

NAIM

NAIM CENDERA HOLDINGS BERHAD

Company No. 585467-M
(Incorporated in Malaysia)



ANNUAL REPORT 2003

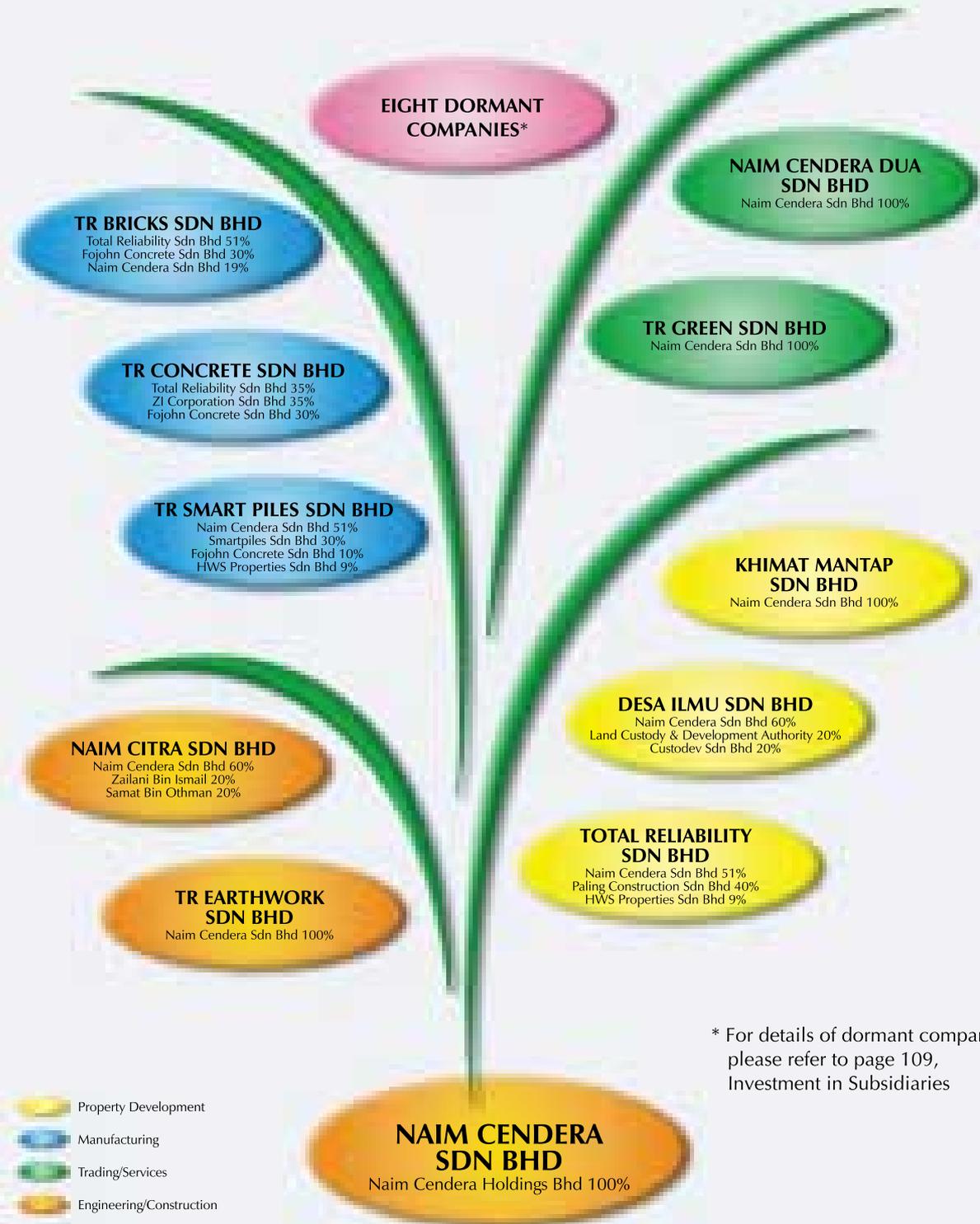
Cover Rationale



For our 2003 Annual Report we have chosen the potter's art as a metaphor for the Naim Group's property and construction activities. In many ways our duties and responsibilities are remarkably similar. The potter takes simple formless and shapeless raw materials, such as clay and mineral glazes, uses his or her skill, give them shape and form, then carves and decorates them, and fires them in a white-hot kiln until they become items of great quality and value.

Similarly, we at the Naim Group take simple formless and shapeless raw materials such as earth, concrete, tarmac and steel. We use our skill and expertise to give them shape and form. We embellish them with roofing, cables, pipelines, windows, quality fittings and finishes, and we fire them in the white heat of modern construction technology, to create vibrant living communities and key infrastructure projects of indisputable quality and value.

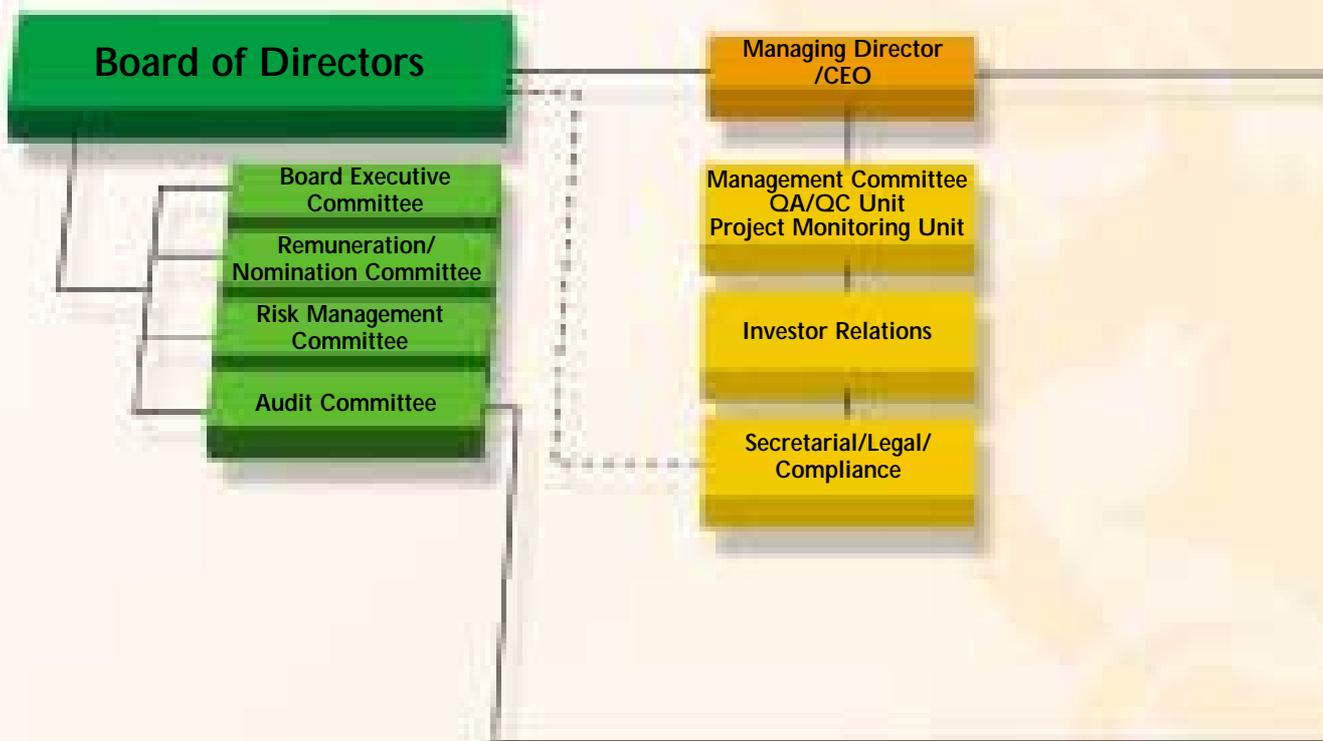
CORPORATE STRUCTURE

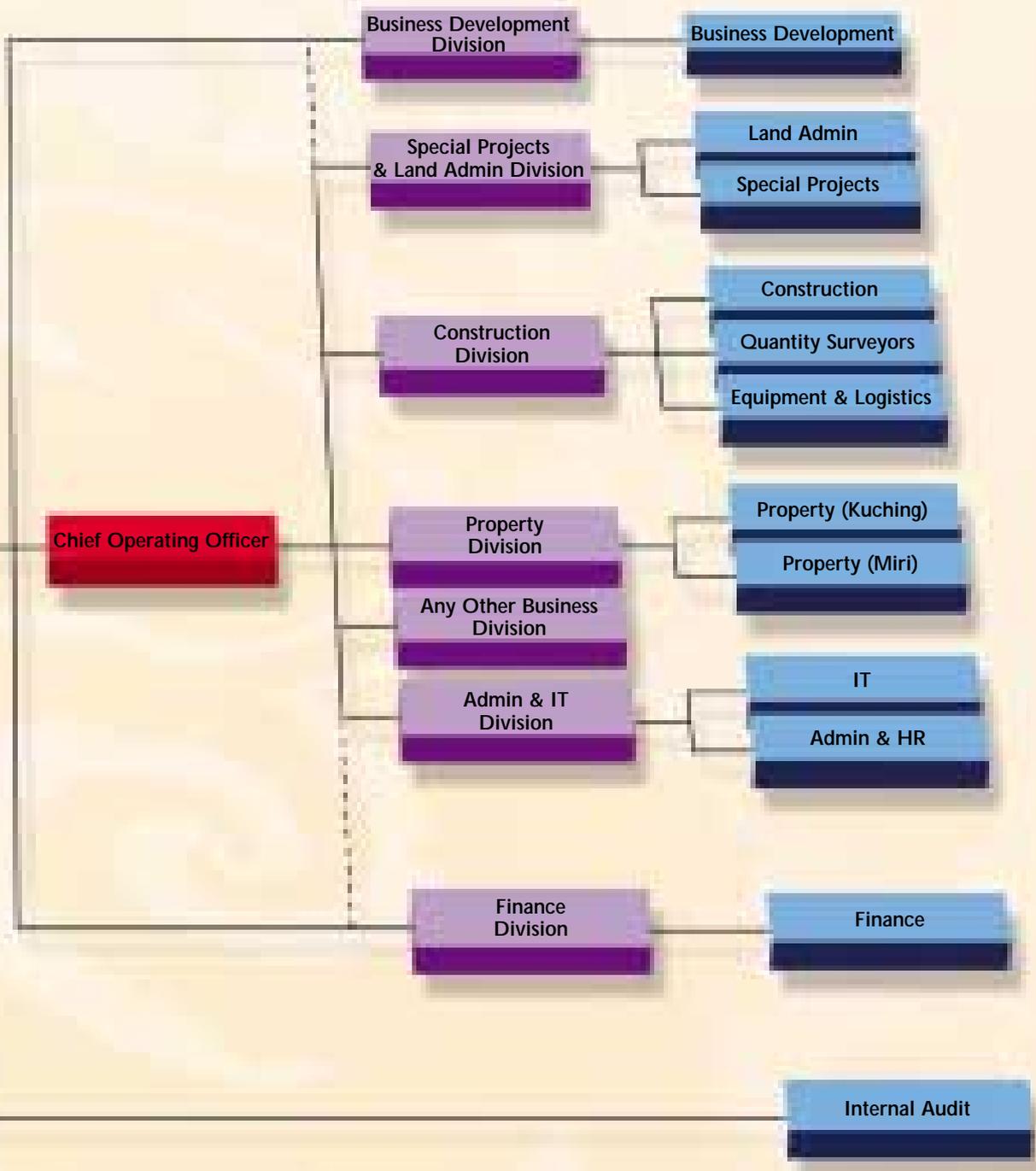


-  Property Development
-  Manufacturing
-  Trading/Services
-  Engineering/Construction

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

ORGANISATIONAL STRUCTURE





CORPORATE PROFILE

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

The Company is the holding company for its 100% owned subsidiary, Naim Cendera Sdn Bhd (NCSB), which is primarily involved in property development and construction in the state of Sarawak, East Malaysia. NCSB was formed on 12 April 1993 and has been active in the property and construction fields since September 1995.

NCSB is a Class A Bumiputera contractor with ISO 9002 certification, and has completed various construction and development projects worth a total of RM 910 million.

The Group has planned for future property development projects with an estimated Gross Development Value (GDV, see Note below) of RM 2.753 billion, and has a construction order book with an estimated total Contract Value (CV) of almost RM1 billion.*

The Company was listed on the Main Board of Bursa Malaysia on 12 September 2003, and has since become one of Bursa Malaysia's top ten property and construction counters, and one of the top 100 counters overall, with a market capitalisation of RM1.050 billion as of 30 January 2004.

* Including some projects at Letter of Intent (LOI) stage.

Note: All forecasts (GDV, CV etc.) included in this Annual Report are based on assumptions which the Directors of the Group believe to be reasonable. However all such forecasts, and the assumptions on which they are based, are subject to uncertainties and contingencies.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors it gives me great pleasure to present your Company's Annual Report for the year ended 31 December 2003, our first as a public listed company.

Financial Performance

This has been an excellent year for the Naim Group. For the year under review, on a proforma basis and assuming the Group has been in existence for the whole year in review as well as for the comparative period (see Note I on page 15)), we registered an 11% growth in revenue to RM270.951 million compared with RM244.098 million last year. Profit before tax rose 51.27% to RM77.99 million compared with RM51.554 million last year, and profit attributable to shareholders has grown by 52.69% from RM31.772

million to RM48.48 million. Earnings per share were therefore RM0.194, against RM0.13 in 2002, based on our paid-up capital of 250 million shares. These figures exceeded our own pre-listing estimates by comfortable margins – please see "Variation in Results" on page 55 for exact details.

These excellent results were largely due to increased sales of homes at our two flagship developments, Bandar Baru Permyjaya in Miri, and Desa Ilmu in Kota Samarahan near Kuching, as well as increased activity in our Construction Division.

...profit attributable to shareholders has grown by 52.59% from RM31.772 million to RM48.48 million.



YBhg. Datuk Abdul Hamed Bin Sepawi
Non-Executive Chairman



The dynamic leadership of our Prime Minister, YAB Dato' Seri Abdullah Haji Ahmad Badawi, and our Chief Minister, YAB Pehin Sri Dr. Haji Abdul Taib Bin Mahmud, has strengthened our political stability to provide a solid platform for the economic growth of the country.

Dividends

The Board is pleased to recommend a final dividend of 4.5 sen per share for the financial year ended 31 December 2003. Together with the interim dividend already declared and paid, this represents a total dividend of 9 sen per share, in line with the forecast in our pre-listing prospectus.

The dividend payment represents a distribution to shareholders of 33.39% of the group's net profits...

The dividend payment represents a distribution to Shareholders of 33.39% of the group's net profits for the year ended 31 December 2003, and in the Board's opinion strikes an optimum balance between adequate short-term financial benefits for our investors and the maintenance of reasonable cash reserves for future growth.

Economic and Political Factors

The Group's excellent performance was achieved against less than ideal market conditions, given the uncertainty caused by the regional SARS outbreak and the invasion of Iraq by the United States and her allies. However Sarawak's rapidly developing economy once again appeared to be immune from the financial uncertainty affecting the rest of the region. This was due partly to the sound economic policies of the State Government, and partly to the RM7.3 billion financial stimulus package announced by the Federal Government in May 2003. Another reassuring factor was the Prime Ministerial succession, which was handled with great aplomb by both Tun Dr Mahathir Mohamed and his successor, Datuk Seri Abdullah Ahmad Badawi, as well as their Barisan Nasional colleagues. This continued political stability helped to ensure that markets for both residential and commercial properties remained buoyant in Sarawak throughout the year.

Note 1: *The proforma figures indicated above are based on the assumption that Naim Cendera Holdings Berhad (NCHB) has owned Naim Cendera Sdn Bhd (NCSB) for the year under review and for the comparative period since 1 January 2002, whilst the figures in the Audited Financial Statements included in this Annual Report reflect the actual period of ownership from the takeover date of 25 July 2003.*

CHAIRMAN'S STATEMENT



Winning of the MCIEA (CIDB) 2003 Award for the second consecutive year in Kuala Lumpur

Corporate Highlights

The past year has been something of an *annus mirabilis* for the Naim Group, and it is difficult to know where to begin when describing the year's achievements. However two events stand out amongst many others, our winning of the CIDB award for the second year in succession and our extremely successful listing exercise and subsequent share performance.



Trophy presented for
MCIEA (CIDB) Award 2003



Trophy presented for
CIDB Award 2002

CIDB Award 2003

To our great delight, we once again won the Malaysian Construction Industry Excellence Award: Medium Scale Building Project (awarded by the CIDB), this time for the two schools we built at Bandar Baru Permyjaya; SRK Merbau and SMK Merbau. I feel it is a particularly noteworthy achievement that our Group should win this most prestigious of awards for two consecutive years. This is because we are still a relatively young organisation, and we are not building glamorous mega-projects in the Klang Valley, but everyday practical educational buildings in Miri, Sarawak. Therefore I take my hat off to the judges, for taking the trouble to search for diamonds on the streets of suburban Miri.



Chairman, YBhg. Datuk Abdul Hamed Bin Sepawi and Managing Director, YBhg. Datuk Hasmi Bin Hasnan with the two awards.

Winning this award is a very positive endorsement of our overall quality strategy, and reflects very well on both our housing developments and our construction and civil works projects. We strive to attain the same level of quality and value in the homes we build and the infrastructure we create, and I am sure our house buyers and institutional construction clients are becoming increasingly aware of this fact.

...we once again won the Malaysian Construction Industry Excellence Award: Medium Scale Building Project...



Our CIDB 2002 & MCIEA 2003 award-winning projects - IKBN, SRK & SMK Merbau, Miri

CHAIRMAN'S STATEMENT



YBhg. Datuk Abdul Hamed Bin Sepawi hitting the 'gong' to officially signal the public listing on Bursa Malaysia's main board



Naim Cendera Holdings Berhad hit Bursa Malaysia's main board for the first time on 12 September 2003

Our Debut as a Listed Company

After a great deal of hard work by everybody concerned, Naim Cendera Holdings Berhad was listed on the Main Board of Bursa Malaysia on 12 September 2003. Our confidence in going for listing was more than justified, as the initial issue was 34 times oversubscribed and at the end of the first day's trading our shares had achieved a substantial premium of RM0.54 over an initial offer price of RM1.30, closing at RM1.84 on that day. However this was only the beginning; our stock price rose steadily throughout the remainder of the year, buoyed by excellent profit forecasts, and finished the year at a price of RM3.04.

Share Performance - Joining the Business Elite

The growth in value of our stock market capitalization continued steadily into 2004, and on 29 January our shares hit the RM4.00 mark, making us a billion-ringggit company years ahead of our most ambitious expectations. It also placed us firmly in the Top 10 of Malaysia's property counters, and the Top 100 of Malaysian listed companies overall – a surprising and gratifying achievement for a provincial construction and property firm that has only been trading since 1995.

*...placed us firmly in the
Top 10 of Malaysia's
property counters.*

New Faces on the Board

During the year we were very pleased to welcome two old friends and Naim Group colleagues onto the Board as Executive Directors. Mr William Wei How Sieng oversees Business Development and Special Projects, and Mr Kueh Hoi Chuang heads our Property Division. Both gentlemen bring with them impressive career profiles and impeccable leadership qualities, and it is a pleasure to work closely with them.

I would also like to welcome our three Independent Non-Executive Directors, YB Tuan Haji Hamden Bin Haji Ahmad, a leading professional accountant, who is Senior Independent Non-Executive Director, and his colleagues Ir. Abang Jemat Bin Abang Bujang, a widely respected professional engineer, and Dr. Sharifuddin Bin Abdul Wahab, a prominent biotechnologist and CEO of a multinational company. In my humble opinion their contribution is possibly the most important of all, as the duties and obligations of non-executive directors in the modern business environment can often outweigh any rewards attached thereto. Thus our ability to attract three prominent corporate figures of such excellent standing is a testament to the quality of our group and the probity of its corporate governance.



The signing of a Memorandum of Understanding with Realmild Sdn Bhd in Kuala Lumpur witnessed by YAB the Chief Minister of Sarawak.



YBhg. Datuk Abdul Hamed Bin Sepawi exchanging the Joint Venture Agreement with PPES Works (Sarawak) Sdn Bhd, a subsidiary of Cahya Mata Sarawak Bhd.

Partnerships for Expansion Within and Beyond Sarawak

Given our excellent track record, the next logical step for the Group is to expand into property and construction markets beyond Sarawak. However we are fully aware that this brings with it substantial risks as well as potential benefits. Therefore we seek strong and dynamic partners with whom we can share those risks and rewards. On 17 September 2003, during the gala dinner held to celebrate our stock exchange listing and our winning of the CIDB award, we also announced the signing of a Memorandum of Understanding with Realmild Sdn Bhd, to form a Joint Venture Company. This will enable us to jointly and collectively identify, explore avenues, source, locate opportunities and to lobby, bid and tender for potential infrastructural projects throughout Malaysia. During the year we also signed a Joint Venture agreement with PPES Works (Sarawak) Sdn Bhd for the construction of the new Dewan Undangan Negeri Complex in Kuching.

Our Rapidly Expanding Order Book

Earlier in this message I used the term *annus mirabilis*, a Latin phrase meaning "a year of marvels." Perhaps the greatest marvel of all is the remarkable expansion of our Construction Division's order book. In last year's Annual Report our order book stood at RM576.5 million. During the last 12 months it has almost doubled and, including some projects at the Letter of Intent (LOI) stage, now stands at just a few hundred Ringgit short of one billion. This, more than anything else, is the strongest testament to our performance, and to our commitment to quality and value for all our customers.

