	**2013**
	RM'000	**RM'000**
Nature of transaction		
Rental of premises	18	18
Advertisement	56	40
Donation	-	1,600
	=========	=========

Transaction with certain members of the key management personnel of the Group

	Group	
	2014	**2013**
	RM'000	**RM'000**
Nature of transaction		
Consultant fee paid	52	-
	=========	=========

Notes to the Financial Statements (continue)

35. Related parties (continue)

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 13 and 22 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Amount due from	960	548
Amount due to	(777)	(1,864)

The above 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 RM12 (2013: RM6), satisfied in cash:

Subsidiaries	**Date of acquisition**	**% of equity interest acquired**
2014		
Exclusive Paragon Sdn. Bhd.	17 April 2014	100.0
Bina Hartamas Sdn. Bhd.	7 May 2014	100.0
Platinum Amber Sdn. Bhd.	18 September 2014	100.0
Solid Greenland Sdn. Bhd.	30 September 2014	100.0
Vista Megalink Sdn. Bhd.	5 November 2014	100.0
Bright Sungreen Sdn. Bhd.	9 December 2014	100.0
2013		
Naim Recruitment & Agency Sdn. Bhd.	25 July 2013	100.0
Naim Property Services Sdn. Bhd.	25 July 2013	100.0
Pavilion Quest Sdn. Bhd.	17 October 2013	100.0

The acquisition of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the current and previous financial years.

ii. Changes in investments in existing subsidiaries

- ***Additional investments arising from new shares issued by existing subsidiaries***

  On 17 January 2014, Naim Capital Sdn. Bhd. subscribed for additional 999,998 ordinary shares of RM1.00 each in Naim Capital Port Sdn. Bhd. ("NCPSB"), settled in cash.

  On 12 December 2014, Vista Megalink Sdn. Bhd. ("VMSB") increased its issued and paid-up capital from RM2 to RM1,000,000 for cash.

  The new subscriptions do not have any impact to the Group as there are no changes in the Group's equity interest in NCPSB and VMSB.

- ***Decrease in investment in existing subsidiary***

  On 31 March 2014, Unique Composite Sdn. Bhd. ("UCSB") which was previously a 100% owned subsidiary, issued 499,998 new ordinary shares of RM1.00 each to Naim Engineering Sdn. Bhd. ("NESB") and third parties, where 399,998 shares of RM1.00 each was subscribed by NESB in cash. The resultant equity interest held by NESB in UCSB decreased from 100% to 80%.

  This change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of net assets of RM124,000 was adjusted against the retained earnings account. The Group also recognised an increase in non-controlling interests of RM124,000.

- ***Acquisition of additional interest from non-controlling interests***

  During the last financial year, Naim Land Sdn. Bhd. ("NLSB") acquired the remaining equity interest of 60% in Kuching Paragon Sdn. Bhd. ("KPSB") [formerly known as Naim Housing Sdn. Bhd.] from one of its subsidiaries, Total Reliability Sdn. Bhd. ("TRSB") for a consideration of RM600, satisfied in cash. The Group's effective equity interest held in KPSB was increased from 70.6% to 100%.

  Later, NLSB also acquired the remaining equity interest of 51% in Miri Paragon Sdn. Bhd. ("MPSB") [formerly known as Syarikat Usahasama-Naim RSB Sdn. Bhd.] which it did not own, from a minority shareholder for a cash consideration of RM1. Upon the acquisition, MPSB became a wholly-owned subsidiary of the Group.

  The above subscription did not have material impact to the Group as the subsidiaries have been dormant since acquisition.

36. Acquisitions and disposals of subsidiaries and non-controlling interests (continue)

ii. Changes in investments in existing subsidiaries (continue)

- ***Internal restructuring***

  During the last financial year, Naim Assets Sdn. Bhd. ("NASB") acquired the entire equity interest of Bintulu Paragon Sdn, Bhd. from its related company, NESB for a cash consideration of RM2.