During the last 12 months our Order Book has almost doubled, and now stands at just a few hundred Ringgit short of one billion.

CHAIRMAN'S STATEMENT

Corporate Governance

Good corporate governance has been a Naim priority since the Group's inception, and even as a privately owned entity the Naim Group has adhered to the highest standards of corporate governance. This is clearly demonstrated by Naim Cendera Sdn Bhd's achievement in winning the Best Annual Report (Non-Listed Category) in the Sarawak Chamber of Commerce and Industry (SCCI)'s Corporate Report Awards for its 2002 Annual Report.

Since its listing the Company is required to comply with a new and much-expanded set of formal requirements for good corporate governance. However, the directors, managers and staff of the Naim Group see these requirements not as an added administrative burden, but as a valuable opportunity to demonstrate that Naim Cendera Holdings Berhad aspires to the highest standards of transparency, accountability and good corporate citizenship.

Investor Relations

In order to enhance corporate transparency and good corporate governance as well as to maintain a closer relationship with investors, Naim has established an Investor Relations Department headed by the Chief Executive Officer and overseen by the Financial Controller, assisted by the Investor Relations Officer and the Corporate Accountant. This department provides the main line of communication between the Company and its investors. Meetings with analysts, fund managers and investors are held regularly, including attendance at forums organized by research houses and road shows in Malaysia and overseas.

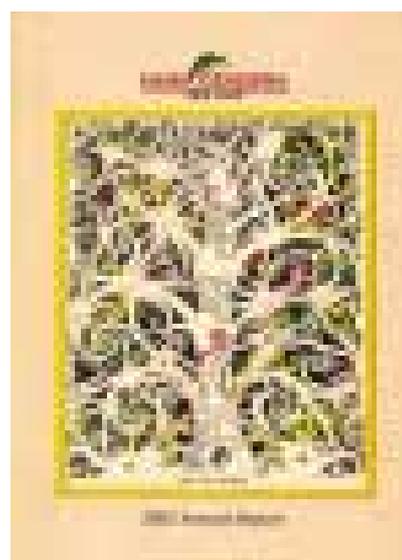
Information is also disseminated via timely announcements to Bursa Malaysia and to the media as and when appropriate.

Naim Group has adhered to the highest standards of corporate governance.



YBhg. Datuk Abdul Hamed Bin Sepawi and YBhg. Datuk Hasmi Bin Hasnan receiving the SCCI Best Annual Report Award 2002

Naim Cendera Sdn Bhd
winning Annual Report 2002



Trophy for SCCI Best Annual Report Award 2003

Breakdown of Activities By Value (RM '000)			
	Completed Projects	On-Going Projects	Estimated Future Projects
Property	453,019	796,171	1,957,790
Construction	457,888	999,923	N/A
Total	910,907	1,796,094	1,957,790

Naim Group looks forward with optimism and confidence as the sunrise beckons on the horizon

Looking Ahead

Based on the continued success of our housing projects in Miri and Kota Samarahan, we are confident that we can build on our capabilities and our reputation to become one of Malaysia's top home-builders and developers in every market in which we operate. Similarly, the widespread public and industry acclaim for our completed construction activities, combined with the smooth progress of our ongoing projects, leads us to believe Naim Group can become the contractor of choice for key public and private sector projects throughout Sarawak and eventually throughout Malaysia.

Prospects for 2004 and Beyond

On the economic front, the continuing effects of the RM7.3 billion financial stimulus package will ripple through the economy, and the allocation of RM11.4 billion for infrastructure development in Sabah and Sarawak in the 2004 Federal Budget will undoubtedly have a positive impact for the Naim Group. The most heartening news of all, however, is the massive pro-government landslide in the recent general election. This not only assures continued political stability; it also provides the strongest possible mandate for Datuk Seri Abdullah's commitment to transparency, probity and good governance. In this new political and economic climate, the winners will be the companies that offer the best quality and value to their customers, and we are determined to be amongst those winners.

Acknowledgements

I would like to express my sincerest thanks to my fellow directors and all employees of Naim Group for their hard work, dedication and professionalism. I would also like to thank those State and Federal Government Ministries, Departments, Statutory Bodies and Agencies who have offered us such close co-operation throughout the year, and all the Companies and Agencies that assisted in our successful listing. Heartfelt thanks are also due to our sub-contractors, consultants and service providers whose hard work and professionalism has enabled our Group to perform so well. However the warmest thanks of all are due to you, our shareholders. It is your committed support and your faith in our abilities which have made us a Top 100 company just four months after our initial listing.

Finally, I would like to offer a special word of thanks to our customers, the various Government Departments who have entrusted us with key public housing and infrastructure projects. And last - but certainly not least - our house buyers; thousands of ordinary Malaysians who have not only contributed to our financial success, but have also, together with their families, transformed our development projects into living, thriving communities.

Thank you

Datuk Abdul Hamed Bin Sepawi
Non-Executive Chairman

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

On behalf of the Board of Directors, it gives me great pleasure to present the Review of Operations for the financial year ending 31 December 2003. This review also covers a number of operational aspects up to 31 March 2004.

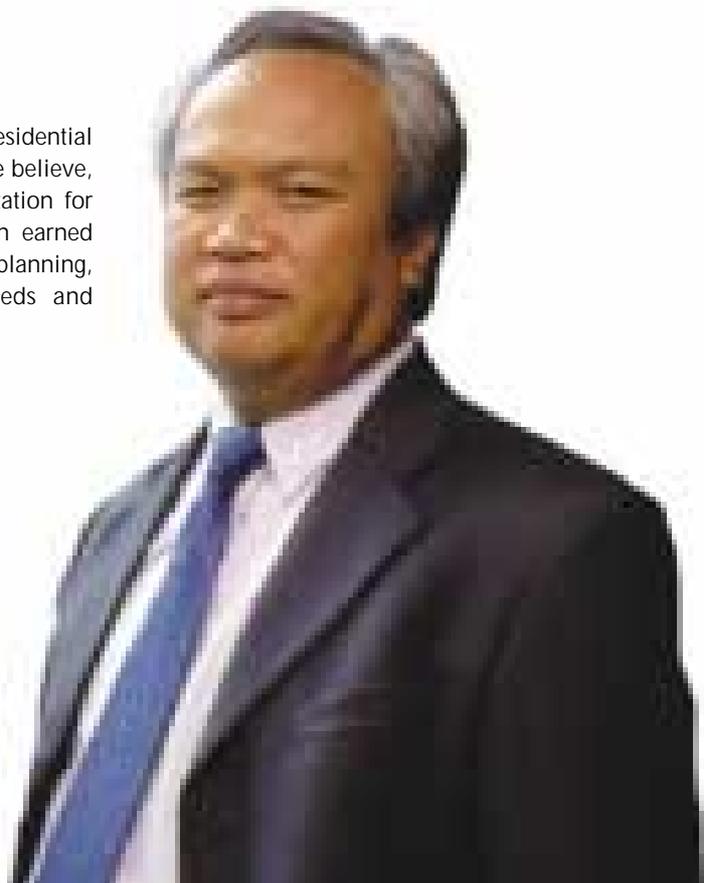
Financial Performance

The year 2003 was indeed a gratifying year with our revenue reaching a new record of RM270.951 million, which is an increase of 11% from the previous year. However the increase in profit after tax was a remarkable 51.27%, to a record RM77.99 million. This excellent result is attributed mainly to increased sales of properties in both Miri and Kota Samarahan, combined with a strong performance by our Construction Division. Our Property Division contributed 49.09% of our pre-tax profit, followed by the Construction Division (46.3%) and the Manufacturing and Trading Divisions (4.43%). Increased operating efficiency further boosted the overall profit.

Increased operating efficiency also boosted the overall profit.

Operational Review - Property

We have continued to sell large numbers of residential properties at premium prices, a fact which we believe, is largely attributable to our excellent reputation for quality and value. This reputation has been earned through hard work, painstaking research and planning, and our willingness to listen to the needs and aspirations of our customers.



YBhg. Datuk Hasmi Bin Hasnan
Managing Director and Chief Executive Officer



Our flagship development, Bandar Baru Permyjaya in Miri

On the construction side we saw the completion of 868 units of various developments worth RM84.84 million. We also started work on a total of 735 new properties during the year, continuing according to schedule on Permy Technology Park, Prima Villa, Desa Indah II & III, Desa Pujut 1 & 2, and Pusat Bandar Permyjaya. Land clearing and preparation work progressed smoothly and rapidly for the later phases of the Permyjaya project.

Bandar Baru Permyjaya's appeal to house buyers seems to increase on an annual basis, and from customer feedback we have learnt that the key factors when making a purchase decision are Bandar Baru Permyjaya's perceived quality of construction and value for money. Pleasant landscaping, provision of top quality amenities and the operation of regular security patrols were also significant factors for buyers.

Prior to launching of new products, we build show units that become the benchmark for house buyers. We undertake to make good any workmanship or quality aspect of the purchaser's property that does not match that of the show unit. We feel that such a warranty is not a burden on our Group, but an excellent opportunity to show we are a caring developer offering the best after-sales service in the business.



Showhouses at Bandar Baru Permyjaya, Miri



Lotus showhouse at Prima Villa, Miri



Tulip Gold showhouse at Desa Pujut, Miri

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Another source of buyer goodwill is our record of prompt completion. All Sales and Purchase Agreements issued so far guarantee completion within two years, but we make every effort to complete the properties ahead of schedule, some by as much as one year.

The huge number of buyers we have attracted through word-of-mouth are a testament to the value of our consumer-friendly approach, and any extra expense incurred is more than balanced by the goodwill generated and the concomitant reduction in promotional costs.

Demand for homes in Bandar Baru Permyjaya remained strong in the first quarter of 2004, with 218 homes sold at a value of RM28.742 million. During the coming year a total of 12 new housing products will be launched, offering comfortable and affordable homes and business premises to a wide range of income groups.

Desa Ilmu

This was an excellent year for Desa Ilmu, the largest integrated development in Kota Samarahan, Kuching's high-tech satellite town. Like its Miri counterpart, Desa Ilmu also performed above expectations, with a total of 460 units sold in 2003 for a value of RM88.204 million. On the construction side a total of 118 units worth RM35.467 million were completed, and we started work on a total of 723 new properties worth RM113.91 million during the year. Ground works and site preparation continued for the subsequent phases, which are scheduled for completion over the next four years.

Desa Ilmu's increasing appeal seems to be influenced by a number of factors. Quality and value for money are again the key reasons; when we asked for satisfied customers to appear in a promotional video for the development, we were faced with more volunteers than we could possibly handle, and quality and value were uppermost in their minds. Location is another significant factor; although it lies outside Kuching's city limits, Desa Ilmu is in fact far closer to the city centre than many housing developments within Kuching, and is also 5 minutes away from Sarawak's two largest universities and 10 minutes from the Sama Jaya Free Industrial Zone.

Desa Ilmu also performed above expectations, ...Quality and value for money are again the key reasons...



Shophouses at Bandar Baru Permyjaya, Miri

Briefing and site inspection by Managing Director at Desa Ilmu



Another factor contributing to Desa Ilmu's improved performance is the setting up of a dedicated sales office on the ground floor of our corporate headquarters, Wisma Naim. The sales office not only offers improved access, comfort and convenience to our prospective buyers, it also overlooks one of Kuching's busiest traffic intersections, and the promotional materials on display are easily seen by passing motorists.

Warranty repairs were similar in extent to those in Bandar Baru Permyjaya, and served to generate a similar amount of customer goodwill. Completion dates were also consistently ahead of schedule and up to one year early. For the first quarter of 2004, Desa Ilmu performed exceptionally well, with 253 homes being sold for a total value of RM39.169 million. If this trend continues we should exceed the 2004 target of 695 homes at RM115.27 million by a wide margin.



Aritst's impression of proposed commercial building in central Kuching

Future Property Activities

We have recently received planning permission for a 2.4 acre commercial development in central Kuching. We will commence work on this project, comprising 40 shophouses and a larger retail outlet for an anchor tenant, later in the year. When complete in 2006 it will have an estimated GDV of RM28.473 million. In addition, two high-end residential developments in central Kuching are at the planning stage, and the group has recently secured two large packages of development land, with a combined area of 350 acres, in key suburban areas of Kuching. This new land is expected to generate revenue exceeding RM450 million.

Operational Review – Construction

Construction is playing an increasingly important role in the Naim Group's activities, as seen from its increased contribution to the Group's profits in 2003, now standing at RM125.43 million, or 46.3%. It is set to play an even greater role in the future, given the dramatic expansion of our order book to almost one billion Ringgit. We attribute these new orders to our track record of first class quality and early completion, which we achieve by setting aggressive yet entirely realistic completion targets, and employing excellent hands-on managers and supervisory staff. Details of some of our key construction projects are set out below.

...the dramatic expansion of our order book to almost one billion Ringgit.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Projects Completed in 2003



SMK Merbau, Miri.



SRK Merbau, Miri.



SMK and SRK Merbau in Bandar Baru Permyjaya

I am proud to say that this project, combining two schools in one compound, won us the coveted CIDB award for the second year running. Further details of our remarkable achievement can be found in the preceding Chairman's Message and in "CIDB Award 2003" on page 17 of this Annual Report. I would simply like to add that this RM47.76 million project was also completed almost 2 months ahead of schedule in January 2003, and that we have received numerous plaudits for the quality of the design of both schools. I am confident the quality of these schools, and the quality of our previous award winner - the Institut Kemahiran Belia Negara, Miri - will lead to increased business from the education sector, both public and private.

SMK and SRK Merbau, Miri are the winning projects of MCIEA 2003 (CIDB) Award.

Ongoing Projects

Over RM300 million worth of projects are currently under way, and I am pleased to say all are on target for early or timely completion, reinforcing our track record as a contractor who always delivers. The broad range of jobs we are working on also highlights our capacity to tackle almost every aspect of infrastructure provision, and bodes well for our future prospects as an integrated construction solutions provider.



Aerial view of Go Kart Racing Track.

During the coming year we expect to complete and hand over a number of projects with a combined value of approximately RM129 million. Two of these projects, the International Go Kart Racing Track in Miri and the Balingian – Kuala Balingian – Kuala Tatau – Bintulu Road are virtually complete at the time of writing. The Upgrading of the Sibiu-Bintulu Road (Package 1) is progressing well ahead of schedule and is slated for early completion during the year. The early completion of the Curtin University Access Road in Miri will bring particular synergy to the Group's property business, as Bandar Baru Permyjaya will become the residence of choice for academic staff, students, and families with children aspiring to top class tertiary education.



Sibu-Bintulu Road (Package 1)

The Upgrading of the Sibiu-Bintulu Road (Package 2) presents us with one of our greatest technical challenges - the 453 metre bridge across the Batang Kemena. To minimise disruption of river traffic and speed up the construction process, we have chosen a technology only occasionally used in Southeast Asia. Together with our technology partners, pre-stressing specialists VSL of Singapore, we are constructing the bridge using the Incremental Launching Method (ILM). With this unique technology, the bridge is constructed entirely on land and launched out across the river incrementally in 20-metre stages. As well as offering one of the most dramatic and imposing sights in the construction industry, this advanced technology has helped to put us well ahead of schedule and we are confident of completing the entire project 3 months ahead of the contractual completion date, which is May 2005.



Sibu-Bintulu Road (Package 2)



The upgrading of 456-meter Kemena Bridge in Bintulu – one of the most dramatic and imposing sights in the construction industry

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



Site visit by YB Tan Sri Datuk Amar Dr. George Chan to Kolej Sains Kesihatan Bersekutu, Kuching

The Kolej Sains Kesihatan Bersekutu, at Penrissen near Kuching is set to transform healthcare education in Sarawak and is currently proceeding ahead of schedule. Zones 1 and 2 should be finished by May 2004 and the final Zone 3 finished by December 2004, against a revised contractual completion date of April 2005. Another significant contribution to public health, the Water Pipelines for Rural Areas – Package 3, is being carried out under the Ministry of Rural Development umbrella scheme to groom and upgrade small bumiputera contractors (see article on page 67 of this Annual Report). I am pleased to report that these small bumiputera contractors are responding very positively to our aggressive, hands-on approach to project management, and we are on schedule to complete well before the contractual completion date of December 2004.



Rural project

...bumiputera contractors are responding very positively to our aggressive, hands on approach to project management,

Other Projects

Including projects at Letter of Intent (LOI) stage, contracts in the pipeline have a combined value of RM600 million. They present major technical challenges, and exceptional business opportunities, for differing reasons. Most notable is the prestigious new Dewan Undangan Negeri Complex, the future seat of Sarawak's State Government, to be carried out in a 45/55 joint venture with PPES Works (Sarawak) Sdn Bhd, a Subsidiary of Cahya Mata Sarawak Berhad. Other planned projects include the Institut Latihan Perindustrian Miri, which will add even more value to Bandar Baru Permyjaya as a location for educational excellence; the Road and Bridge over Batang Balingian, which will release the economic potential of Central Sarawak's coastal heartland; the Upgrading of the Sibu-Mukah Road, providing easier access to one of Sarawak's fastest-growing regions; and the Upgrading of the Sibu-Julau Road, a major step towards developing Central Sarawak's rural infrastructure.

Artist's impression of proposed new Dewan Undangan Negeri, Sarawak



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Operational Review - Manufacturing & Trading Divisions

Although not major contributors to the Group's profits, the Manufacturing and Trading Divisions are an important asset, producing concrete, cement blocks and RC piles, and trading in steel bars, wire mesh, tiles and cement. They provide valuable synergy with other group activities, ensuring timely supply, reducing procurement cost of materials and generating useful third party income. They more than proved their worth during 2003, helping us to overcome a major business obstacle; the worldwide shortage of steel.

While other builders and developers were severely affected by the international shortage of construction grade steel-driven by rapid infrastructure development in China - we were able to operate smoothly, thanks to our extensive steel stockholdings and our established lines of supply. We were also spared some of the impact of the increase in steel prices, because of prudent estimating from our quantity surveyors and excellent market intelligence from our trading arm.



Quality - Our Top Priority

Quality is a crucial component of our business, as our two consecutive CIDB Best Contractor awards have shown. However our commitment to quality goes much further than simply paying lip service to standards and procedures. We are probably the only player in our sector with an executive director whose primary duty is to oversee Quality Assurance and Quality Control (QA/QC) activities, monitoring and developing every aspect of the Group's quality on an almost daily basis. We firmly believe in our commitment to quality because reliable customer feedback tells us that quality and value are the principal factors contributing to our market leadership in Sarawak. For further details of our quality activities please see page 68 of this Annual Report.



Safety First At Naim

Safety is of overriding concern to the directors, management and staff of Naim. We implement a Zero Accident Policy in every area of the Group's activities, tolerate no deviation from safety procedures, and take all possible precautions to prevent adverse safety outcomes in any of our projects. In our opinion even one accident is an accident too many, and thankfully our diligence has once again resulted in zero accidents for the year in review.

An excellent example of the lengths to which we go to ensure safety is the ILM bridge over Batang Kemena. The Kemena River is a busy waterway, with more than 40 heavily-laden, unmanoeuvrable timber barges plying its waters daily. Although launched from dry land, the ILM bridge requires ten piers to support it, four of which must be set in the river bed. This presents a considerable safety challenge, both for our construction staff and for the barge crews and other river users.

Before any construction work began, Naim set up dialogue sessions with boat owners and crews, local communities and other river users, to get their feedback and suggestions on safety issues. As a result we implemented a comprehensive package of safety measures, including brilliant floodlighting of the bridge 24 hours a day to overcome poor visibility, and extensive positioning of warning lights and signs along the river approaches to the bridge. Thanks to these measures and the generous cooperation of river users and the local community, the project has so far proceeded without any safety incidents.

Information Technology

For a number of years the Naim Group has been steadily increasing its investment in information technology, to the extent that all staff who possibly require it now have access to a computer at their workplace, and full training in basic computer productivity skills. During the year we also integrated the group's various locations, with a Wide Area Network serving Miri and our Kuching operations.

Another important IT milestone was the launching of our revised and updated website, www.naimcendera.com. The website contains extensive information about the Group's activities, an investor relations section, details of job opportunities, and an online catalogue of homes at Bandar Baru Permyjaya and Desa Ilmu.



Updated website www.naimcendera.com

During the year we also took the decision to increase our IT spending and devised a five-year plan with a RM2.4 million budget to integrate all Group operations into an integrated business management system. After detailed examination of a considerable number of proposals, we are delighted to announce that we have chosen an entirely Malaysian system, IFCA Property Plus, which in our opinion is the best product on the market for a company in our line of business.

IFCA Property Plus gives us highly flexible hardware and software solutions for every aspect of our business. IFCA Project enables us to track our projects and provides a database for our costs, IFCA Developer integrates our property marketing functions at every level, IFCA Tenancy manages leases with little human intervention, and IFCA Financials gives us powerful financial management and analysis tools. And most importantly of all, all four software components are fully integrated, giving the Board and senior managers a minute-by-minute overview of our entire operation.

Future Outlook

The year 2004 and the years beyond present many exciting opportunities for the Naim Group as we enter a new phase of growth and increased profitability.

Our Property Division is expected to perform increasingly well, whilst our Construction Division has a substantial order book and a number of major projects scheduled for completion. The outlook for the property and construction sectors in Sarawak is excellent, an assertion that is more than substantiated by the independent observers detailed in Appendices 1 and 2 of this Annual Report.

Our ongoing development projects at Bandar Baru Permyjaya and Desa Ilmu continue to progress, with residential and commercial properties with an estimated GDV of RM1.8 billion (Miri) and RM444 million (Kota Samarahan) awaiting completion beyond 2008.

In the coming year we will be starting work on a 2.4 acre commercial complex in the heart of Kuching, and we are also planning two exclusive residential developments in high-end neighbourhoods close to the heart of the city. Most importantly of all, we have very recently secured two prime packages of development land totalling 350 acres, situated directly adjacent to two of Kuching's major feeder arteries. This valuable addition to our land bank will enable us to increase our market leadership in Sarawak, and become the first-choice developer not only in Miri, but also in the State Capital. Finally, our 1,000 acre land bank at Kemena, on the fringes of booming Bintulu, offers prospects for growth and expansion throughout the second decade of this century.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



YBhg. Datuk Hasmi Bin Hasnan in discussion with a group of prospective foreign partners

The construction arm has an order book with an estimated total value of very nearly RM1 billion, including projects at the Letter of Intent stage, which will contribute positively to the group's earnings for the next four years, whilst new projects are actively being sought to boost our earnings over the longer term. The contract to build the new Dewan Undangan Negeri Sarawak as a joint venture will not only bring valuable revenue to the group. It will also give us our first opportunity to work on a prestige project that is very much in the public eye, and should help to make the Naim Group a household name throughout the Malaysian construction sector and beyond.

We are confident our developments will continue to attract a steady flow of buyers willing to pay premium prices, because we have established a reputation in the market place for quality, customer care and after sales service that is second to none in Malaysia. Similarly, we believe the construction arm will go from strength to strength because of its track record of high quality work and timely completion.

One particular objective of ours during the coming year is to communicate these pleasing facts more effectively to the business community and the public at large, and to this end we now have fully operational Public Relations and Investor Relations Departments.

With thousands of comfortable and affordable homes to be launched and over a billion Ringgit worth of construction projects under way or in the pipeline, our prospects for 2004 and beyond look very promising indeed. Therefore the Board of Directors will do their utmost to ensure that the Naim Group makes the most of every opportunity, and continues to work hard to deliver increasing value and excellent performance to all our stakeholders.

...our prospects for 2004 and beyond look very promising indeed.

Datuk Hasmi Bin Hasnan
Managing Director and Chief Executive Officer



The construction arm has an order book with an estimated total value of very nearly RM1 billion, which will contribute positively to the group's earnings for the next four years,

BOARD OF DIRECTORS



Non-Executive Chairman -
Datuk Abdul Hamed Bin Sepawi

Chairman -
**Board Executive Committee
and Nomination Committee**

Chairman

Datuk Abdul Hamed Bin Sepawi, a Malaysian citizen aged 55, was appointed as Non-Executive Chairman of Naim Cendera Holdings Berhad on 25 July 2003. Prior to the Naim Group's listing he was Non-Executive Chairman of Naim Cendera Sdn Bhd (since 12 October 1995). He received his early education at St. Columba's School, Miri and Malay College, Kuala Kangsar. He graduated with a BSc (Hons) from University of Malaya in 1971, pursued undergraduate studies in forestry at the Australia Nation University from 1974 to 1975, and later obtained an MSc in Forest Products from Oregon State University, USA.

Whilst remaining active in the timber and plantation industries, Datuk Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 26 years, he has been active as an investor, a manager and a director in companies carrying out civil works, offshore engineering, construction, housing, and property development.

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

Managing Director & CEO

Datuk Hasmi Bin Hasnan, a Malaysian citizen aged 51, is the founder of Naim Cendera Sdn. Bhd., a wholly-owned subsidiary of Naim Cendera Holdings Berhad. He was appointed Director of Naim Cendera Holdings Berhad on 25 July 2003. He graduated with a BSc in Estate Management from the University of South Bank, London, UK in 1978. He is a member of the Malaysia Institution of Surveyors, Senior Certified Valuer with International Real Estate Institute, USA and a member of FIABCI (a Paris-based worldwide network for professionals involved with the property industry).

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



Managing Director and Chief Executive Officer -

Datuk Hasmi Bin Hasnan

Chairman-

Risk Management Committee

Member -

**Board Executive Committee,
Remuneration Committee and
Audit Committee**

BOARD OF DIRECTORS



Executive Director, Construction and
Chief Operating Officer -

Ir. Suyanto Bin Osman

Member – **Board Executive Committee and Risk
Management Committee**

Ir. Suyanto Bin Osman, a Malaysian citizen aged 46, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003 and he is currently overseeing the overall operations of the Group. He holds a BSc in Civil Engineering from the University of Manchester Institute of Science & Technology, UK. He is a registered Professional Engineer with the Board of Engineers, Malaysia and also a member of the Institution of Engineers Malaysia and the Project Management Institute (PMI).

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



Executive Director and Head of Business
Development and Special Projects -

William Wei How Sieng

Member – **Risk Management Committee**

Mr. William Wei How Sieng, a Malaysian citizen aged 53, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003, responsible for business development and special projects. He holds a Diploma in Education (1979) a Diploma in Business Studies (1983) a Bachelor of Business Management (University of Melbourne, 1990) and an MBA from St Clement's University UK, majoring in Project Management in Construction. He is a Malaysian Certified Company Secretary and a member of the Malaysian Institute of Chartered Secretaries and Administrators ("ICSA") and the Malaysian Association of Company Secretaries (MACS), for whom he was recently elected as Sarawak Representative.

He began his career as a Headmaster in the State Education Department. From 1977 onwards he ventured into a wide range of businesses including newspaper publication, management, property development, property management, construction, manufacturing and trading.



Executive Director and Head of Properties -
Kueh Hoi Chuang
Member – **Risk Management Committee**

Mr Kueh Hoi Chuang, a Malaysian citizen aged 48, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003. He holds a Bachelor of Arts degree from the University of Guelph, Canada, and is a member of the Alliance of Approved Company Secretaries.

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

Executive Director and Head of Business
Development I - **Abang Hasni Bin Abang Hasnan**

Abang Hasni Bin Abang Hasnan, a Malaysian citizen aged 53, was appointed Executive Director of Naim Cendera Holdings Berhad on 25 July 2003. He is in-charge of the Quality Assurance/Quality Control (QA/QC) of the Group's projects, and also oversees the Business Development Division. He received his early education in Government Secondary School, Kanowit and later pursued studies in carpentry and joinery and obtained a Certificate from City & Guilds of London Institute. In 1972 he attended a technical course in wood processing and mechanical and engineering equipment at British Columbia Institute of Technology, Canada.

From 1967 to 1983 he worked as an Instructor to the Forest Department, Kuching. From 1983 to 1988 he joined Equatorial Timber Moulding Sdn. Bhd. as Assistant Factory Manager. Thereafter he continued to be involved in timber related business when he joined Gegasan Sdn. Bhd. as Production and Research & Development Manager. He joined Naim Cendera Sdn. Bhd., in January 1997 and was gradually promoted to Executive Director overseeing the business development and QA/QC projects of the Group.

BOARD OF DIRECTORS



Senior Independent Non-Executive Director -
YB Tuan Haji Hamden Bin Haji Ahmad
Chairman - **Audit Committee**
Member - **Nomination Committee &
Risk Management Committee**

YB Tuan Haji Hamden Bin Haji Ahmad, a Malaysian citizen aged 55, was appointed Independent Non-Executive Director on 25 July 2003. He is a Chartered Accountant by profession and obtained his membership of the Association of Chartered Certified Accountants (ACCA) from the London School of Accountancy, United Kingdom in 1979. He is a Fellow of the ACCA.

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



Independent Non-Executive Director -
Ir. Abang Jemat Bin Abang Bujang
Chairman - **Remuneration Committee**
Member - **Nomination Committee & Audit
Committee**

Ir. Abang Jemat Bin Abang Bujang, a Malaysian citizen aged 51, was appointed Independent Non-Executive Director on 25 July 2003. He holds a Bachelor of Engineering (Electrical) from Newcastle University, NSW, Australia. He is a registered Professional Engineer with Board of Engineers, Malaysia and also a member of the Institution of Engineers, Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997.

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



Independent Non-Executive Director -
Dr. Sharifuddin Bin Abdul Wahab
Member – **Remuneration Committee**

Dr. Sharifuddin Bin Abdul Wahab, a Malaysian citizen aged 48, was appointed Independent Non-Executive Director on 25 July 2003. He holds a Doctor of Veterinary Medicine degree from the University of Agriculture, Faisalabad, Pakistan (1981) and an MSc from Universiti Pertanian Malaysia (1983). He also holds a certificate in RIA techniques from Cornell University, United States of America.

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

Except for Abang Hasni Bin Abang Hasnan, who is the brother of Datuk Hasmi Bin Hasnan, none of the directors have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. The directors have no convictions for any offences. All directors attended all the board meetings held during the financial year under review.

MANAGEMENT TEAM



Left to Right

front row : Hii Doh Yew, Samat Bin Othman, Abang Hasni Bin Abang Hasnan, Ir. Suyanto Bin Osman, Datuk Hasmi Bin Hasnan, William Wei How Sieng, Yee Siew Peng, Lee Ay Choo, Bong Siu Lian

second row : Kueh Hoi Chuang, Kho Teck Hock , Charles Bateman, Ir. Chong Boon Kuet, Abdul Rahman Bin Abdul Rahim, Leong Chin Chiew, Zailani Bin Ismail, Kembi ak Rigong

Management Team

SENIOR MANAGEMENT



Head of Corporate Finance - Kho Teck Hock

Kho Teck Hock, aged 48, holds a Bachelor of Commerce (Accountancy) from the University of Otago, New Zealand. He is a registered Associated Chartered Accountant with the New Zealand Institute of Chartered Accountants and is a member of the Malaysian Institute of Accountants. His working experience of more than 23 years includes holding the position of Accountant and Company Secretary in Sarawak Motor Industries Berhad and Advance Finance Berhad.

He joined Naim Cendera Sdn Bhd (NCSB) on 15 February 1997 as Accounts Manager and was later promoted to head the Finance Department. He is responsible for the overall financial operations, financial planning and accounting as well as the company's secretarial functions. He advises the Board of Directors on the optimal management of cash flow, credit instrument and investment options.



Accountant (Group Subsidiaries) – Kembi ak Rigong

Kembi ak Rigong, aged 37, is the Accountant responsible for the accounting functions of the Group's subsidiary companies. He obtained his membership of the Association of Chartered Certified Accountants (ACCA) in 1996 and is a member of the Malaysian Institute of Accountants. He was attached to a local public accounting firm as an Audit Senior for approximately six years before joining NCSB in April 2002.



Internal Auditor – Affendi Sapiie

Affendi Sapiie, aged 40 is the Group's Internal Auditor. He holds a bachelor's degree in Accountancy and Masters in Business Administration from Institut Teknologi Mara and is a member of the Malaysian Institute of Accountants. He worked for Sarawak Timber Industry Development Corporation for more than 11 years as an accountant before joining NCSB in January 2004 as Group Internal Auditor.

SENIOR MANAGEMENT

Head of Infrastructure and Works – Leong Chin Chiew



Leong Chin Chiew, aged 42, is the Head of Construction and is currently in charge of all construction projects, including project management, project planning and controlling, site management, tendering and project execution. He holds a Bachelor of Applied Science degree majoring in Quantity Surveying from Curtin University of Technology, Western Australia (1988). He is a registered Quantity Surveyor with the Board of Quantity Surveyors, Malaysia and also a Member of the Institute of Surveyors, Malaysia.

He joined Contract Services Consultants, a Quantity Surveying firm as Quantity Surveyor from 1988 to 1990. In 1990 he moved to Shinsung Corporation (Construction), a Korean construction firm, as Project Quantity Surveyor. Thereafter, he joined NCSB in March 1995. During the past sixteen (16) years, he has gained extensive experience in the construction industry and was involved in many projects in Sarawak.

Project Director (Naim Citra Sdn Bhd) - Zailani Bin Ismail



Zailani Bin Ismail, aged 41, is Project Director of Naim Citra Sdn Bhd, responsible for the supply and installation of ductile iron pipes and fittings for rural water supply projects in Sarawak. These projects are carried out under a Government Umbrella Scheme to develop bumiputera entrepreneurs, and he is also responsible for supervising and mentoring these class D-F bumiputera contractors.

He holds a BSc in Electrical Engineering from the University of Iowa, USA (1985). From 1985 to 1993 he held various positions with the Sarawak Electricity Supply Corporation (SESCo) working on Rural Electrification, System Development, and Corporate Planning, and rising to Senior Engineer. From 1988 to 1989 he was also attached to the Energy Section of Economic Planning Unit in the Prime Minister's Department as Assistant Director. He later moved on to Time Engineering Berhad as Branch Manger, Kuching from 1993 to 1994. In 1994, he joined Shorefield Sdn Bhd as Director in charge of the planning for the Sarawak rural electrification scheme. He joined NCSB in September 2001.

Senior Business Development Manager - Abdul Rahman Bin Abdul Rahim

Abdul Rahman Bin Abdul Rahim, aged 46, is the Group's Business Development Manager. He holds a BSc in Business Administration from the United States International University, San Diego and obtained his MSc from Universiti Sains Malaysia, Penang in 1989.



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

Senior General Manager, Land Administration – Charles Bateman

Charles Bateman, aged 56, is the Senior General Manager, Land Administration of NCSB. He is an Associate of the Royal Institution of Chartered Surveyors, a member of the Institution of Surveyors Malaysia and a registered Valuer and Estate Agent with the Board of Valuers, Appraisers and Estate Agents of Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1990, Pingat Perkhidmatan Cemerlang (PPC) in 2000 and bestowed the Pingat Setia in 1997.



He joined the Land and Survey Department in 1969 and retired on 31 December 2002. During his distinguished career with the Land and Survey Department he held a variety of key positions throughout Sarawak, acquiring an unmatched knowledge of land administration in the state. In 1984 he was put in charge of valuation matters for the State of Sarawak, and subsequently served as Superintendent of Land & Survey, firstly in Sri Aman Division and subsequently in Miri and Kuching divisions. He joined NCSB in January 2003 and is in overall charge of the Group's land administration functions. He is also a Director in one private limited company.

AUDIT COMMITTEE MEMBERSHIP & REPORT



Left to Right:

YB Tuan Haji Hamden Bin Haji Ahmad
Datuk Hasmi Bin Hasnan
Ir. Abang Jemat Bin Abang Bujang

Memberships

The Audit Committee was established on 25 July 2003 and comprises the following:-

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

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

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

The composition of the Audit Committee is as follows:-

Category	No. of directors	Percentage
Independent Non-Executive Director	2	66.66%
Executive Director	1	33.33%
Total	<u>3</u>	<u>100.00%</u>
	===	=====

Attendance at the Audit Committee Meeting

The Audit Committee met once (1) during the year 2003 and the attendance of each member is as follows:-

Audit Committee Members	No. of Meetings Attended	Percentage
YB Tuan Haji Hamden Bin Haji Ahmad	1/1	100
Datuk Hasmi Bin Hasnan	1/1	100
Ir. Abang Jemat Bin Abang Bujang	1/1	100

Activities of the Audit Committee

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

- i) Formalize the Audit Committee's Terms of Reference.
- ii) Interview, select and recommend for appointment an Internal Auditor;
- iii) Review the results for the quarter ended 30 September 2003, propose changes thereto and recommend for Board's approval;
- iv) Review related party transactions;
- v) Review the Authority Limits; and
- vi) Review the Accounting Policy.

Recognizing the significance of financial reporting for investors to evaluate their investment objectives, the Audit Committee has provided and will continue to endeavor to provide information about the economic resources of the Naim Group, the claims to those resources and the effects of transactions.

Functions of the Internal Audit Department

The Company recruited an Internal Auditor to head the Internal Audit Department. In order to enhance the independence and objectivity of the Internal Audit Department, the Internal Auditor reports directly to the Audit Committee.

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

- a) Evaluate procedures in place to safeguard company assets;
- b) Provide assurance on compliance with the Group's Procedures and Authorities, appropriate laws and ethics;
- c) Assist management in the deterrence and reporting of fraud;
- d) Recommend appropriate controls to overcome deficiencies and to enhance company operations; and
- e) Analyze and examine that operations are effective and resources are efficiently used.

Reporting Structure

The Audit Committee reports directly to the Board. The Audit Committee membership comprises a majority of independent non-executive directors, independent of the management, and provides an objective appraisal of the management accounting and auditing performance of the Naim Group.

AUDIT COMMITTEE MEMBERSHIP & REPORT

TERMS OF REFERENCE

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

Objectives

The objectives of the Audit Committee are to:-

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

Composition

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

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

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

Authority

The Audit Committee shall have:-

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

Duties and Responsibilities

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

a) Internal Audit

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

Duties and Responsibilities *(continued)*

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

d) Financial Reporting

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

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

e) Related Party Matters

Review the related party transactions and the conflict of interest situations that may arise 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.

Meetings

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

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

The Secretary of the Committee shall be the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

Introduction

On 12 September 2003, the Company was listed on the main board of Bursa Malaysia. In accordance with the Malaysian Code of Corporate Governance ("the Code") and in the interests of transparency, the Company reports hereunder its compliance with the Code, The Principles of Corporate Governance and Best Practices and the Listing Requirements.

Board of Directors

The Board of Directors is responsible to shareholders for the overall corporate governance of the Naim Group. The role of the Board is to take the appropriate steps to enhance shareholder wealth, consistent with acceptable levels of risk.

Board Balance

The Board currently consists of nine directors (whose career profiles are shown on pages 34 to 39) and its composition is as follows:-

Category	No. of directors	Percentage
Non-Executive and Independent Directors	3	33.33%
Non-Executive Director	1	11.11%
Executive Directors	5	55.55%
Total	<u>9</u>	<u>100.00%</u>
	===	=====

To ensure a balance of power and increased accountability, the Company has a clear division of responsibilities between the Non-Executive Chairman and the Managing Director.

YB Tuan Haji Hamden Bin Haji Ahmad is the Senior Independent Non-Executive Director. Any member may convey their concerns or queries relating to the Group to him at hamden@naimcendera.com.

Three Non-Executive Directors are fully independent of management, whilst all directors are required to bring their independent judgment to bear on issues on strategy, performance, resources and standards of conduct.

It is the policy of the Board to have at least one meeting every quarter with additional meetings to be convened as warranted. The Board holds other meetings on short notice when issues arise that require discussion and decision.

During the reporting period, the Board had three (3) Board Meetings. All the existing directors of the Company were appointed Directors of the Company on 25th July 2003 and all of them attended the two Board Meetings held thereafter. The directors' attendance record is as follows:-

Name of Director	Date of Appointment /Resignation	Number of Board Meetings attended	Percentage
Cheng Ah Teck	Resigned on 25 July 2003	1/1*	Not applicable
Lee Siaw Wai	Resigned on 25 July 2003	1/1*	Not applicable
Lau Hui Kwong	Resigned on 25 July 2003	0/1*	Not applicable
Datuk Abdul Hamed Bin Sepawi	Appointed on 25 July 2003	2/2**	100%
Datuk Hasmi Bin Hasnan	Appointed on 25 July 2003	2/2**	100%
Ir. Suyanto Bin Osman	Appointed on 25 July 2003	2/2**	100%
William Wei How Sieng	Appointed on 25 July 2003	2/2**	100%
Kueh Hoi Chuang	Appointed on 25 July 2003	2/2**	100%
Abang Hasni Bin Abang Hasnan	Appointed on 25 July 2003	2/2**	100%
YB Tuan Haji Hamden Bin Haji Ahmad	Appointed on 25 July 2003	2/2**	100%
Ir. Abang Jemat Bin Abang Bujang	Appointed on 25 July 2003	2/2**	100%
Dr. Sharifuddin Bin Abdul Wahab	Appointed on 25 July 2003	2/2**	100%

* Meeting held before 25 July 2003 ** Meetings held after 25 July 2003

Corporate Responsibilities

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

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

Division of Responsibilities

The division of responsibilities between the Board of Directors and the Senior Management of the Group concerning strategic and long-term planning, and establishing a process for development and adoption of corporate strategies and objectives are as follows:-

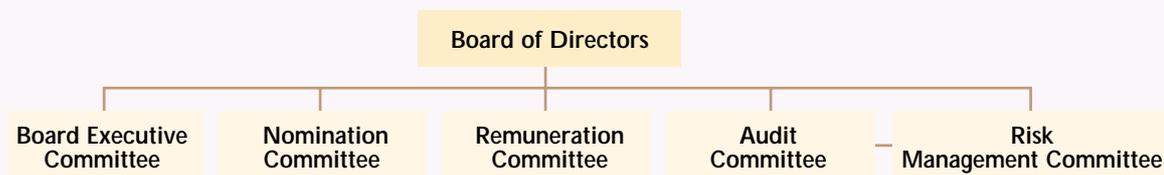
- i) The Board will periodically review, affirm or modify the broad strategic and financial plans of the Group as circumstances change or as the Board, in its judgment, may determine as appropriate.
- ii) The Senior Management of the Group will have responsibility to develop specific shorter-term detailed strategic and tactical plans for implementation, which shall be consistent with the overall strategic and financial plans approved by the Board, and will review the Group's performance against the plans with the Board on a quarterly basis.

Organizational Structure and Policies

The Board may, from time to time, appoint standing or special ad hoc committees consistent with the Company's Articles of Association and which do not conflict with any legal requirements.

CORPORATE GOVERNANCE STATEMENT

The Board has formed five (5) standing committees as follows:-



Each Committee operates under its own Terms of Reference approved by the Board. Changes to Terms of Reference may be recommended to the Board at any time.