  During the last financial year, 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 Peranan Makmur Sdn. Bhd. ("PMSB") at RM9,999,998, settled via part of purchase consideration for certain leasehold land. On the same day, PMSB acquired the remaining 2 ordinary shares of RM1.00 each in HFSB held by NLSB at par. Since then, HFSB has become a wholly-owned subsidiary of PMSB.

  The above acquisitions did not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

iii. Disposal of a subsidiary

Following the Group's commitment to a plan to sell Total Reliability Sdn. Bhd. ("TRSB") towards end of year 2013, on 21 January 2014, NLSB entered into a share sale agreement with one of non-controlling shareholders of TRSB to dispose of its entire 51% equity interest held in TRSB for a cash consideration of RM6,502,000. The disposal was completed in July 2014 and thereafter TRSB ceased to be the subsidiary of the Group.

The disposal of TRSB had the following effect on the Group's assets and liabilities on the disposal date:

	2014 RM'000
Net assets disposed off	8,208
Loss on disposal (Note 25)	(1,706)
Consideration received, satisfied in cash	6,502
Cash and cash equivalents disposed of	(2,082)
Net cash inflows from the disposal	4,420

The Group also recognised a decrease in non-controlling interest of RM10,738,000.

37. Acquisitions and disposals of associates

a. Decrease in investment in existing associates

i. On 9 January 2014, the Company disposed 15,000,000 ordinary shares of RM0.50 each or representing approximately 2.73% of its equity interest in Dayang Enterprise Holdings Bhd. ("DEHB") for a cash consideration of RM82,072,000 (net of transaction costs). Upon the disposal, the resultant Group's equity interest in DEHB had decreased from 33.63% to 30.90%. The Group and the Company recognised gain on disposal of RM61,792,000 and RM70,526,000 respectively.

   As a result of the private placement exercise effected by DEHB, the Group's equity interest had further decreased from 30.90% to 29.06%. The dilution in equity interest has been accounted for as deemed disposal with the resulting gain of RM34,913,000 recognised as part of other non-operating income in the profit or loss.

ii. By virtue of the disposal of the entire equity interest in TRSB as mentioned in Note 36(iii), the Group ceased to have significant influence over TR Concrete Sdn. Bhd. ("TRC") (previously held through TRSB and NLSB). The retained interest in TRC is measured at its fair value and reclassified as available-for-sale investment (see Note 12). The Group also recognised a gain of RM333,000 to profit or loss.

b. Acquisition and additional investments of new associate

i. During the last financial year, Naim Engineering Sdn. Bhd. ("NESB") acquired an equity interest of 40% in Kempas Sentosa Sdn. Bhd. ("KSSB"), for a consideration of RM6,548,400, satisfied by way of cash and injection of plant and machinery.

ii. Later, NESB also 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's equity interest in KSSB.

Notes to the Financial Statements (continue)

38. Contingent liabilities - unsecured

38.1 Corporate guarantee

The Directors are of the opinion that provisions are 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	
	2014	2013
	RM'000	RM'000
Corporate guarantees granted for banking facilities of certain subsidiaries (Note 32.3)	422,576	278,195

38.2 Material litigation

On 10 January 2012, Naim Land Sdn. Bhd. ("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 from the execution and completion of the site clearance and earthworks for a housing project in Kuching. Full trial was completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB will appeal against the High Court's decision and the appeal date has yet to be fixed as at to-date. A cost of RM1,405,000 has been accrued for as part of project cost in the last financial year.

39. Subsequent events

a. In January and March 2015 respectively, two foreign subsidiaries, namely Naimcendera Engineering & Construction Sendirian Berhad and Naim Vanua Levu (Fiji) Limited, had been struck off from the register of the Company.

b. On 14 April 2015, the Company announced its proposal to establish and implement a Long Term Incentive Plan ("LTIP") of up to 10% of its issued and paid-up capital (excluding treasury shares). The proposed LTIP comprises restricted share plan and performance share plan and shall be in force for a period of 10 years commencing from the effective date of implementation, which is yet to be determined. The proposal is subject to approval of shareholders and relevant regulatory authorities.