New committee(s) may be established by the Board when deemed necessary. The Board will determine the general responsibilities of such new committee(s).

Special ad hoc committees may be formed, at the discretion of the Board. The Chairman or the Managing Director shall develop the Charters or Terms of Reference for approval by the Board.

Continuous Disclosure Policy

The Company has a policy on continuous disclosure to ensure that it complies with the Listing Requirements of Bursa Malaysia and ensure that all investors have simultaneous and equal access to the same information.

All material information that ought to be disclosed to the market is notified promptly to the Company Secretary, who in conjunction with the Managing Director and the Chairman will ensure that such disclosure is promptly released to Bursa Malaysia.

Other Guidelines

Appropriate members of management will be asked to attend Board meetings with the permission of the Board.

All external communications relating to the Company must and will originate from the Company's Chairman and Managing Director. The Board and its directors as individuals have a policy of referring all formal and informal requests for information, comment, meetings, interviews or other questions from external sources to the Chairman and/or Managing Director.

The Naim Group has adopted a Group Procedures and Authorities (GPA) manual. Internal controls in the form of checks and balances between the management, board of directors and shareholders are incorporated into the GPA as follows:-

- Authority limits;
- Levels of authority delegated;
- Clear defined lines of communication; and
- Tender committees

The aim of the GPA is to segregate duties and discourage employees from overriding the control system.

Access to Information

The Board requires that presentations on specific significant subjects necessitating Board action will be provided to directors in advance or during meetings so as to provide reasonable opportunity for review and to facilitate discussion at meetings.

Senior Management will provide information and budgeted targets on a quarterly basis to assist the Board to have a better understanding of the Naim Group's business activities and performance. Directors may request supplemental information from Senior Management that, in the director's judgment, is necessary to fulfil the responsibilities of a director. Such information will be requested in conformance with the Company's policy on confidentiality.

Directors are also informed of any corporate announcements to be released to Bursa Malaysia and restrictions on dealings in the Company's shares during the closed periods.

Access to Advice

For the purpose of proper performance of their duties, Directors, whether as a full board or Committee or in their individual capacities, are permitted to seek advice from independent advisors at the Company's expense.

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

Appointments to the Board

The Nomination Committee makes recommendation for appointment as Directors and/or Corporate Representatives to the Board and members' meetings respectively, including those of subsidiaries and associated companies where the Group has an interest. The Nomination Committee considers the required mix of skills, experience and other qualities, including core competencies which Directors should bring to the Board.

Re-Election

All directors including the Managing Director shall submit themselves for re-election at regular intervals of at least once in every 3 years. One-third of the Directors retire at the Company's Annual General Meeting each year.

The dates of directors' appointment and year of re-election of the Directors are set out below:-

Director	Position	Age	Date of Appointment	Year of Retirement
Datuk Abdul Hamed Bin Sepawi	Non-Executive Chairman	55	25 July 2003	2004
Datuk Hasmi Bin Hasnan	Managing Director	51	25 July 2003	2004
Ir. Suyanto Bin Osman	Executive Director	46	25 July 2003	2005
William Wei How Sieng	Executive Director	53	25 July 2003	2005
Kueh Hoi Chuang	Executive Director	48	25 July 2003	2006
Abang Hasni Bin Abang Hasnan	Executive Director	53	25 July 2003	2004
YB Tuan Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	55	25 July 2003	2006
Ir. Abang Jemat Bin Abang Bujang	Independent Non-Executive Director	51	25 July 2003	2006
Dr Sharifuddin Bin Abdul Wahab	Independent Non-Executive Director	48	25 July 2003	2005

CORPORATE GOVERNANCE STATEMENT

Directors' Training and CEP Compliance

All directors attended the Mandatory Accreditation Programme (MAP) on 28 to 29 October 2003 except Datuk Abdul Hamed Bin Sepawi who completed his MAP in 2001.

A seminar was organized for the directors entitled "Awareness Training for Directors of Public Listed Companies" conducted by KPMG in KL on the 11 of September 2003. The course was accredited by Bursa Malaysia with 16 CEP points. The summary of directors' CEP compliance as at 31 December 2003 is as follows:-

Name of Director	CEP points to be accumulated by 31 December 2004	CEP points achieved up to 31 December 2003
Datuk Abdul Hamed Bin Sepawi	72	16
Datuk Hasmi Bin Hasnan	48	16
Ir. Suyanto Bin Osman	48	16
William Wei How Sieng	48	16
Kueh Hoi Chuang	48	16
Abang Hasni Bin Abang Hasnan	48	16
YB Tuan Haji Hamden Bin Haji Ahmad	48	16
Ir. Abang Jemat Bin Abang Bujang	48	16
Dr. Sharifuddin Bin Abdul Wahab	48	0

Disclosure of Remuneration

The compensation policy of the Company is based on such factors as performance, skill, effort, responsibility, required education, training, experience and the prevailing rates paid by comparable or competing employers.

The Remuneration Committee reviews the performance and remuneration policies for all Executive Directors to ensure that they are rewarded in accordance with their respective contributions to the Naim Group's profitability. Directors abstained from all deliberation in connection with decisions on their own remuneration.

Basic Salary

This is a fixed cash sum, payable monthly. Salaries are to be reviewed annually in the light of performance and market comparisons for similar jobs.

Fees

Directors' fees totaling RM6,000 were paid by a subsidiary company of the Naim Group during the financial year ended 31 December 2003. A provision for directors' fees of RM112,500 has been made in the audited accounts of the Company for the financial year ended 31st December 2003 subject to shareholders' approval at the forthcoming AGM. The said fees will be paid to the directors when approved by the shareholders.

Allowances

Allowances are payable to each director undertaking duties that lie outside his or her respective career or profession.

The details of the remuneration paid to each director who served during the 5 months of the financial year ended 31 December 2003 are as follows:-

	Basic Salary RM'000	Allowance RM'000	Fees paid by Company RM'000	Subsidiary RM'000	Benefit- in-kind RM'000	Total RM'000
Executive Directors						
Datuk Hasmi Bin Hasnan	330	Nil	Nil	2	10	342
Ir. Suyanto Bin Osman	196	Nil	Nil	Nil	8	204
William Wei How Sieng	154	Nil	Nil	2	5	161
Kueh Hoi Chuang	93	Nil	Nil	2	6	101
Abang Hasni Bin Abang Hasnan	33	Nil	Nil	Nil	3	36
Non-Executive Directors						
Datuk Abdul Hamed Bin Sepawi	Nil	196	Nil	Nil	2	198
YB Tuan Haji Hamden Bin Haji Ahmad	Nil	Nil	Nil	Nil	Nil	Nil
Ir. Abang Jemat Bin Abang Bujang	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Sharifuddin Bin Abdul Wahab	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	806	196	Nil	6	34	1,042

Dialogue with Shareholders

Naim Group is aware of the importance of communicating with its shareholders. In the light of transparency, the Group has formulated a Continuous Disclosure Policy to disseminate information of timely and equal access to all its shareholders. The Chairman and Managing Director hold regular briefings for analysts, fund managers, financial institutions and individual shareholders on the Group's performance and future plans. However, no material price-sensitive information shall be released to any shareholder unless proper announcement has been made to the Exchange.

The annual general meeting shall serve as a forum for dialogue with shareholders.

Financial Reporting

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board of Directors carries out the responsibility through the Audit Committee. The Audit Committee meets on a quarterly basis, with the external auditors and management being present if necessary, to review the financial statements and to discuss audit and internal control matters. On recommendation of the Audit Committee, the Board of Directors approved the Company's and the Group's consolidated financial statements.

Statement of Directors' Responsibility

The Board of Directors is required by the Companies Act 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results of operations and cash flows of the Group and the Company for the financial year.

In preparing the financial statement for the year ended 31 December 2003, the Board of Directors are also responsible for:-

- adopting suitable accounting policies and ensuring their consistent application;
- making reasonable and prudent judgments and estimates;
- ensuring compliance with accounting standards;
- confirming that financial statements have been prepared on the going concern basis;

CORPORATE GOVERNANCE STATEMENT

Statement of Directors' Responsibility *(continued)*

- maintaining adequate accounting records and internal controls to safeguard the assets of the Group and the Company; and
- preventing and detecting fraud and other irregularities.

Internal Control

The Statement of Internal Control is set out on page 62 of this Annual Report.

Relationship with Auditors

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

ADDITIONAL COMPLIANCE

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

Share Buy-Back

During the financial year, the Company has not undertaken any proposal to buy-back its shares.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

No sanctions or penalties were imposed on the Company, its subsidiaries, directors and management during the financial year under review.

Non-Audit Fees

Non-audit fees amounting to RM455,398 were paid to the external auditor, as follows:-

- i) Professional fees for IPO RM410,000;
- ii) Consolidation of accounts fees RM39,220; and
- iii) Training RM6,178.

Profit Guarantee

The Group did not issue any profit guarantee.

Revaluation Policy

The Group does not have any revaluation policy.

Utilisation of Proceeds

Purposes	As per Prospectus RM'000	Utilized as at 31.12.2003 RM'000	Balance unutilized RM'000
Acquisition of land for property development and property investment	25,000	-	25,000
Purchase of machinery	7,400	-	7,400
Purchase of information technology systems	3,082	236	2,846
Repayment of bank borrowings	7,430	5,000	2,430
Listing expenses	4,600	4,523	77
Working capital	13,036	-	13,036
Total	60,548	9,759	50,789

Variation in Proforma Results

Financial year ending 31 December 2003	As stated in prospectus RM'000	As audited RM'000	Variance RM'000	Variance %
Turnover	268,027	270,951	2,924	1.09%
Cost of sales	(192,099)	(179,953)	(12,146)	(6.32%)
Gross Profit	75,928	90,998	15,070	19.85%
Profit Before Taxation	67,287	77,987	10,700	15.90%
Less: Taxation	(19,454)	(23,622)	4,168	21.42%
Profit After Taxation	47,833	54,365	6,532	13.66%
Less Minority Interest	(4,664)	(5,881)	1,217	26.09%
Net Profit	43,169	48,484	5,315	12.31%

The audited net profit of RM48.48 million for the financial year ended 31 December 2003 represents an increase of 12.39% over the forecast net profit of RM43.17 million as contained in the prospectus dated 8 August 2003 in conjunction with the Initial Public Offering for the listing of the Company on the main board of Bursa Malaysia. This is mainly due to better margins achieved through cost savings realized upon closure of projects completed, including that completed by a 51% owned subsidiary.

Related Party Transactions

The value and the type of related party transactions are shown on page 124 of the Annual Report. The Company is proposing a Shareholders' mandate at the forthcoming Annual General Meeting as follow:-

- a) to ratify the recurrent related party transactions of a revenue or trading nature entered for the period from 12 September 2003 to 31 May 2004; and
- b) to approve the Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature for the period from 1 June 2004 to 30 June 2005.

Material Contracts

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

CORPORATE GOVERNANCE STATEMENT

BOARD STANDING COMMITTEES

Board Executive Committee

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

Datuk Abdul Hamed Bin Sepawi as Chairman
Non-Executive Chairman

Datuk Hasmi Bin Hasnan as Member
Managing Director

Ir. Suyanto Bin Osman as Member
Executive Director

The composition of the Board Executive Committee is as follows:-

Category	No. of directors	Percentage
Non-Executive Director	1	33.33%
Executive Director	2	66.66%
Total	<u>3</u>	<u>100.00%</u>
	===	=====

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

Board Executive Committee Terms of Reference

Composition

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

Responsibilities

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

Duties

The duties & responsibilities of the Executive Committee are as follows:-

- to review and adopt the strategic plan for the Group;
- to oversee the conduct of the Company's business plan and evaluate whether the business is properly managed;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;

Duties (continued)

- d) to review the adequacy and the integrity of the Company's internal control systems and management information systems;
- e) to decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations;
- f) the Board Executive Committee is also empowered to :-
 - i) review, recommend and approve capital expenditure;
 - ii) review, recommend and approve disposal of capital items;
 - iii) review, recommend and approve the award of tenders

within the limits of authority determined by the Board.

(Note: The Audit Committee Report is set out on pages 44 to 47 of this Annual Report.)

Nomination Committee

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

Datuk Abdul Hamed Bin Sepawi as Chairman
Non-Executive Chairman

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

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

The composition of the Nomination Committee is as follows:-

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

The main role of the Committee is to select and recommend candidates for Board appointments and re-election and to regularly review board composition and identify any need for change in the board and the committees. The Nomination Committee ensures that Board members do not have material conflict of interest, commercial relationships, nor professional services relationships or potential for such relationships with the group. In the selection of nominees, the committee strives to maintain a balance of business experience among the directors, in order to maximize the effectiveness of the Board. The criteria include :-

- (a) business acumen and leadership;
- (b) experience at a senior policy-making level in one or more functional areas of a major company;
- (c) business creativity and vision.

CORPORATE GOVERNANCE STATEMENT

Nomination Committee *(continued)*

Candidates must be assessed for a demonstrable personal commitment to the Group and the interests of all of its stakeholders, as follows:

- (a) Investing time and effort on a consistent basis;
- (b) Maintenance of an awareness of and perspectives on relevant current business issues;
- (c) Participating openly and fully in Board and Committee deliberations; and
- (d) Avoidance of an over-commitment to other callings.

Nomination Committee Terms of Reference

Composition

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

Duties and Responsibilities

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

- a) To consider and recommend to the Board competent persons of the highest calibre and integrity for appointment as:-
 - i) members of the Board
 - ii) members of the Board Committees
- b) to review on an annual basis the required mix of skills and experience and other qualities, including core competencies of non-executive Directors;
- c) to review the performance of members of the Board, and to assess the effectiveness of the Board Committees and the Board as a whole and the contribution of each 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 Board Committees;
- f) to plan for and ensure orderly management succession.

Remuneration Committee

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

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

Remuneration Committee *(continued)*

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

Dr. Sharifuddin Bin Abdul Wahab as Member
Independent Non-Executive Director

The composition of the Remuneration Committee is as follows:-

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

The main role of the Remuneration Committee is to devise and implement reward systems that attract, retain and motivate people with the right attributes, skills and abilities to run the business of the Group. In determining remuneration, the key factor that is taken into consideration is the appropriate market median, with any variables being strictly performance driven.

Remuneration Committee Terms of Reference

Composition

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

Duties and Responsibilities

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

- a) to review annually and recommend to the Board the Company's overall remuneration policy and guidelines for Executive Directors to ensure that remuneration packages are performance based;
- b) to enhance shareholders' value by ensuring that individual performance and reward of Executive Directors reflect and reinforce the business objectives and long term goals of the Group;
- c) to keep abreast with changes in external market remuneration packages and review and recommend changes to the Board when deemed necessary.

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

Risk Management Committee

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

Datuk Hasmi Bin Hasnan as Chairman
Managing Director & Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

Risk Management Committee *(continued)*

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

Ir. Suyanto Bin Osman as Member
Executive Director

William Wei How Sieng as Member
Executive Director

Kueh Hoi Chuang as Member
Executive Director

Leong Chin Chiew as Member
Head of Construction Division

A representative from the **Internal Audit Department**

The composition of the Risk Management Committee is as follows:-

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

The Risk Management Committee is empowered to assist the Board in fulfilling its responsibilities to shareholders and other stakeholders to oversee the Group's risk management. Many of the risks that affect the property development and construction divisions have been anticipated from the beginning and have therefore been informally monitored and dealt with.

The concept of risk management and risk management framework was introduced late last year and in this connection, the risk awareness of staff at all levels of the management within the Group has been raised. The purpose of risk management is to assess and manage risks which could prevent key objectives from being achieved and /or have an adverse affect on the Group's performance, delivery and reputation.

The principal stages in the risk management framework initiated during the year were risk identification and risk mitigation. Risk identification involves examination of the possible risks that could have occurred as well as identifying the setbacks that did occur. Risk mitigation addresses situations whereby risks could have been and can be avoided and what contingency plans could and have been made. Each division is required to formulate its mitigation actions and contingency plans for each risk identified. Risk monitoring and reporting will be carried out on a quarterly basis, keeping track of the identified risks, monitoring residual risks and identifying newly emerged risks, ensuring the execution of risk plans and evaluating their effectiveness in reducing risk. This monitoring takes place at frequent intervals because risks change as projects mature, new risks develop, or anticipated risks disappear.



The structure of the Risk Management Committee is as follows:-



Risk Management Committee Terms of Reference Composition

The Risk Management Committee shall comprise no fewer than five (5) members and one of which be representative from the Internal Audit.

Duties and Responsibilities

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

- a) To establish risk policies and risk framework
- b) To identify, evaluate and monitor the risks portfolio and formulate mitigation strategies/ action plans to manage the overall risk associated with the Group's activities;
- c) To recommend appropriate risk management policies and procedures which shall be reviewed regularly to ensure that they make an effective contribution to the long term viability of the Group;
- d) To review on a periodical basis the Group's overall objectives in assessing the current risk portfolio composition and the risk appetite.
- e) To provide the Board with quarterly reports on the effectiveness of the risk management and internal control system;
- f) To ensure a proper balance between risk incurred and potential returns to shareholders;
- g) To assess, with the Internal Audit Department, the adequacy and reliability of the risk management process;
- h) Such other responsibilities as may be delegated by the Board from time to time.

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

This statement is made in accordance with a Resolution of the Board of Directors dated 26 April 2004

STATEMENT ON INTERNAL CONTROL

Introduction

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

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

Responsibility

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

Risk Management

During the year under review, the Board has established a Risk Management Committee, comprising representatives from the Board, the management and the internal audit department. The Committee, charged with the responsibility of identifying, assessing, prioritising, managing and controlling risks faced by the Group, is presently formalising the risk management framework therefor. The framework covers property development, construction, business development and finance.

Key Processes of Internal Controls

The key processes of internal controls are summarised as follows:

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

Conclusion

During the current financial year to the date of this report, no significant control weaknesses were identified. However, a number of minor control weaknesses were noted, all of which have been, or are being, addressed. These are not expected to result in any material loss, contingency or uncertainty that would require disclosure in the Company's annual report.

This statement is made in accordance with a resolution of the Board of Directors dated 26 April 2004.

HUMAN RESOURCES - OUR STRONGEST ASSET



The Naim Group's strongest asset is its human resource, a high-calibre management team and a dedicated, efficient and highly-skilled workforce of 408 people (including 128 casual workers), assembled via a long-term policy of continuous human resource development.

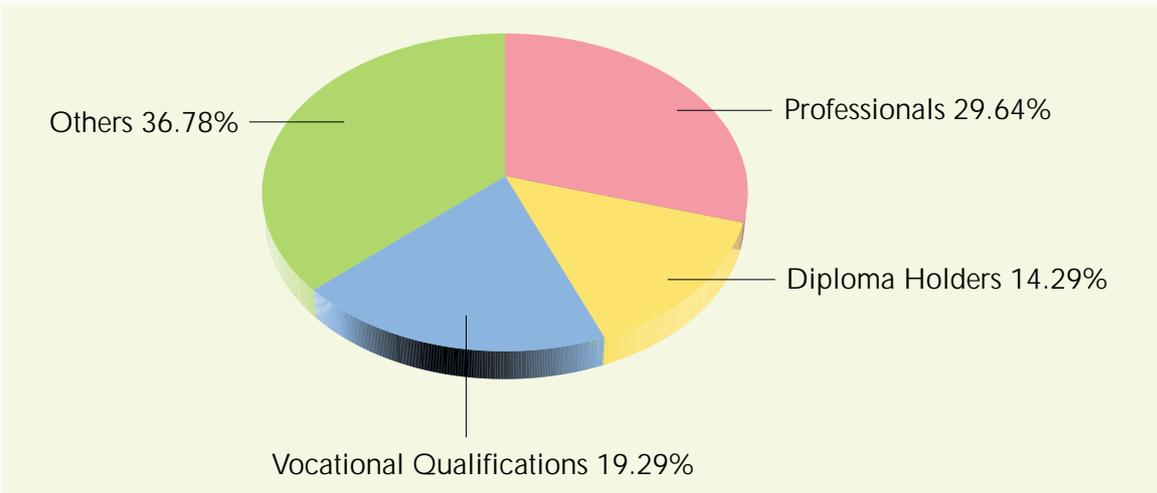
Harmonious Working Environment

The Group enjoys a harmonious working environment with one of the lowest staff turnover rates in the industry and no history of industrial disputes. In the year in review, a total of 29 staff resigned from the Group, all of whom were junior staff, while 32 people joined, including a number of senior managers and other professionals.

Quality of The Workforce

14 are full members of professional Institutions or Associations
7 are Masters Degree Holders,
62 are Bachelors Degree Holders,
40 have Diploma-Level Qualifications, and
54 have Vocational Qualifications

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



Rewarding Performance

One of the greatest challenges we face is maintaining the loyalty, motivation and dedication of our staff in an increasingly competitive, demand-driven labour market. Therefore we offer a competitive remuneration package that is constantly reviewed to keep up with industry norms, and an in-service appraisal system to ensure that excellent performance is not only acknowledged but also rewarded.

Developing a Knowledge-Based Workforce

The Group is committed to creating a dynamic, efficient and flexible workforce that is able to thrive in the constantly changing business environment. Therefore, training is one of our key priorities. During the year in review the Group offered a varied mix of training courses focusing on both hard and soft skills, at a cost of about RM160,000, and has allocated a Training Budget of RM434,000 for 2004.

CORPORATE CITIZENSHIP

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

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

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

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

Organisations

PERKIM (Pertubuhan Kebajikan Islam Malaysia)
SJK Chung Hwa Tudan
Lembaga Amanah Kebajikan Masjid Sarawak
Majlis Mutiara Kasih Bersama Menteri
Huarend Education Fund
MRCS Dialysis Center
Persatuan Bisaya Sarawak
Jabatan Kuasa Keselamatan
JKK Kampung Abang Amin
Lembaga Amanah Kebajikan
Pusat Pemulihan Miri
St Peter's Church
Tabung Pendidikan dan Kebajikan
Sunflower Home Miri
Persatuan Harapan Miri
Persatuan Anak Yatim
Persatuan Kebajikan Anak Yatim
Pertubuhan Amal Kebajikan
Tabung Anak Yatim Masjid
Dayak Association Miri





Conserving the Environment

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

We undertake the following steps to protect the environment:

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

Promoting Occupational Health and Safety

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

SOCIAL RESPONSIBILITY

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

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

Implementing our Commitment

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



The internal rules cover the following areas:

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

GROOMING BUMIPUTERA CONTRACTORS



A Naim Group Special Initiative

As a Class A bumiputera contractor and Sarawak's leading property developer, the Naim Group recognises its responsibility to small bumiputera businesses and the urgent need to raise the socio-economic standing of Sarawak's bumiputera community. To ensure that these small companies are able to develop as viable businesses rather than just survive on the "crumbs from the table," the Naim Group has set up a wholly owned subsidiary, Naim Citra Sdn Bhd, whose sole task is grooming, mentoring and developing bumiputera contractors.



The programme began in 2001, with 31 small bumiputera contractors in the D, E and F categories. They were assigned sub-contracts within the Southern Zone Rural Water Supply Project, carried out under a Government Umbrella Scheme by the Ministry of Rural Development, with an annual budget of approximately RM 10 million. Throughout the project the contractors received advice, encouragement and daily supervision from experienced Naim staff, ensuring they were able to meet their contractual obligations. At the same time, Naim Citra ensured that their cash flows were maintained and their financial exposure minimised, so that they were able to concentrate on delivering a professional job on time and within budget.



The first phase of the project was a resounding success, with over 70% of the bumiputera contractors achieving the targets set for them. The second phase was expanded considerably with a total of 61 businesses involved, and the third phase is currently under way with 40 new companies.



As well as providing contracts, financial assistance and guidance, the Naim Group hosts an annual dinner for the participating contractors, where awards are presented to the three leading performers. To encourage increased professionalism, the Group also provides two scholarships every year to contractors or their staff wishing to pursue degree-level studies. Tangible proof of the project's resounding success is one company's achievement in acquiring Class B contractor status, thus providing keen competition for the Naim Group's subsidiaries.



COMMITMENT TO QUALITY & VALUE

Customer Satisfaction Equals Market Leadership

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

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

Customer Satisfaction Equals Repeat Business

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

Formal Accreditations and Registrations

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

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

Quality Awards and Acknowledgements

Thanks to our stringent adherence to quality standards, we have received the ultimate accolade from our peers. During the year under review, we were selected to receive the Best Contractor Award – Medium Scale Building Project, in the CIDB awards for 2003, the second year in succession we have won a prestigious award from CIDB.

We have also been acknowledged for the quality of our corporate reporting, receiving the Sarawak Chamber of Commerce and Industry (SCCI) Award for Best Annual Report (Non-Listed Companies Category) for our 2002 Annual Report.

Naim Cendera unveils single-storey homes in Desa Indah 3

Naim Cendera Holding

Joint venture with PPRC Group (Singapore) Naim Cendera Holding (M) announced that it will enter a joint venture with PPRC Group (Singapore) to develop residential projects in the Klang Valley.

PRICER Naim Cendera has come up with another exciting project in the Klang Valley.

Penyenaraian kukuhkan kedudukan Naim Cendera

Penyenaraian Naim Cendera Holding (M) Berhad (NCHM) telah kukuhkan kedudukan syarikat ini sebagai salah satu syarikat yang paling dipercayai di pasaran saham tempatan.

Naim Cendera catat lebihan langganan

Naim Cendera named one of top 10 stocks for next year by The Edge

KUALA LUMPUR, 12 Jun (The Edge) - Naim Cendera Holding (M) Berhad (NCHM) telah dipilih sebagai salah satu daripada 10 saham terbaik untuk tahun hadapan oleh The Edge.

Naim Cendera's annual dinner celebration

Naim Cendera Holding (M) Berhad (NCHM) telah mengadakan perayaan tahunan dinner syarikat di Hotel Grand Hyatt Kuala Lumpur.

Naim Cendera bidding for construction projects worth RM2 bln

KUALALUMPUR, Naim Cendera Holding (M) Berhad (NCHM) telah mengumumkan bahawa syarikat ini sedang menawarkan tender untuk projek pembinaan bernilai RM2 bilion.



NAIM 控股 合理價 2 元零 7 分

匯豐 (HONG KONG) 子明 廣發利士證券中心
星洲 (SINGAPORE) 子明 廣發利士證券中心

NAIM 控股明日

NAIM 控股 (NCHM) 將於明日 (6月13日) 在星洲證券交易所上市。本公司將於明日 (6月13日) 上午 9:30 分開始交易。本公司之招股價為每股 2 元零 7 分。

本公司之招股價為每股 2 元零 7 分。本公司之招股價為每股 2 元零 7 分。本公司之招股價為每股 2 元零 7 分。

NAIM GROUP IN THE NEWS



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2004



Naim Cendera going public in September

Building up profits for Naim Cendera

As construction sets to be major driver for next three years

Naim Cendera Holdings
Sarawak's Premier Property Play

Naim Cendera's building unit to be major earner

Naim Cendera gets go-ahead to list on KLSE main board

Naim Cendera rides on state's growth

Cendera posts 42pc gain in debut on KLSE



Cash reserves of Naim Cendera to reach RM89m



Naim Cendera bags project

Admit Cendera Sdn Bhd (ACSB), a wholly-owned subsidiary of Naim Cendera Holdings (NCH), has...

Naim Cendera turns in RM36mil nine-month profit

BY SHARON LING IN KUALA LUMPUR

NEWLY listed Naim Cendera Holdings Bhd, via subsidiary Naim Cendera Sdn Bhd, has achieved a nine-month net profit of RM36.44mil, up 500% compared with the corresponding period last year.

The firm announced 84% of the group's recent profit of RM42.77mil for the current period year ending Dec 31.

THE ROAD TO LISTING

30 Sept 2002

30 September 2002 - Kuala Lumpur

Application for Main Board Listing submitted to the Securities Commission

22 Jan 2003

22 January 2003 - Kota Samarahan

A delegation comprising Ms. Mazlina Sanad, Ms. Fong Yee Mei and Ms. Phang Siew Yin from the Securities Commission, Kuala Lumpur visited Desa Ilmu.

23 Jan

23 January 2003 - Miri

Tour to Bandar Baru Permyjaya by the Securities Commission representatives.

7 Apr

7 April 2003 - Kuala Lumpur

NCSB's Application for Main Board Listing approved by the Securities Commission



7 July

7 July 2003 - Ground Floor, Wisma Naim, Kuching

Staff of NCSB attended a briefing on Share Financing conducted by Bumiputera-Commerce Bank Berhad, Satok Branch. This briefing informed staff about end financing options for funding the purchase of shares.

11 July

11 July 2003 - Miri & Kuching

15 Fund Managers and Analysts from various Financial Institutions from West Malaysia visited the project sites in Miri and Kuching. They also attended a briefing and a corporate presentation at Wisma Naim.



11 July

11 July - Wisma Naim, Kuching

A series of one-to-one presentations were made to several State Investment Houses and Statutory Bodies, including ASSAR, Lembaga Masjid Negeri, HIKMAH, STIDC and LCDA.



28 July - Wisma Naim, Kuching

Underwriting Agreement Signing Ceremony between Naim Cendera Holdings Berhad and AmMerchant Bank Berhad, (principal underwriter for our Bursa Malaysia listing exercise) and co-underwriters Am Securities Sdn Bhd, OSK Securities Berhad and BBMB Securities Sdn Bhd. The ceremony was witnessed by YAB Chief Minister of Sarawak, Pehin Sri Dr. Haji Abdul Taib Bin Mahmud.

28 July

8 Aug

8 August - Kuala Lumpur

Launching of Naim Cendera Holdings Bhd's Prospectus and Website by the Timbalan Menteri Kewangan 1, (Deputy Finance Minister) YB Dato Dr. Shafie Mohd. Salleh.



12 Sept

12 September - Kuala Lumpur

Listing of Naim Cendera Holdings Bhd on the Main Board of Bursa Malaysia.

DIARY OF GROUP EVENTS

10 Jan

10 January 2003 - Miri

Completion of two schools,
SRK Merbau and SMK Merbau in Miri.



21 Jan

21 January 2003 - Miri

Handing over of the completed
SRK & SMK Merbau in Miri to Jabatan Kerajaan.

12 February 2003 - Miri

Chinese New Year Open House at
'Allamanda Gold', Bandar Baru Permyjaya,
organized by NCSB.

12 Feb



14 February 2003 - Miri

NCSB Miri staff held its 'Family Dinner' at
the Pavilion Park City Everly Hotel.

14 Feb



15 Feb

15 February 2003 - Bintulu

NCSB Bintulu staff with its subsidiary, TR Earthwork
Sdn Bhd, held a joint 'Family Dinner' at the Marco
Polo Restaurant.





22-23 Feb

22 – 23 February 2003 - Sibu

Property Road Show on Bandar Baru Permyjaya, Miri, and Desa Ilmu, Kota Samarahan organised by Sarbex at Tanahmas Hotel.

27 Feb

27 February 2003 - Kota Samarahan

Visit by the CEO of the Housing Development Corporation, Dr. Hj. Abang Azahari Bin Abang Hadari, to NCSB's Desa Ilmu scheme.



1-2 Mar

1 -2 March 2003 - Bintulu

Property Road Show on Bandar Baru Permyjaya, Miri, and Desa Ilmu, Kota Samarahan, organised by Sarbex at Park City Beverly Hotel.

4 Mar

4 March 2003 - Miri

Launching of the single-storey terrace house "Adenium" at Bandar Baru Permyjaya.



8-9 Mar

8 – 9 March 2003 - Miri

Property Road Show on Bandar Baru Permyjaya, Miri, and Desa Ilmu, Kota Samarahan, organised by Sarbex at Boulevard Shopping Complex.

DIARY OF GROUP EVENTS

22-23 Mar

22 - 23 March 2003 - Kuching

The sales team for Desa Ilmu, Kota Samarahan, took part in a Property Fair organized by Bank Utama Berhad at Dewan Masyarakat.



27 Mar

27 March 2003 - Miri

Study Tour by the Miri Municipal Council to Bandar Baru Permyjaya.



5 - 7 April 2003 - Miri

NCSB organised the Preview Show for "Miss Tourism Intercontinental 2003" at Rihga Royal Hotel to raise funds for the proposed SK Chung Hwa Tudan, Sunflower Centre, Home for the Aged Miri, and Pusat Pemulihan Dalam Komuniti.

The Beauty Pageant contestants also visited Bandar Baru Permyjaya and the Sunflower Centre.

1 May

1 May 2003 - Kota Samarahan & Miri

Labour Day celebrations at Desa Ilmu and Bandar Baru Permyjaya.



9 May 2003 - Kota Samarahan

Friendly football match between NCSB and the Lands & Survey Department, Kota Samarahan, at the Kompleks Sukan.

9 May

30 May

30 May 2003 - Miri

Launching of single-storey terrace house "Aster" in Desa Indah 3, Bandar Baru Permyjaya.



25 June 2003 - Kuching

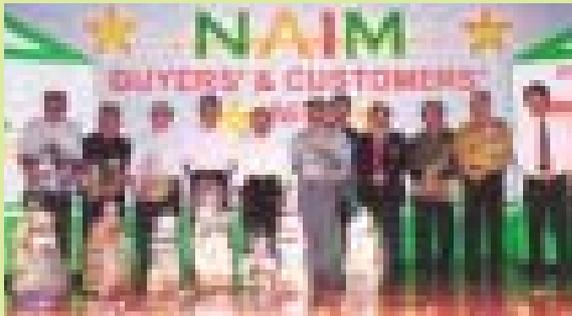
Custodev Tiga Sdn Bhd officially changed its name to Desa Ilmu Sdn Bhd.

9 May

27 June

27 June 2003 - Kuching

Fire drill exercise for the occupants of the 9-storey Wisma Naim, organised by Hasmi & Associates Property Services in collaboration with the Kuching Fire and Rescue Services Department.



10 July 2003 - Crowne Plaza Riverside Hotel, Kuching
Desa Ilmu Sdn Bhd held its inaugural 'Buyer Get Buyer' Dinner. Among those present were guests of honour Datuk Sri Haji Mohd Asfia Bin Awang Nassar (Advisor to the Naim Group) and Assistant Minister of Housing YB Dr. Abang Abd. Rauf Bin Abang Hj. Zen.

The change of our subsidiary company's name, from Custodev Tiga Sdn Bhd to Desa Ilmu Sdn Bhd, was formally announced at the dinner.

22 July 2003 - Kuching

In conjunction with Sarawak's 40 Anniversary of Independence Within Malaysia (Jubli Delima Sarawak), a contingent comprising 33 Naim staff participated in the parade held at Padang Merdeka.

22 July



23 July

23 July 2003 - Miri

An inspection visit to SRK & SMK Merbau was conducted by the Judging Committee for the Malaysian Construction Industry Excellence Award.

DIARY OF GROUP EVENTS

1 Aug

1 August 2003 - Miri

Launching of the 248 acre Desa Pujut 2, comprising 1,562 housing units, 36 shops and 1 wet market, at Bandar Baru Permyjaya. Two new single-storey semi detached designs, "Petunia" and "Gardenia" were also launched.

31 Aug

31 August 2003 - Miri

NCSB contingent took part in the Merdeka Day Parade.



12 Sept

12 September 2003 - Sunway Lagoon Resort, Kuala Lumpur

Naim adjudged winner of the prestigious Malaysian Construction Industry Excellence Award organized by the Construction Industry Development Board Malaysia (CIDB) under Category 1: Project Award, Sub Category Building – Medium Scale Project, for the successful construction of SRK & SMK Merbau, in Miri.



17 Sept

17 September 2003 - Istana Hotel, Kuala Lumpur

Appreciation Dinner to express thanks to everybody involved in the Group's double triumphs; the highly successful listing on the Main Board of Bursa Malaysia and the winning of the CIDB Award. Guest of Honour was YAB the Chief Minister of Sarawak, Pehin Sri Dr. Haji Abdul Taib Bin Mahmud.

A Memorandum Of Understanding with Realmild Sdn Bhd was also signed at the dinner.

25-28 Sept

25 – 28 September 2003 - Kuching
Property Road Show to promote Desa Ilmu, Kota Samarahan at Taman Kereta, organized by Sarbex.

27 Sept

27 September 2003 - Miri
A group of 40 retirees and their spouses from Shell were given a grand tour of all show houses at Bandar Baru Permyjaya.



2 – 3 October 2003 - Singapore
Road Show in Singapore, in collaboration with Credit Suisse First Boston (Singapore) Securities Pte Ltd and Deutsche Securities Asia Ltd to meet potential foreign investors.

2-3 Oct



14 Dec

14 December 2003 - Hilton Hotel, Kuching
Naim Group Annual Dinner & Hari Raya Gathering.

Appendix 1

OUTLOOK FOR THE MALAYSIAN ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Malaysian Economy for 2004 and beyond. Unless otherwise stated, these organisations have no connection with the Naim Group or its Subsidiaries. All statements are copyright of their respective originators and are used under the rule of fair comment.

Kasikorn Research Centre, Thailand

KRC deems that positive economic factors from internally and externally, plus the weakening USD, are all favorable to the competitiveness of Malaysian goods in the world market. In addition, their inflation remains low and other favorable financial factors, including a trend toward higher employment and wages, will help stimulate continued spending by Malaysians. All these positive factors indicate further growth rate for the Malaysian economy. The latest economic data for the accelerating Malaysian GDP Q4-03 evidences this. Therefore, KRC estimates that Malaysian economy is likely to expand steadily by 5.6 percent in 2004, accelerating over last year.

Tradewatch (Australian Govt. Trade Advisor)

Despite the impact of the regional outbreak of Severe Acute Respiratory Syndrome (SARS) and subdued global demand, the Malaysian economy performed better than expected in 2003. While investment spending is recovering slowly (reflecting lingering caution in the business community), private consumption and manufacturing outputs are growing strongly. Consensus Economics estimate that the Malaysian economy will expand by 5.6 per cent in 2004.

Private consumption is expected to remain strong in 2004, while business investment and manufacturing production are expected to experience substantial increases. Inflation is expected to remain moderate, averaging 1.8 per cent in 2004. Consensus Economics forecasts sustained merchandise trade surpluses which will result in a large current account surplus in 2004 (estimated at US\$8.5 billion).

However, with trade around 180 per cent of Malaysia's GDP, growth is largely dependent on the pace of recovery in the US and Japan, its largest export markets.

Pricewaterhouse Coopers

Bank Negara Malaysia, the central bank, expects the Malaysian economy to grow between 6% and 6.5% in 2004, substantially above the 5.2% gross domestic product (GDP) growth attained in 2003. All sectors of the economy would see growth, with the manufacturing and services sectors leading the way.

Among the reasons for the bullish outlook was a strong rebound of the private sector, which is starting to take the lead role as the country's engine of growth. Private consumption is expected to rise 8.1% this year versus 5.1% in 2003, while private investment activities are forecast to gain 11.5%, much higher than the 1.1% registered last year. The projections for growth in 2004 are also based on stronger global economic growth and led by the synchronized recovery across all regions, an upturn in global electronics' prices, and firm prices for crude palm oil and crude oil.

The Government's buoyant estimate puts Malaysia's economy on track to becoming one of the fastest growing in the Asia-Pacific this year.

Malaysian Government Economic Report 2003/2004

The world economic performance in the first half of 2003 took a dive on account of the war in Iraq and the outbreak of the Severe Acute Respiratory Syndrome ("SARS"). With the end of the Iraq war and containment of SARS, global economic performance in the second half of 2003 is expected to improve supported by indications of an upturn in the major economies towards the end of the second quarter. The expected return of investor and consumer confidence, resulting from accommodative monetary policies and fiscal easing in major economies, will further boost demand. However, there exist downside risks arising from continued global current account imbalances, inadequate structural reforms in some economies and security concerns in several parts of the world.

World output growth is expected to improve marginally to 3.2% in 2003 (2003:3%) given the weak economic environment. Weaknesses still persist in the euro area and Japan although some positive signs have emerged. Global growth continues to be dependent on the US, whose growth is expected to be slightly lower than the previous year at 2.2% (2002:2.4%)

Given the better prospects of world economic growth and international trade in 2004, with firm recovery taking place in several substantial industrialised countries and regional economies, the Malaysian economy is projected to strengthen and be reinforced by more vigorous domestic economic activities. In this regard, domestic demand (excluding change in stocks) in real terms is likely to increase at a fairly strong rate of 4.7% (2003:5%), generated largely by the private sector resuming its role as the engine of growth and supported by pro-growth fiscal and monetary measures.

Mayban Securities

Not too late to join the party - 2nd Quarter Outlook 2004

Malaysia is riding on a rejuvenated vigour and optimism. Asset prices are recovering and the private sector is back in the growth drivers' seat. At the macro level, 2004 has thus far surprised on the upside. We expect the momentum to continue in 2Q04.

We are upgrading our 2004 GDP growth forecast to 6.6% from 6.0%. There are enough evidence on the output and demand sides to warrant this revision. In particular, the manufacturing sector appears to be firing on all cylinders with an expected double digit growth this year. The top down picture for Malaysian equities looks good:

- 1) global economies are recovering steadily,
- 2) political risk has declined after the ruling coalition's resounding win in the general elections,
- 3) economic growth is gaining momentum,
- 4) corporate earnings growth is rising even faster,
- 5) foreign and local investor sentiment is improving, and
- 6) excess liquidity in the system provides the ability to shift funds into equity.

Valuations are still attractive. Due to improving fundamentals, better sentiments and reduced risk premiums, we reckon that the market deserves to trade at a higher PER of 18 times. With earnings growth of 14.8%, that translates to a KLCI fair value of 1,020, giving an upside of 14%. We believe that it's still not too late to join the party.

The main themes are domestic consumption and external trade as well as oil and gas, and water. We believe that the domestic consumption story is still a major driver for the equity market. The main beneficiaries are our overweight sectors of Banking, Gaming and Property.

Institute of Developing Economics, Japan

Forecast for the Economy in 2004: 5.6% Growth, Fueled by an Export Recovery and Private-Sector-led Expansion of Domestic Demand.

As the year 2004 unfolds, exports are expected to enter a recovery under the effects of expansions in the IT-related markets and a growing U.S. economy, as well as growth in private consumption and private investment, with the result that Malaysia's economy is forecast to register a growth rate of 5.6%, up 1 percentage point from 2003. Given the prospect that consumer confidence will be boosted in 2004 by factors such as an economic expansion and a continuation of the low-interest rate policy, private consumption in the year is forecast to increase by 6.6%, a rate faster than 2003's 4.5%.

The investment environment will improve as a result of policies, such as corporate tax cuts, aimed at achieving a private-sector-led economic expansion, and private investment in 2004 is forecast to increase by 10.4%, a rate 5.7 percentage points higher than in 2003. Reflecting a lull in public works projects, and thus an end, for the time being, to their ability to perform the role as a means of economic stimulus, public investment is expected to decrease by 4.1% in 2004. On the other hand, government consumption is expected to increase by 4.9% in 2004, due mainly to pay raises for government employees.