40. Comparative figures - Group

Certain comparative figures have been restated to conform with current year classification as follows:

	31 December 2013	
	As restated	As previously stated
	RM'000	RM'000
Statement of financial position		
Investment properties	66,385	64,770
Property development costs	245,445	247,060

41. Supplementary financial 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 Securities Berhad Main Market Listing Requirements, is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	876,272	755,167	125,968	52,595
- Unrealised	20,744	6,619	-	-
	897,016	761,786	125,968	52,595
Share of retained earnings from associates				
- Realised	129,681	119,592	-	-
- Unrealised	762	(712)	-	-
	130,443	118,880	-	-
Share of retained earnings from joint ventures	15,285	42,968	-	-
	1,042,744	923,634	125,968	52,595
Less: Consolidation adjustments	(84,770)	(212,490)	-	-
Total retained earnings as per statement of changes in equity	957,974	711,144	125,968	52,595

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 89 to 146 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 of 31 December 2014 and of their financial performance and cash flows for the year then ended, and

b. the information set out in Note 41 on page 147 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

……

Datuk Hasmi Bin Hasnan

Kuching,

Date: 14 April 2015

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 89 to 147 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 14 April 2015 ……

Wong Ping Eng

Before me:

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 2014 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 89 to 146.

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 2014 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 41 on page 147 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

Nicholas Chia Wei Chit
Approval Number: 3102/03/16 (J)
Chartered Accountant

Kuching,

Date: 14 April 2015

Other Information

Analysis of Shareholdings as at 16 April 2015

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	0.33	453	0.000
100 – 1,000	987	21.82	677,612	0.29
1,001 – 10,000	2,526	55.85	11,830,200	4.99
10,001 – 100,000	821	18.15	25,795,700	10.89
100,001 – 11,847,199 (*)	170	3.76	102,774,385	43.37
11,847,200 and above (**)	4	0.09	95,865,650	40.46
Total	**4,523**	**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	TAPAK BERINGIN SDN. BHD.	27,000,000	11.40
3	LEMBAGA TABUNG HAJI	24,827,200	10.48
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	13,418,850	5.66
5	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	4.08
6	ABDUL HAMED BIN SEPAWI	7,150,000	3.02
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	4,908,364	2.07
8	HWS PROPERTIES SDN BHD	3,912,250	1.65
9	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,261,400	1.38
10	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.37
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	2,861,000	1.21
12	ABDUL HAMED BIN SEPAWI	2,586,600	1.09
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	2,417,500	1.02
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	2,000,000	0.84
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TR01)	1,790,200	0.76
16	LEE SEE JIN	1,787,500	0.75
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	1,770,600	0.75
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,706,100	0.72
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (SHAREHOLDERS FD)	1,600,000	0.68

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,560,800	0.66
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,475,000	0.62
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH WOK SENG @ LOH WAK SENG (E-JCL)	1,458,000	0.62
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (FAMILY PIF EQ)	1,456,400	0.61
24	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	1,344,000	0.57
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIT PHENG	1,310,000	0.55
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,157,100	0.49
27	HSBC NOMINEES (ASING) SDN BHD DZ PRIVATBANK FOR NPB SICAV – NPB ASIA (EXCL. JAPAN)	1,118,700	0.47
28	AMSEC NOMINEES (TEMPATAN) SDN BHD ASSAR ASSET MANAGEMENT SDN BHD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	1,000,000	0.42
29	PELITA HOLDINGS SDN BHD	1,000,000	0.42
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (GROUP PRF EQ)	906,300	0.38

SUBSTANTIAL SHAREHOLDERS

	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.92	-	-
2	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,455,500	17.07
3	TAPAK BERINGIN SDN. BHD.	27,406,900	11.57	-	-
4	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	9,736,600	4.11	27,967,700	11.80
5	LEMBAGA TABUNG HAJI	24,827,200	10.48	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	9,736,600	4.11	27,967,700	11.80
2	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,455,500	17.07
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 3247 Block 11 Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2094	530,747	22,755
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 28.05.2068	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 820, Block 13 Kuala Baram Land District	Land For Development	21.08.1997 Expiring 20.08.2096	747,860	32,605
Lot 2532 Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	260,000	15,080
Lot 789, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	1,803,000	83,110
Lot 2547, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	2,253,000	103,720
Part of Lot 3287, Block 10 Kuching Central Land District	Land For Development	03.08.2007 Expiring 02.04.2111	76,890	18,524
INVESTMENT PROPERTY				
Lot 3244, Block 11 Kuala Baram Land Dsitrict	Commercial Land & Building	22.12.2009 Expiring 19.07.2094	34,130 (25,560)	49,998
Part of Lot 3287, Block 10 Kuching Central Land District	Mixed Development	03.08.2007 Expiring 02.04.2111	44,632	10,662