Real-term exports in 2004 are expected to increase by 7.2%, a rate much higher than in 2003, led mainly by increasing exports to the advanced economies and to China. Stimulated by the favorable performance of private investment and exports, imports are also forecast to increase by 6.9% in 2004, accelerating from the 1.7% growth rate registered in 2003. As a combined effect of the foregoing factors, the Malaysian economy in 2004, under the stimulus of an expansion of private domestic demand, and by expanding exports spurred by an upturn in the world economy, is forecast to register a growth rate of 5.6%, 1 percentage point higher than in 2003. The inflation rate of general prices in 2004 is forecast to be slightly higher than the rate in 2003, due to the effect of the economic expansion, but to still remain at a low 1.7%.

Forecast for the Economy in 2004: 5.6% Growth, Fueled by an Export Recovery and Private-Sector-led Expansion of Domestic Demand.

As the year 2004 unfolds, exports are expected to enter a recovery under the effects of expansions in the IT-related markets and a growing U.S. economy, as well as growth in private consumption and private investment, with the result that Malaysia's economy is forecast to register a growth rate of 5.6%, up 1 percentage point from 2003. Given the prospect that consumer confidence will be boosted in 2004 by factors such as an economic expansion and a continuation of the low-interest rate policy, private consumption in the year is forecast to increase by 6.6%, a rate faster than 2003's 4.5%.

The investment environment will improve as a result of policies, such as corporate tax cuts, aimed at achieving a private-sector-led economic expansion, and private investment in 2004 is forecast to increase by 10.4%, a rate 5.7 percentage points higher than in 2003. Reflecting a lull in public works projects, and thus an end, for the time being, to their ability to perform the role as a means of economic stimulus, public investment is expected to decrease by 4.1% in 2004. On the other hand, government consumption is expected to increase by 4.9% in 2004, due mainly to pay raises for government employees. Real-term exports in 2004 are expected to increase by 7.2%, a rate much higher than in 2003, led mainly by increasing exports to the advanced economies and to China. Stimulated by the favorable performance of private investment and exports, imports are also forecast to increase by 6.9% in 2004, accelerating from the 1.7% growth rate registered in 2003.

Appendix 2

OUTLOOK FOR THE SARAWAK ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Sarawak Economy and Housing Market for 2004 and beyond. Unless otherwise stated, these organisations have no connection with the Naim Group or its Subsidiaries. All statements are copyright of their respective originators and are used under the rule of fair comment.

Sarawak State Government (2004 State Budget Speech dated 8 December 2003)

The world economy is projected to perform much better in 2004 with the growth in global output estimated 4.1 percent. The US is forecast to post a GDP growth of 2.9 percent while the Euro area is expected to grow by 1.9 percent with Japan growing by 1.4 percent. The newly industrialised Asian economy is expected to grow by 4.2 percent while the developing countries at 5.6 percent.

Sarawak State Government (2004 Market Outlook)

In consonance with the better performance of the national economy, the State is also expected to perform better in 2004, with projected growth of 6.0 percent in 2004 against 5.0 percent for 2003. The growth of the State's GDP in 2004 is expected to be driven by the manufacturing, agriculture, construction and services sector.

WTW Property Market 2004*

In Kuching the residential subsector is viewed with some optimism.

The oversupply of shophouses in Miri indicates that this subsector will remain stable throughout 2004, while the establishment of Marina Park as part of the resort development of Miri will create good interest in the residential subsector.

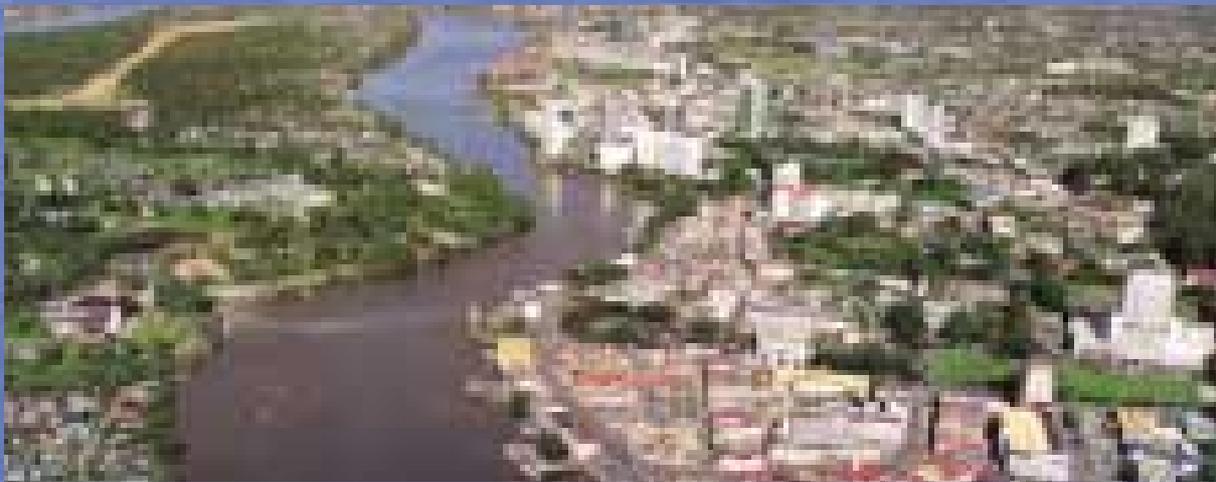
In Bintulu, the residential subsector is viewed with optimism particularly due to the spin-off effects of the rejuvenated Bakun Dam project and the commencement of an aluminium plant which will create an influx of migrant workers into Bintulu.

In Sibul, a stable property market is expected as prices of terraced houses and semi-detached houses in prime locations shot pass RM200,000 and RM350,000 respectively. Outlook for 2004 remains good with new developments expanding into new outlying areas.

The industrial sub-sector throughout the state is an issue of mismatch between supply and demand, particularly for the SMIs, in terms of location and access.

* Note: WTW occasionally act on behalf of the Naim Group in their capacity as Estate Agents and Property Market Consultants

Our Main Areas of Operations



Kuching City



Miri Town



Bintulu Town

Logo Rationale

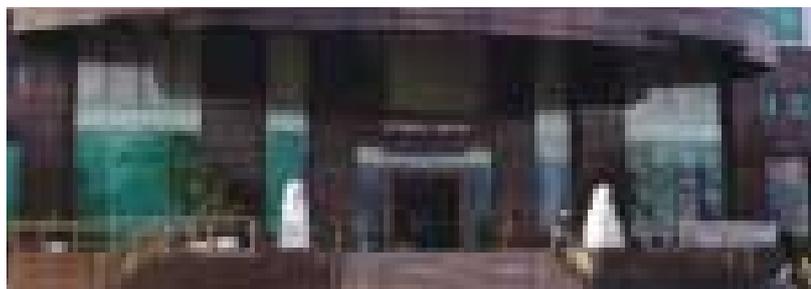
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The logotype displays the word Naim in green, red and gold, colours which reflect the group's strengths and capabilities. Green represents growth, sincerity and fairness, red represents strength and prosperity, whilst gold represents excellence and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

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	Note : Notice of Annual General Meeting and Proxy Form are attached separately



VISION & MISSION STATEMENTS

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 for our customers.

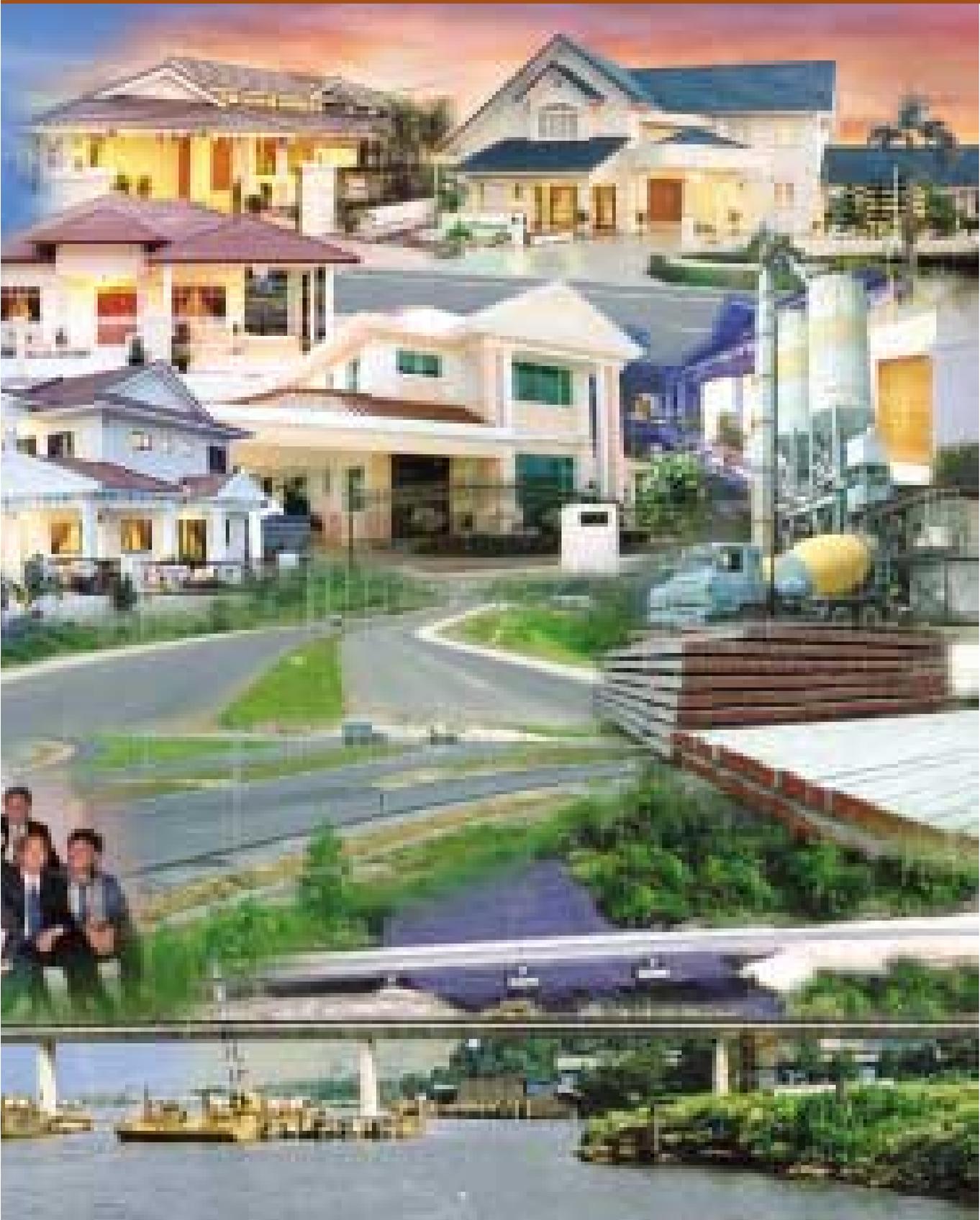
To provide increasing value and superior returns for our share-holders.

To empower every member of 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 which nurtures us.





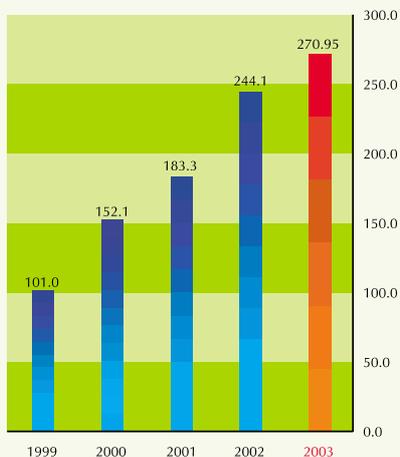
FINANCIAL HIGHLIGHTS

Year Ended 31 December	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	101,009	152,059	183,313	244,098	270,951
Profit Before Taxation	29,527	39,463	39,730	51,554	77,988
Net Profit	23,867	20,197	25,897	31,772	48,483
Total Assets	100,893	144,862	191,583	222,851	567,301
Net Tangible Assets	45,480	61,190	81,170	107,790	380,857
Shareholders' Equity	46,195	61,392	81,289	107,818	352,228
Total Number of Shares	203,425	203,425	203,425	203,425	250,000
Earnings Per Share (sen)	11.73	9.93	12.73	15.62	19.39
Gross Dividend Rate (%) *	2.46	2.46	2.95	2.95	9.00
Net Tangible Assets Per Share (sen)	22.4	30.1	39.9	53.0	152.34
Gearing Ratio	0.06	0.06	0.09	0.07	0.006

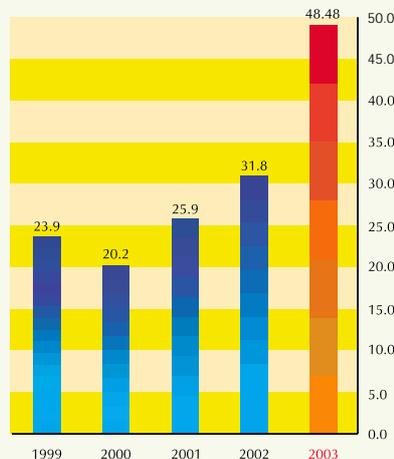
Notes:

- i. The financial highlights for the years ended 31 December 1999 to 2003 are presented on a pro-forma basis (as if Naim Cendera Sdn Bhd (NCSB) and its subsidiaries were part of the Naim Cendera Holdings Group since 1 January 1999.)
 - ii. The profit in 1999 was exempted from income tax in accordance with the Income Tax (Amendment) Act 1999.
- * Based on the gross dividend declared and paid by NCSB of RM5,000,000, RM5,000,000, RM6,000,000 and RM6,000,000 in respect of the financial years ended 31 December 1999, 2000, 2001, 2002 respectively and the number of shares assumed in issue of 203,425,000 shares. For 2003, the gross dividend rate is based on the interim dividend paid of 4.5% per share less tax, the proposed final dividend of 4.5% less tax, and the number of shares assumed to be in issue, i.e. 250,000,000 shares. The proposed final dividend of 4.5% per share less tax is subject to the approval of shareholders in the forthcoming Annual General Meeting.

Revenue
(RM Million)



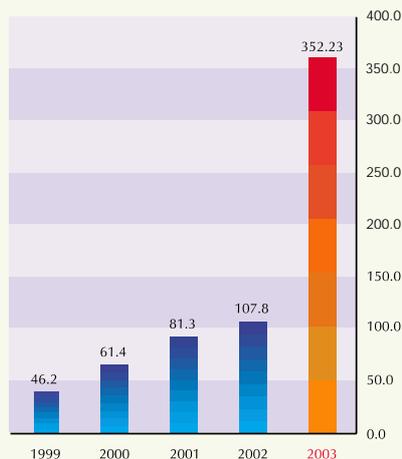
Net Profit
(RM Million)



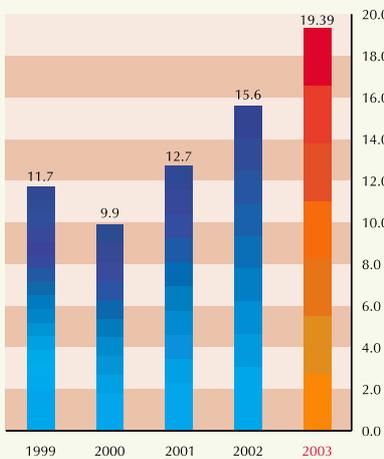
Profit Before Taxation
(RM Million)



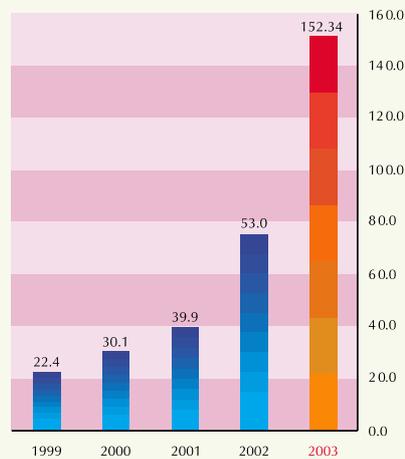
Shareholders' Equity
(RM Million)



Earnings Per Share
(Sen)



Net Tangible Assets Per Share
(Sen)

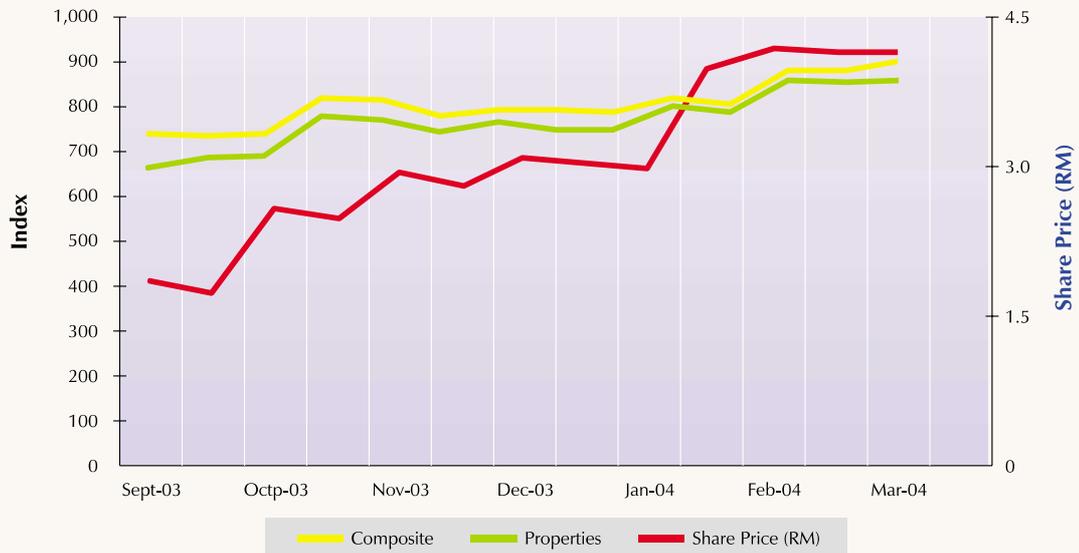


SHARE PERFORMANCE

Share Price & Lots Traded



Indexes & Naim's Share Price



	Sept '03	Oct '03	Nov '03	Dec '03	Jan '04	Feb '04	Mar '04
High (RM)	2.87	3.12	3.54	3.14	4.24	4.50	4.18
Low (RM)	1.73	2.48	2.80	2.68	2.98	4.10	3.94
Lots Traded	1,366,164	368,757	213,367	88,462	146,089	153,097	93,068

CORPORATE INFORMATION



Board of Directors

Non-Executive Chairman

Datuk Abdul Hamed Bin Sepawi

Managing Director & Chief Executive Officer

Datuk Hasmi Bin Hasnan

Executive Directors

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

Senior Independent Non-Executive Director

YB Tuan Haji Hamden Bin Haji Ahmad

Independent Non-Executive Directors

Ir. Abang Jemat Bin Abang Bujang
Dr. Sharifuddin Bin Abdul Wahab

Company Secretaries

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

Registered and Head Office

9th Floor Wisma Naim
2 1/2 Mile, Rock Road, 93200 Kuching, Sarawak
Tel: 082-411667
Fax: 082-233667
E-Mail: cendera@po.jaring.my
Website: www.naimcendera.com

Registrars

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-40416522
Fax: 03-40426352

Stock Exchange Listing

Main Board
on 12 September 2003
Sector: Property
Stock Code: 5073
Stock Name: Naim

Incorporation

5 July 2002 in Malaysia
under the Companies Act, 1965

Auditors

KPMG
(Firm No AF0758)
Chartered Accountants
Level 6, Westmoore House
Twin Tower Centre
Rock Road
93200 Kuching, Sarawak

Solicitors

Alvin Chong & Partners Advocates
Lots 176-177 (2nd Floor)
Jalan Song Thian Cheok
93100 Kuching, Sarawak

Principal Bankers

Bumiputra-Commerce Bank Berhad
Ground Floor Lot 1.1 Bangunan Satok
Jalan Satok/Kulas, 93400 Kuching, Sarawak

Malayan Banking Bhd
4th Floor, Crown Towers
88 Jalan Pending
93400 Kuching, Sarawak.

CORPORATE INFORMATION

NAIM CENDERA HOLDINGS BERHAD

HEADQUARTERS

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

KUCHING OFFICES

BUSINESS DEVELOPMENT DEPARTMENT

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

ACCOUNTS / FINANCE DEPARTMENT

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

CONSTRUCTION / Q.S. DEPARTMENT

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

PROPERTY DIVISION

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

MIRI OFFICES

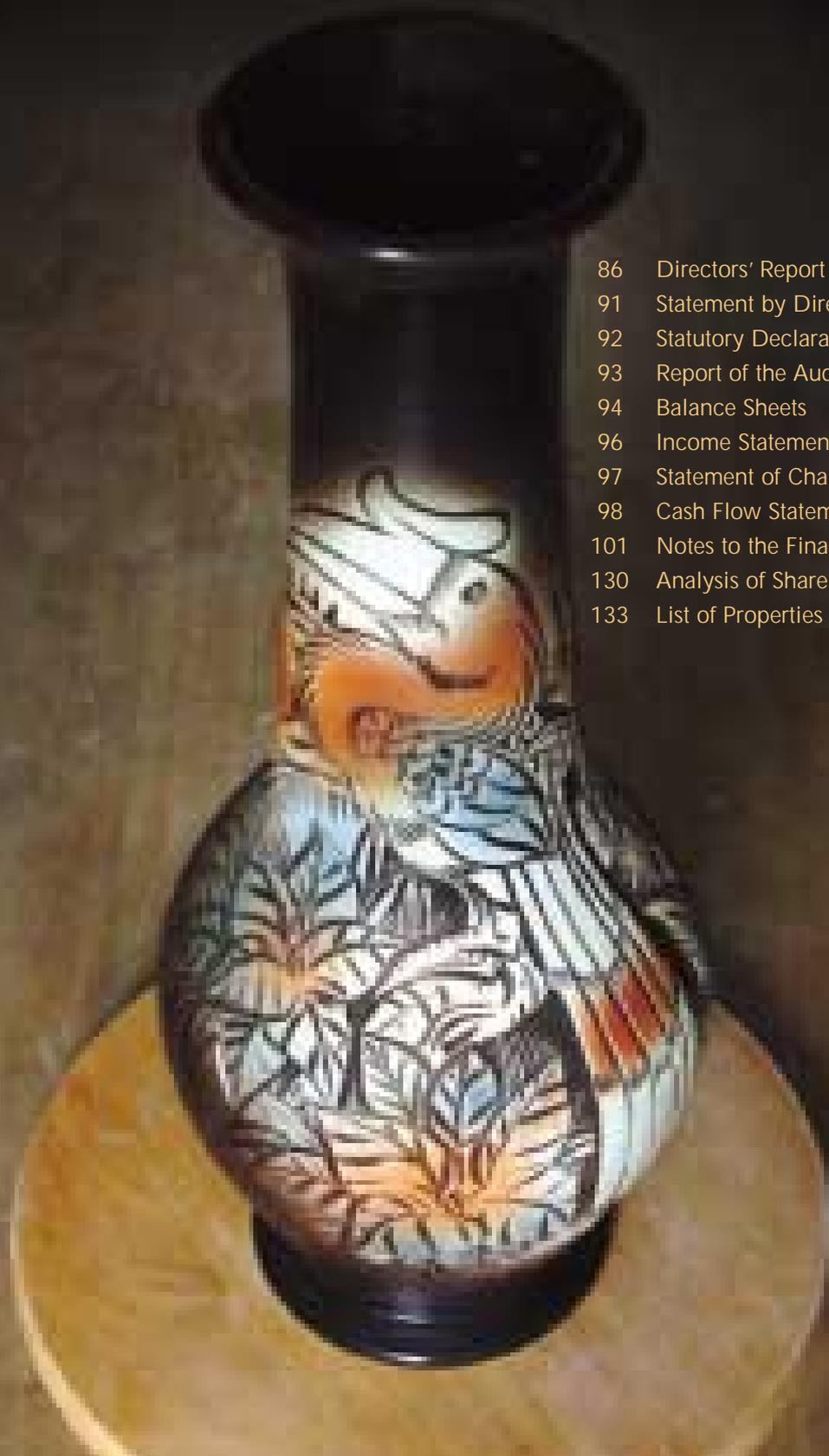
Ground Floor, Lot 889, 9 MCLD, Miri Waterfront
Commercial Centre 98000 Miri, Sarawak.

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

BINTULU OFFICE

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

FINANCIAL STATEMENTS



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98	Cash Flow Statements
101	Notes to the Financial Statements
130	Analysis of Shareholdings
133	List of Properties

DIRECTORS' REPORT for the year ended 31 December 2003

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2003.

Principal activities

The Company commenced operations during the financial year and is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries, which were acquired on 25 July 2003, are as stated in Note 3 to the financial statements. There have been no significant changes in the nature of the activities of the subsidiaries since acquisition.

Results

	Group RM	Company RM
Net profit for the year	24,246,533 =====	10,924,423 =====

Dividend

Since the end of the previous financial year, the Company paid an interim dividend of 4.5% per share less tax at 28% totalling RM8,100,000 in respect of the year ended 31 December 2003 on 19 December 2003.

The final dividend recommended by the Directors in respect of the year ended 31 December 2003 is 4.5% per share less tax at 28% totalling RM8,100,000.

Reserves and provisions

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

Directors of the Company

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

Datuk Abdul Hamed Bin Haji Sepawi (appointed on 25.7.2003)
Datuk Hasmi Bin Hasnan (appointed on 25.7.2003)
Ir. Suyanto Bin Osman (appointed on 25.7.2003)
William Wei How Sieng (appointed on 25.7.2003)
Kueh Hoi Chuang (appointed on 25.7.2003)
Abang Hasni Bin Abang Hasnan (appointed on 25.7.2003)
YB Tuan Haji Hamden Bin Haji Ahmad (appointed on 25.7.2003)
Ir. Abang Jemat Bin Abang Bujang (appointed on 25.7.2003)
Dr. Sharifuddin Bin Abdul Wahab (appointed on 25.7.2003)
Cheng Ah Teck @ Cheng Yik Lai (resigned on 25.7.2003)
Lau Hui Kwong (resigned on 25.7.2003)
Lee Siaw Wai (resigned on 25.7.2003)

Note : This note does not constitute part of the Director's Report and is included for readers' convenience only. The net profit of RM24,246,533 referred to on this page is the post-acquisition profit covering the period from 25th July to 31st December 2003. For details of pro-forma profit covering the entire year, please refer to "Note 31 - Acquisition of Subsidiaries" on pages 127-129 of this Annual Report.

Directors of the Company (continued)

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

	Number of ordinary shares of RM1.00 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
Shareholdings in the Company in which Directors have direct interests				
Datuk Abdul Hamed Bin Haji Sepawi	-	18,881,900	5,231,900	13,650,000
Datuk Hasmi Bin Hasnan	-	28,297,850	-	28,297,850
Ir. Suyanto Bin Osman	-	250,000	115,000	135,000
William Wei How Sieng	-	300,000	140,000	160,000
Kueh Hoi Chuang	-	300,000	155,900	144,100
Abang Hasni Bin Abang Hasnan	-	250,000	250,000	-
YB Tuan Haji Hamden Bin Haji Ahmad	-	100,000	100,000	-
Ir. Abang Jemat Bin Abang Bujang	-	100,000	75,000	25,000
Dr. Sharifuddin Bin Abdul Wahab	-	100,000	-	100,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2003/ Date of appointment	Bought	Sold	At 31.12.2003
Shareholdings in which a Director, Datuk Abdul Hamed Bin Haji Sepawi, has deemed interests				
The Company	-	55,615,700	11,240,000	44,375,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Naim Citra Sdn. Bhd.	300,000	450,000	-	750,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000

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

The Company	-	74,147,600	12,184,300	61,963,300
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Naim Citra Sdn. Bhd.	300,000	450,000	-	750,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000

DIRECTORS' REPORT for the year ended 31 December 2003 *(continued)*

	Number of ordinary shares of RM1.00 each			
	At 1.1.2003/ Date of appointment	Bought	Sold	At 31.12.2003
Shareholdings in which a Director, William Wei How Sieng, has deemed interests				
The Company	-	9,265,950	668,400	8,597,550
Total Reliability Sdn. Bhd.	180,000	-	-	180,000
TR Smart Piles Sdn. Bhd.	45,000	-	-	45,000

Directors' benefits

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

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

Issue of shares and debentures

During the financial year, the authorised share capital of the Company was increased from RM500,000 to RM500,000,000 by the creation of 499,500,000 new ordinary shares of RM1.00 each, ranking pari passu in all respects with the existing ordinary shares of the Company.

In conjunction with the listing of the Company's share capital on the Main Board of Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) on 12 September 2003, the issued and paid-up share capital of the Company was increased from RM106,000 to RM250,000,000, as follows:

Date of issue	Type of shares	Terms and purpose of issue	Number of shares
25.7.2003	Ordinary shares of RM1.00 each	Consideration for the acquisition of Naim Cendera Sdn. Bhd. and its subsidiaries for RM279,961,920 at an issue price of approximately RM1.38 per share credited as fully paid-up.	203,319,000
5.9.2003	Ordinary shares of RM1.00 each	Public issue at RM1.30 per share for cash.	46,575,000
			<u>249,894,000</u>

Option granted over unissued shares

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

Other statutory information

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

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

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

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

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

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

DIRECTORS' REPORT for the year ended 31 December 2003 *(continued)*

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

In the opinion of the Directors, except as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

Signed in accordance with a resolution of the Directors:

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 26 April, 2004

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 94 to 129 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 26 April, 2004

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Kho Teck Hock**, the officer primarily responsible for the financial management of Naim Cendera Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 129 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 26 April, 2004

Kho Teck Hock

Before me:

LIEW SHAU JIN
Commissioner For Oaths,
Lo 173, 1st Floor, Section 49,
Jalan Chan Chin Ann,
93100 Kuching, Sarawak.

REPORT OF THE AUDITORS

to the members of Naim Cendera Holdings Berhad

We have audited the financial statements set out on pages 94 to 129. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

and

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

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

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

KPMG

Firm Number: AF 0758

Chartered Accountants

Chin Chee Kong

Partner

Approval Number: 1481/1/05 (J)

Kuching,

Date: 26 April, 2004

BALANCE SHEETS

at 31 December 2003

	Note	Group 2003 RM	Company 2003 RM	2002 RM
Property, plant and equipment	2	39,878,521	-	-
Investment in subsidiaries	3	-	279,961,920	-
Investment in associate	4	1,621,826	-	-
Investment in jointly controlled entities	5	565,829	-	-
Other investments	6	474,101	-	-
Land held for development	7	247,789,882	-	-
Deferred tax assets	8	21,000	-	-
Current assets				
Inventories	9	4,808,863	-	-
Properties under development	10	73,067,177	-	-
Trade and other receivables	11	68,367,500	197,055	-
Amount due from subsidiaries	12	-	3,700,000	-
Amount due from an associate	13	38,269	-	-
Tax recoverable		2,463,981	-	-
Deposits, cash and bank balances	14	128,204,442	56,650,379	99,389
		<u>276,950,232</u>	<u>60,547,434</u>	<u>99,389</u>
Current liabilities				
Trade and other payables	15	77,507,488	553,739	4,362
Amount due to subsidiaries	12	-	942,035	-
Borrowings - secured	16	533,374	-	-
Taxation		1,121,344	108,000	-
		<u>79,162,206</u>	<u>1,603,774</u>	<u>4,362</u>
Net current assets		<u>197,788,026</u>	<u>58,943,660</u>	<u>95,027</u>
		<u>488,139,185</u>	<u>338,905,580</u>	<u>95,027</u>
		=====	=====	=====

Balance sheets at 31 December 2003 (continued)

	Note	Group 2003 RM	Company 2003 RM	Company 2002 RM
Financed by:				
Capital and reserves				
Share capital	17	250,000,000	250,000,000	106,000
Share premium		86,092,130	86,092,130	-
Retained profits/ (Accumulated losses)	18	16,135,560	2,813,450	(10,973)
		<u>352,227,690</u>	<u>338,905,580</u>	<u>95,027</u>
Reserve on consolidation	19	28,629,536	-	-
Minority shareholders' interests	20	28,539,927	-	-
Long term and deferred liabilities				
Borrowings - secured	16	1,640,032	-	-
Deferred tax liabilities	8	77,102,000	-	-
		<u>488,139,185</u>	<u>338,905,580</u>	<u>95,027</u>
		=====	=====	=====

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2004.

The notes set out on pages 101 to 129 form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENTS for the year ended 31 December 2003

	Note	Group 2003 RM	Company 2003 RM	2002 RM
Revenue	21	143,925,351	15,410,926	-
Cost of sales/operations	21	(97,637,270)	-	-
Gross profit		46,288,081	15,410,926	-
Other operating income		569,696	3,074	-
Distribution cost		(56,722)	-	-
Administrative expenses		(9,684,056)	(237,577)	(10,973)
Operating profit/(loss)	21	37,116,999	15,176,423	(10,973)
Income from investments	23	336,728	-	-
Reserves on consolidation recognised	19	2,561,609	-	-
Interest expense		(250,484)	-	-
		39,764,852	15,176,423	(10,973)
Share of profit of an associate		132,243	-	-
Share of profit of jointly controlled entities		446,355	-	-
Profit/(Loss) before taxation		40,343,450	15,176,423	(10,973)
Tax - Company and subsidiaries		(12,311,152)	(4,252,000)	-
- associate		(2,027)	-	-
- jointly controlled entities		(125,000)	-	-
Tax expense	24	(12,438,179)	(4,252,000)	-
Profit/(Loss) after taxation		27,905,271	10,924,423	(10,973)
Minority interests		(3,658,738)	-	-
Net profit/(loss) for the year		24,246,533	10,924,423	(10,973)
		=====	=====	=====
Basic earnings per ordinary share (sen)	25	23.4		
		=====		
Dividends per ordinary share - net (sen)	26	6.5		
		=====		

The notes set out on pages 101 to 129 form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

	Note	Share capital RM	Non-distributable Share premium RM	Distributable (Accumulated losses)/ Retained profits RM	Total RM
Group					
At 1 January 2003		106,000	-	(10,973)	95,027
Issue of shares		249,894,000	90,615,420	-	340,509,420
Share issue expenses		-	(4,523,290)	-	(4,523,290)
Net profit for the year		-	-	24,246,533	24,246,533
Dividend	26	-	-	(8,100,000)	(8,100,000)
At 31 December 2003		250,000,000	86,092,130	16,135,560	352,227,690
		=====	=====	=====	=====
		Note 17			
Company					
At 5 July 2002 (Date of incorporation)		2	-	-	2
Issue of shares		105,998	-	-	105,998
Net loss for the year		-	-	(10,973)	(10,973)
At 31 December 2002		106,000	-	(10,973)	95,027
Issue of shares		249,894,000	90,615,420	-	340,509,420
Share issue expenses		-	(4,523,290)	-	(4,523,290)
Net profit for the year		-	-	10,924,423	10,924,423
Dividend	26	-	-	(8,100,000)	(8,100,000)
At 31 December 2003		250,000,000	86,092,130	2,813,450	338,905,580
		=====	=====	=====	=====
		Note 17		Note 18	

The notes set out on pages 101 to 129 form an integral part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS

for the year ended 31 December 2003

	Group 2003 RM	Company 2003 RM	2002 RM
Cash flows from operating activities			
Profit/(Loss) before taxation	40,343,450	15,176,423	(10,973)
Adjustments for:			
Depreciation	2,369,727	-	-
Dividend income	(6,432)	(14,800,000)	-
Loss on disposal of property, plant and equipment	152,558	-	-
Gain on disposal of quoted shares	(44,083)	-	-
Interest expense	345,960	-	-
Interest income	(821,222)	(490,926)	-
Reserve on consolidation recognised	(2,561,609)	-	-
Share of profit in an associate	(132,243)	-	-
Share of profit of jointly controlled entities	(446,355)	-	-
	<hr/>	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	39,199,751	(114,503)	(10,973)
(Increase)/Decrease in working capital:			
Inventories	632,095	-	-
Properties under development	(5,860,077)	-	-
Trade and other receivables	24,215,474	(197,055)	-
Trade and other payables	105,640	549,377	4,362
Amount due from/to subsidiaries	-	(2,757,965)	-
Amount due from an associate	192,156	-	-
	<hr/>	<hr/>	<hr/>
Cash generated from/(used in) operations	58,485,039	(2,520,146)	(6,611)
Income taxes paid	(14,343,178)	(4,144,000)	-
Interest paid	(95,476)	-	-
Interest received	491,319	490,926	-
	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	44,537,704	(6,173,220)	(6,611)
	=====	=====	=====

Cash flow statements for the year ended 31 December 2003 (continued)

	Group 2003 RM	Company 2003 RM	Company 2002 RM
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired (Note 31)	65,021,695	-	-
Increase in deposits pledged to licensed banks	(3,747,293)	-	-
Dividends received	6,432	14,800,000	-
Interest received	329,903	-	-
Proceeds from disposal of property, plant and equipment	101,035	-	-
Proceeds from disposal of other investments	112,818	-	-
Purchase of other investments	(7,151)	-	-
Purchase of property, plant and equipment [Note (i)]	(561,835)	-	-
	-----	-----	-----
Net cash generated from investing activities	61,255,604	14,800,000	-
	=====	=====	=====
Cash flows from financing activities			
Repayment of hire purchase principal	(6,770,013)	-	-
Repayments of term loans	(91,261)	-	-
Interest paid	(250,484)	-	-
Proceeds from issuance of shares	60,547,500	60,547,500	106,000
Share issue expenses	(4,523,290)	(4,523,290)	-
Dividends paid by the Company	(8,100,000)	(8,100,000)	-
Dividends paid to minority shareholders by indirect subsidiaries	(3,688,000)	-	-
Special dividend paid by the direct subsidiary to its former shareholders	(18,560,000)	-	-
	-----	-----	-----
Net cash generated from financing activities	18,564,452	47,924,210	106,000
	=====	=====	=====
Net increase in cash and cash equivalents	124,357,760	56,550,990	99,389
Cash and cash equivalents at beginning of year [Note (ii)]	99,389	99,389	-
	-----	-----	-----
Cash and cash equivalents at end of year [Note (ii)]	124,457,149	56,650,379	99,389
	=====	=====	=====

CASH FLOW STATEMENTS for the year ended 31 December 2003 *(continued)*

Notes

(i) *Purchase of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,661,835, of which RM1,100,000 was financed by hire purchase loans while the balance was paid for in cash.

(ii) *Cash and cash equivalents*

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

	Group	Company	
	2003	2003	2002
	RM	RM	RM
Fixed deposits (excluding fixed deposits pledged)	92,060,302	52,234,906	-
Cash and bank balances	32,396,847	4,415,473	99,389
	<u>124,457,149</u>	<u>56,650,379</u>	<u>99,389</u>
	=====	=====	=====

The notes set out on pages 101 to 129 form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs; and
- (iii) MASB 29, Employee Benefits.

Apart from the new policies and extended disclosures where required by these new standards, the adoption thereof has no effect on the financial statements as the previous policies were in line with these standards.

(a) Basis of accounting

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

(b) Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

(c) Associates

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

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

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

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

(d) Joint venture

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

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

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

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

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

Depreciation

Leasehold land is amortised equally over its remaining lease terms. Other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets over the term of their estimated useful lives at the following principal annual rates:

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

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

(f) Investments

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

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

(g) Land held for development

Land held for development is stated at cost and comprises land on which no significant development work has been undertaken. When significant development work commences on such land, the land is transferred to properties under development.

(h) Goodwill and reserve on consolidation

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

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

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

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

(i) Inventories

(i) *Developed properties*

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and other related development costs.

(ii) *Other Inventories*

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

(j) Properties under development

Properties under development comprising land and development expenditure are stated at cost plus attributable profit less foreseeable losses, net of progress billings. Development expenditure includes interest expense on loans and advances utilised to finance on-going development.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

(k) Trade and other receivables

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

(l) Amount due from contract customers

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

(m) Cash and cash equivalents

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

(n) Impairment

The carrying amount of the Group's assets, other than inventories [refer Note 1(i)], deferred tax assets [refer Note 1(r)], assets arising from construction contracts and financial assets (except investments in subsidiaries, associates and jointly controlled entities), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. An impairment loss is charged to the income statement.

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

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

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

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

(o) **Liabilities**

Borrowings and trade and other payables are stated at cost.

(p) **Hire purchase loans**

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

(q) **Capitalisation of borrowing costs**

Borrowing costs incurred on properties under development and gross amount due from contract customers are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use or when the construction contracts have been completed.

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

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

(r) **Income tax**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

(s) Employee benefits

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

(t) Income recognition

(i) *Construction contracts*

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

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

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

(ii) *Property development*

Profit from property development is recognised using the percentage of completion method on properties sold, by reference to the proportion that development costs incurred for development work performed to date that reflect work performed bear to the total estimated development costs. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

(iii) *Sale of goods*

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

(iv) *Dividend income*

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

(v) *Interest income*

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

(vi) *Management fees*

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

(u) Interest expenses

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

2. Property, plant and equipment

Group	Outright purchase						Under hire purchase			Total RM
	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Furniture and fittings RM	Motor vehicles RM	Office and factory equipment RM	Plant and machinery RM	Motor vehicles RM	Plant and machinery RM	
Cost										
Opening balance	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	18,454,133	3,851,806	5,931,081	2,147,789	2,342,668	3,094,377	5,624,443	5,699,745	7,765,111	54,911,153
Additions	85,326	20,942	140,112	348,228	88,000	108,498	83,987	786,742	-	1,661,835
Disposals	(17,501)	-	-	(29,041)	(314,800)	(18,739)	-	-	-	(380,081)
Transfers	-	-	-	-	4,479,036	-	7,427,711	(4,479,036)	(7,427,711)	-
Closing balance	18,521,958	3,872,748	6,071,193	2,466,976	6,594,904	3,184,136	13,136,141	2,007,451	337,400	56,192,907
Depreciation										
Opening balance	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	176,388	238,653	475,638	982,579	1,873,532	1,614,468	3,881,642	2,501,463	2,326,784	14,071,147
Charge for the year	295,186	83,106	62,539	134,485	86,566	206,078	361,769	498,738	641,260	2,369,727
Disposals	-	-	-	(4,938)	(116,778)	(3,312)	-	(1,460)	-	(126,488)
Transfers	-	-	-	-	1,985,953	-	2,804,093	(1,985,953)	(2,804,093)	-
Closing balance	471,574	321,759	538,177	1,112,126	3,829,273	1,817,234	7,047,504	1,012,788	163,951	16,314,386
Net book value										
At 31 December 2003	18,050,384	3,550,989	5,533,016	1,354,850	2,765,631	1,366,902	6,088,637	994,663	173,449	39,878,521

Accumulated depreciation above includes the accumulated depreciation of Naim Cendera Sdn. Bhd. and its subsidiaries prior to acquisition by the Company on 25 July 2003.