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of Members of **NAIM HOLDINGS BERHAD** will be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Tuesday, 26 May 2015 at 10.00 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 2014.
   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:

   Datuk Amar Abdul Hamed Bin Haji Sepawi **ORDINARY RESOLUTION 3**
   Datuk Hasmi Bin Hasnan **ORDINARY RESOLUTION 4**
   Professor Dato' Abang Abdullah Bin Abang Mohamad Alli **ORDINARY RESOLUTION 5**

4. **Re-Appointment of Auditors**

   To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 6**

SPECIAL BUSINESSES

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

5. **ORDINARY RESOLUTION 7 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "That 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 7**

6. **ORDINARY RESOLUTION 8 – 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 8**

7. **ORDINARY RESOLUTION 9 – 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 2014 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 9**

Notice of Annual General Meeting (continue)

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
HASMIAH BINTI ANTHONY HASBI (SAA0772-KH004)
Company Secretaries

Kuching, Sarawak
Dated this 30 April 2015

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 18 May 2015 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

Explanatory Notes on Special Businesses

a. Ordinary Resolutions 7 – 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 shall 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 8 – 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 13 June 2014. 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 9 – 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 30 April 2015 for further information.

Statement accompanying Notice of Annual General Meeting

Directors standing for re-election at the 13th Annual General Meeting

The following are Directors retiring pursuant to Article 85 of the Company's Articles of Association:

i. Article 85 Retirement by rotation

Datuk Amar Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

The respective profiles of the above Directors are set out in the Profile of Directors pages 18 to 23

The details of interest in securities of the Company (if any) held by the Directors are stated on page 153 of the Annual Report.

NAIM

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 13th Annual General Meeting of the Company to be held at Damai Beach Resort, Teluk Santubong, 93756 Kuching, Sarawak, Malaysia on Tuesday 26 May 2015 at 10.00 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 : Datuk Amar Abdul Hamed Bin Haji Sepawi		
Ordinary Resolution 4	Re-election of Director : Datuk Hasmi Bin Hasnan		
Ordinary Resolution 5	Re-election of Director : Professor Dato' Abang Abdullah Bin Abang Mohamad Alli		
Ordinary Resolution 6	Re-appointment of Auditors : Messrs KPMG as Auditors and authorising the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 7	Retention of Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis as Independent Director		
Ordinary Resolution 8	Authority to allot and issue shares		
Ordinary Resolution 9	Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be 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 _____ 2015.

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 18 May 2015 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

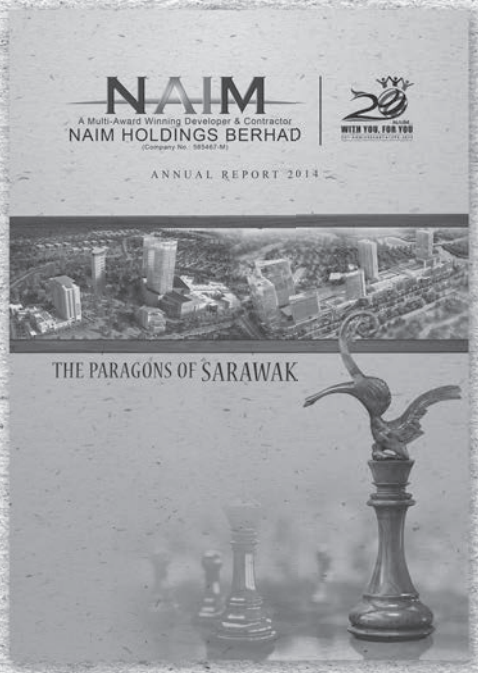
The Company Secretary

NAIM HOLDINGS BERHAD

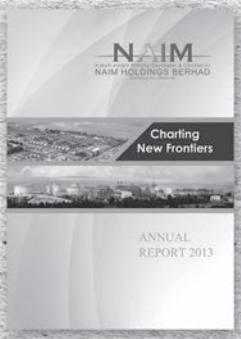
9th Floor, Wisma Naim, 2½ Mile,
Rock Road 93200, Kuching, Sarawak, Malaysia.

2. Fold here / Lipat di sini

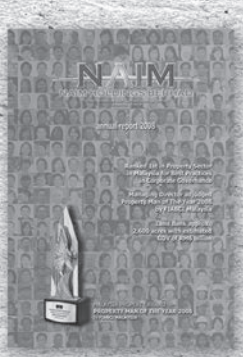
From where we began . . .



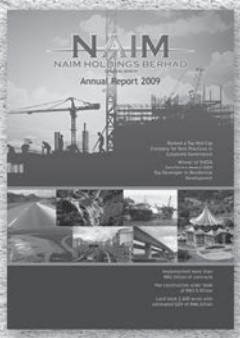
Annual Report 2014
NAIM HOLDINGS BERHAD



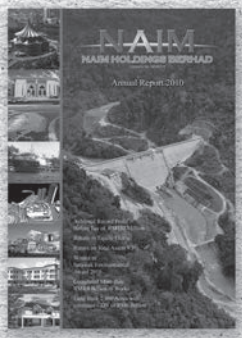
Annual Report 2013
NAIM HOLDINGS BERHAD



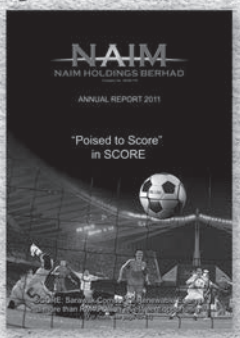
Annual Report 2008
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)



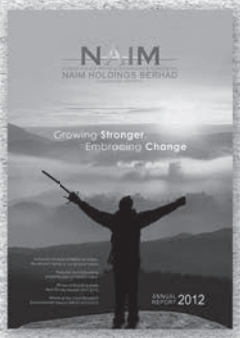
Annual Report 2009
NAIM HOLDINGS BERHAD



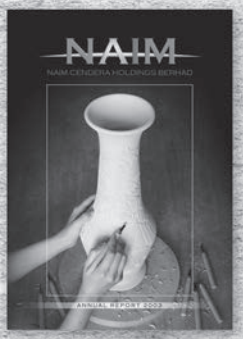
Annual Report 2010
NAIM HOLDINGS BERHAD



Annual Report 2011
NAIM HOLDINGS BERHAD



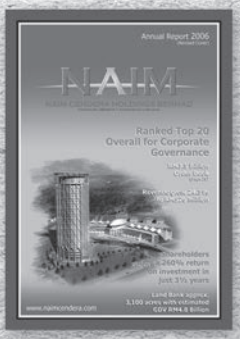
Annual Report 2012
NAIM HOLDINGS BERHAD



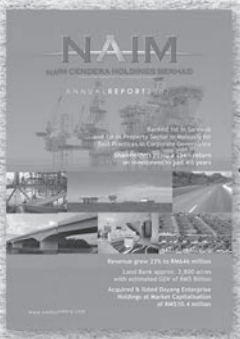
Annual Report 2003
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2004
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2005
NAIM CENDERA
HOLDINGS BERHAD



Annual Report 2006
NAIM CENDERA
HOLDINGS BERHAD



Annual Report 2007
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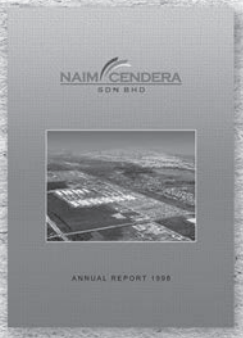
HOLDINGS BERHAD



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

Annual Report 2002
NAIM CENDERA SDN BHD

NAIM

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