The Group has nineteen parcels of long-term leasehold land with lease terms expiring between the years 2054 and 2062. It also has four parcels of short-term leasehold land with lease term expiring between the years 2038 and 2052. The title to one parcel of long-term leasehold land and the building thereon costing RM810,572 and the titles to another five parcels of long-term leasehold land costing RM1,343,361 have yet to be issued by the relevant authority. Three parcels of long term leasehold land costing RM16,747,000 have only been issued provisional titles by the relevant authorities. In addition, the strata titles to two buildings are in the process of being obtained from the authorities.

A parcel of long-term leasehold land and two parcels of short-term leasehold land and the buildings thereon, costing RM4,103,467, are charged to banks to secure banking facilities granted (Note 16).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

Depreciation charge for the year is allocated as follows:

	Group 2003 RM
Income statements (Note 21)	1,802,804
Properties under development (Note 10)	312,906
Construction costs (Note 11)	254,017
	<u>2,369,727</u>
	=====

3. Investment in subsidiaries

	Company	
	2003 RM	2002 RM
Unquoted shares - at cost	279,961,920	-
	=====	=====

Subsidiaries	Principal activities	Country of incorporation	Effective ownership interest 2003 %
Naim Cendera Sdn. Bhd.	Property developer, civil and building contractor	Malaysia	100
<u>Subsidiaries of Naim Cendera Sdn. Bhd.</u>			
Total Reliability Sdn. Bhd.	Property developer, civil and building contractor	Malaysia	51
Desa Ilmu Sdn. Bhd. (formerly known as Custodev Tiga Sdn. Bhd.)	Property development	Malaysia	60
Naim Citra Sdn. Bhd.	Construction contractor	Malaysia	60
TR Earthwork Sdn. Bhd.	Earthwork contractor and rental of machinery	Malaysia	100

3. Investment in subsidiaries (continued)

Subsidiaries	Principal activities	Country of incorporation	Effective ownership interest 2003 %
TR Smart Piles Sdn. Bhd.	Manufacturing and sale of reinforced concrete piles	Malaysia	51
TR Bricks Sdn. Bhd.	Manufacturing and sale of bricks	Malaysia	45
TR Green Sdn. Bhd.	Contractor for landscaping services	Malaysia	100
Naim Cendera Dua Sdn. Bhd.	Trading of cement, steel bar and wire	Malaysia	100
Naim Cendera Tujuh Sdn. Bhd.	Dormant	Malaysia	100
Naim Cendera Lapan Sdn. Bhd.	Dormant	Malaysia	100
Naim Commercial Sdn. Bhd.	Dormant	Malaysia	100
Naim Realty Sdn. Bhd.	Dormant	Malaysia	100
Naim Management Sdn. Bhd.	Dormant	Malaysia	100
Khidmat Mantap Sdn. Bhd.	Dormant	Malaysia	100
Dataran Wangsa Sdn. Bhd.	Dormant	Malaysia	100
Yakin Jelas Sdn. Bhd.	Dormant	Malaysia	100
Naim Housing Sdn. Bhd.	Dormant	Malaysia	70.6

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. Investment in associate - Group

	2003 RM
Unquoted shares, at cost	1,491,610
Share of post acquisition reserves	130,216
	<hr/>
	1,621,826
	=====
Represented by:	
Group's share of net assets	1,621,826
	=====

Details of the associate are as follows:

Associate	Principal activity	Country of incorporation	Group's effective equity interest 2003 %
TR Concrete Sdn. Bhd.	Manufacturing and sale of premix concrete	Malaysia	17.85*

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

5. Investment in jointly controlled entities - Group

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

	2003 RM
Long-term assets	90,906
Current assets	6,279,490
Current liabilities	(3,322,216)
Long-term liabilities	(2,482,351)
	<hr/>
Net assets	565,829
	=====
Income	13,045,383
Expenses	(12,599,028)
	<hr/>
Share of profit	446,355
less : Tax expenses	125,000
	<hr/>
	321,351
	=====

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

Details of the jointly controlled entities are as follows:

Name	Principal activities	Proportion of ownership interest 2003 %
Konsortium Javel Naim Cendera	Construction contractor	50
Naim-PW JV	Construction contractor	51
PPES Works – Naim Cendera JV	Construction contractor	45

6. **Other investments - Group**

	2003 RM
At cost :	
Quoted shares,	318,876
Unit trusts	155,215
Unquoted shares,	10
	<hr/> 474,101
	=====

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

7. **Land held for development - Group**

	2003 RM
Land - at cost	
Long-term leasehold	245,585,305
Short-term leasehold	1,989,828
Freehold	214,749
	<hr/> 247,789,882
	=====

Included in the leasehold land are three parcels of land costing RM104,895,000 which are charged to banks to secure banking facilities granted to certain subsidiaries (Note 16).

The lease terms of the Group's long-term leasehold land expire between the years 2055 and 2063 while that of the short term leasehold land, in the year 2052.

Three parcels of freehold land of a subsidiary are held by a Director in trust for the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

Group	At 1.1.2003 RM	Acquisition of subsidiaries RM	(Charged)/ Credited to income statement (Note 24) RM	At 31.12.2003 RM
<i>Deferred tax assets</i>				
Property, plant and equipment	-	-	21,000	21,000
	=====	=====	=====	=====
<i>Deferred tax liabilities</i>				
Property, plant and equipment	-	(43,900)	(205,100)	(249,000)
Allowances	-	-	89,000	89,000
Fair value adjustments	-	(77,004,000)	62,000	(76,942,000)
	-----	-----	-----	-----
	-	(77,047,900)	(54,100)	(77,102,000)
	=====	=====	=====	=====

Unrecognised deferred tax assets

The tax effects of the following temporary differences have not been recognised in the financial statements of the Group:

	2003 RM
Unabsorbed capital allowances	4,000
Unutilised tax losses	141,000

	145,000
	=====

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation. The deferred tax assets of RM41,000 arising from the above temporary differences have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the affected subsidiaries can utilise the benefits.

9. Inventories - Group

	2003 RM
At cost:	
Developed properties	665,796
Building materials	1,274,837
Raw materials	71,728
Manufactured inventories	2,331,240
Consumables	350,516
Others	114,746
	<hr/>
	4,808,863
	=====

10. Properties under development - Group

	2003 RM
Land and development costs	255,646,421
Attributable profits	71,868,803
	<hr/>
	327,515,224
Progress billings	(254,448,047)
	<hr/>
	73,067,177
	=====

The land and development costs, attributable profits and progress billings above include balances of Naim Cendera Sdn. Bhd. and its subsidiaries prior to acquisition by the Company on 25 July 2003.

Certain land of the Group costing RM779,000 is charged to banks to secure banking facilities granted (Note 16).

Additions to development costs of the Group during the year include:

	2003 RM
Depreciation (Note 2)	312,906
Directors' remuneration	170,505
Interest expense	44,530
Hiring of equipment	369,134
Rental of premises	46,431
	<hr/>
	=====

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Trade and other receivables

	Group 2003 RM	2003 RM	Company 2002 RM
Trade receivables (including progress billings receivable)	57,168,469	-	-
Amount due from contract customers	5,095,373	-	-
Deposits	1,261,090	-	-
Prepayments	986,635	-	-
Other receivables	3,855,933	197,055	-
	<u>68,367,500</u>	<u>197,055</u>	<u>-</u>
	=====	=====	=====

Amount due from contract customers - Group

	2003 RM
Aggregate costs incurred to date	177,226,473
Attributable profits	56,133,581
	<u>233,360,054</u>
Progress billings	(241,016,139)
	<u>(7,656,085)</u>
Amount due to contract customers reclassified to trade and other payables (Note 15)	12,751,458
	<u>5,095,373</u>
	=====

The aggregate costs incurred to date, attributable profits and progress billings above include the balances of Naim Cendera Sdn. Bhd. and its subsidiaries prior to acquisition by the Company on 25 July 2003.

Additions to aggregate costs incurred during the year include:

Depreciation (Note 2)	254,017
Directors' remuneration	165,744
Hiring of equipment	833,033
Interest expenses	50,946
Rental of premises	53,450
	=====

12. Amounts due from/to subsidiaries - Company

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

13. Amount due from an associate - Group

The amount due from an associate is non-trade in nature, unsecured and interest free.

14. Deposits, cash and bank balances

	Group 2003 RM	2003 RM	Company 2002 RM
Fixed deposits placed with licensed banks	95,807,595	52,234,906	-
Cash and bank balances	32,396,847	4,415,473	99,389
	<u>128,204,442</u>	<u>56,650,379</u>	<u>99,389</u>
	=====	=====	=====

Fixed deposits of the Group amounting to RM3,747,293 are pledged to banks to secure bank guarantee facilities granted to the Group.

15. Trade and other payables

	Group 2003 RM	2003 RM	Company 2002 RM
Trade payables	54,054,592	-	-
Accruals	4,368,304	202,500	-
Advances from property buyers	1,182,402	-	-
Other payables	5,150,732	351,239	4,362
	<u>64,756,030</u>	<u>553,739</u>	<u>4,362</u>
Amount due to contract customers (Note 11)	12,751,458	-	-
	<u>77,507,488</u>	<u>553,739</u>	<u>4,362</u>
	=====	=====	=====

Included in the trade payables of the Group are retention sums amounting to RM16,177,215.

Included in other payables is an amount owing to a minority shareholder of a subsidiary of RM234,660. The amount will be settled through transfer of two vacant detached lots from the said subsidiary's current housing development projects.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Borrowings - secured

	Group 2003 RM
Current	
Term loans	182,641
Hire purchase liabilities	350,733
	<hr/> 533,374 <hr/>
Non-current	
Term loans	1,261,241
Hire purchase liabilities	378,791
	<hr/> 1,640,032 <hr/>
Total	2,173,406 =====

The Group has three term loans. The first and second term loans are secured by way of a first legal charge over two parcels of land and buildings of certain subsidiaries (Note 2). The third term loan is secured by way of a first legal charge over a plot of land and the building thereon (Note 2) and is also jointly and severally guaranteed by certain directors of a subsidiary.

The Group has an unsecured and four secured overdraft facilities of RM26.9 million, which were not utilised as at 31 December 2003. Of the secured overdraft facilities, the first is secured in the same manner as the first term loan mentioned above. The second to fourth are secured on certain parcels of land of the Group and are guaranteed by certain Directors or by the direct subsidiary, as the case may be.

The Group has a bridging finance facility of RM4.3 million, which was not utilised at 31 December 2003. The facility is secured on a parcel of land of a subsidiary and guaranteed by a Director of the subsidiary.

Terms and debt repayment schedule

Group	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
<i>Term loans - interest variable from 0.50% to 2.00% per annum above base lending rate</i>	1,443,882	182,641	196,527	604,426	460,288
<i>Hire purchase - interest fixed at 3.25% to 6.60% flat per annum</i>	729,524	350,733	184,881	189,221	4,689
	<hr/> 2,173,406 <hr/>	<hr/> 533,374 <hr/>	<hr/> 381,408 <hr/>	<hr/> 793,647 <hr/>	<hr/> 464,977 <hr/>
	=====	=====	=====	=====	=====

16. Borrowings – secured (continued)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	2003		
	Payments RM	Interest RM	Principal RM
Less than one year	385,768	35,035	350,733
Between one and two years	203,762	18,881	184,881
Between two and five years	199,996	10,775	189,221
More than five years	4,759	70	4,689
	<u>794,285</u> =====	<u>64,761</u> =====	<u>729,524</u> =====

17. Share capital

	Group	Company	
	2003 RM	2003 RM	2002 RM
Ordinary shares of RM1.00 each			
Authorised			
Opening balance	500,000	500,000	500,000
Created during the year	499,500,000	499,500,000	-
Closing balance	<u>500,000,000</u> =====	<u>500,000,000</u> =====	<u>500,000</u> =====
Issued and fully paid			
Opening balance	106,000	106,000	2
Issued during the year	249,894,000	249,894,000	105,998
Closing balance	<u>250,000,000</u> =====	<u>250,000,000</u> =====	<u>106,000</u> =====

18. Retained profits - Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to distribute all its retained profits at 31 December 2003 as dividends.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Reserve on consolidation - Group

	2003 RM
Cost	
Opening balance	-
Acquisition of subsidiaries	31,191,145
Closing balance	<u>31,191,145</u>
Recognition	
Opening balance	-
Recognised in the income statement (Note 21)	2,561,609
Closing balance	<u>2,561,609</u>
Net book value	<u>28,629,536</u> =====

20. Minority shareholders' interests - Group

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

21. Operating profit/(loss)

	Group 2003 RM	Company 2003 RM	2002 RM
Revenue			
- sale of properties	78,581,348	-	-
- contract revenue	59,100,569	-	-
- sale of goods	5,752,508	-	-
- management fees	-	120,000	-
- interest income	490,926	490,926	-
- dividend income from subsidiaries	-	14,800,000	-
	<u>143,925,351</u>	<u>15,410,926</u>	<u>-</u>
	=====	=====	=====
Cost of sales/operations			
- cost of properties sold	52,279,944	-	-
- contract costs recognised as an expense	39,916,949	-	-
- cost of goods sold	5,440,377	-	-
	<u>97,637,270</u>	<u>-</u>	<u>-</u>
	=====	=====	=====

	Group 2003 RM	Company 2003 RM	2002 RM
Operating profit/(loss) is arrived at after crediting:			
Reserve on consolidation recognised (Note 19)	2,561,609	-	-
Gain on disposal of quoted shares	44,083	-	-
Hire of plant and machinery	7,420	-	-
Income from liquidated and ascertained damages	119,600	-	-
Interest on overdue trade balances	35,242	-	-
Rental of premises	27,871	-	-
	=====	=====	=====
and after charging:			
Allowance for doubtful debts	4,099,675	-	-
Audit fee	122,600	10,000	500
Depreciation (Note 2)	1,802,804	-	-
Directors' fees	118,458	112,500	-
Directors' other emoluments	1,373,792	-	-
Loss on disposal of property, plant and equipment	152,558	-	-
Rental of equipment	108,477	-	-
Rental of premises	9,584	-	-
	=====	=====	=====

The estimated monetary value of Directors' benefits-in-kind is RM33,717.

Included in the Directors' other emoluments of the Group is contributions to the Employees Provident Fund of RM182,793.

22. Employee information

	Group 2003 RM	Company 2003 RM	2002 RM
Staff costs	5,601,811	-	-
	=====	=====	=====

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

The Company does not have any employees except the Directors.

Included in the staff costs of the Group is contributions to the Employees Provident Fund of RM623,807.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

23. Income from investments

	Group 2003 RM	Company 2003 RM	2002 RM
Interest on fixed deposits	330,296	-	-
Dividend income from quoted investments	6,432	-	-
	336,728	-	-
	=====	=====	=====

24. Tax expense

	Group 2003 RM	Company 2003 RM	2002 RM
Malaysian			
Current tax expense	12,405,079	4,252,000	-
Deferred tax expense	33,100	-	-
	12,438,179	4,252,000	-
	=====	=====	=====

Reconciliation of tax charge

	Group 2003 RM	Company 2003 RM	2002 RM
Profit/(Loss) before taxation	40,343,450	15,176,423	(10,973)
	=====	=====	=====
Income tax using Malaysian tax rates	11,296,000	4,250,000	-
Non-deductible expenses	1,142,179	2,000	-
	12,438,179	4,252,000	-
	=====	=====	=====

25. Basic earnings per ordinary share - Group

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM24,246,533 and the weighted average number of ordinary shares outstanding during the year of 103,604,619.

Weighted average number of ordinary shares

	2003 RM
Issued ordinary shares at beginning of the year	106,000
Effect of shares issued in July and September 2003	103,498,619
	<hr/>
Weighted average number of ordinary shares	103,604,619 =====

26. Dividends – Group and Company

	2003 RM
Interim paid: 4.5% per share less tax at 28%	8,100,000 =====

The proposed final dividend of 4.5% per share less tax at 28% totalling RM8,100,000 has not been accounted for in the financial statements.

27. Segmental information - Group

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

27. Segmental information - Group *(continued)*

Business segments

The Group comprises the following main business segments:

- Property development - Development of residential and commercial properties.
- Construction - Construction of buildings, roads and bridges.
- Others - Manufacturing and sale of construction materials.

All the business segments are operated solely in Malaysia.

	Property development 2003 RM	Construction 2003 RM	Others 2003 RM	Elimination 2003 RM	Consolidated 2003 RM
Revenue					
External customers	78,581,348	59,100,569	5,752,508	-	143,434,425
Inter segment sales	-	-	6,259,860	(6,259,860)	-
	<u>78,581,348</u>	<u>59,100,569</u>	<u>12,012,368</u>	<u>(6,259,860)</u>	<u>143,434,425</u>
Interest income					490,926
Total					<u>143,925,351</u> =====
Segment results	<u>23,591,070</u> =====	<u>12,454,843</u> =====	<u>749,071</u> =====	(324,419)	36,470,565
Unallocated income (net of expenses)					646,434
Operating profit					<u>37,116,999</u>
Income from investments					336,728
Reserve on consolidation recognised					2,561,609
Interest expense					(250,484)
Share of profit of associate and jointly controlled entities					578,598
Profit before taxation					<u>40,343,450</u>
Tax expense					(12,438,179)
Minority interests					(3,658,738)
Net profit for the year					<u>24,246,533</u> =====

27. Segmental information - Group (continued)

	Property development 2003 RM	Construction 2003 RM	Others 2003 RM	Elimination 2003 RM	Consolidated 2003 RM
Segment assets	371,880,257 =====	53,400,639 =====	8,631,047 =====		433,911,943
Long-term investments					2,661,756
Unallocated assets					130,727,692
Total assets					<u>567,301,391</u> =====
	Property development 2003 RM	Construction 2003 RM	Others 2003 RM	Consolidated 2003 RM	
Segment liabilities	117,102,468 =====	34,026,548 =====	3,382,473 =====	154,511,489	
Unallocated liabilities				3,392,749	
Total liabilities				<u>157,904,238</u> =====	
Capital expenditure		1,065,361	588,517	7,957	1,661,835
Depreciation		1,316,940	936,933	115,854	2,369,727
					<u>=====</u>

28. Capital commitments - Group

	2003 RM
Property, plant and equipment	
Authorised but not contracted for	8,456,000
Contracted but not provided for in the financial statements	1,226,000
	<u>9,682,000</u> =====

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

29. Related parties

Controlling related party relationships are as follows:

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

	Company	
	2003	2002
	RM	RM
Transactions with a subsidiary		
Nature of transactions		
Dividend income	(14,800,000)	-
Management fees receivable	(120,000)	-
	=====	=====
Transactions with an associate, TR Concrete Sdn. Bhd.		
Nature of transactions		
Purchase of raw materials	53,849	-
	=====	=====
Transactions with companies in which William Wei How Sieng has interest		
Nature of transactions		
HWS Properties Sdn. Bhd. Rental expenses	15,471	15,471
	=====	=====
Primehold Point Sdn. Bhd. Watchman and cleaning services	42,875	48,000
	=====	=====

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

30. Financial instruments

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

Credit risk

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

At balance sheet date, other than an amount of RM25,142,539 receivable from government agencies constituting 37% of the gross outstanding trade and other receivables of RM68,367,500, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Deposits, cash and bank balances are only placed with licensed banks.

Interest rate risk

The Group's borrowings comprise term loans with floating interest rates and hire purchase loans with fixed interest rates. At balance sheet date, the outstanding loans were not material in relation to the shareholders' funds. The Group has sufficient cash and cash equivalents to repay the outstanding loans in full should there be adverse fluctuations in interest rates.

Liquidity risk

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

Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

30. Financial instruments *(continued)*

Effective interest rates and repricing analysis

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

Group	Effective interest rate per annum %	Total RM	Within 1 year RM
2003			
Financial asset			
Fixed deposits	2.50 – 4.00	95,807,595 =====	95,807,595 =====
Financial liability			
Term loans	7.00 – 8.00	1,443,882 =====	1,443,882 =====
Company			
2003			
Financial asset			
Fixed deposits	2.70	52,234,906 =====	52,234,906 =====

Fair values

Recognised financial instruments

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

30. **Financial instruments** *(continued)*

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 31 December 2003 are shown below:

Group	2003	
	Carrying amount RM	Fair value RM
Financial assets		
Long-term:		
Quoted shares	318,876	411,690
Unit trusts	155,215	171,880
Unquoted shares	10	10
	<u>474,101</u>	<u>583,580</u>
	=====	=====
Financial liability		
Term loans	1,443,882	1,443,882
	=====	=====

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

Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2003 and 31 December 2002.

31. **Acquisition of subsidiaries**

On 25 July 2003, the Company acquired the entire issued and paid-up share capital of Naim Cendera Sdn. Bhd. for a consideration of RM279,961,920, satisfied by the issuance of shares.

By virtue of the Company's equity interests in Naim Cendera Sdn. Bhd., the Company is deemed to have acquired the equity interests of its subsidiaries to the extent Naim Cendera Sdn. Bhd. has interests. The details of the subsidiaries deemed acquired are disclosed in Note 3 to the financial statements.

The acquisition was accounted for using the acquisition method of accounting.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31. Acquisition of subsidiaries *(continued)*

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities as at 25 July 2003.

	RM
Non current assets	
Property, plant and equipment	40,840,006
Investments	2,271,769
Land held for development	249,426,899
	<hr/>
	292,538,674
Current assets	228,846,135
Current liabilities	(107,726,655)
Deferred taxation	(77,047,900)
Minority shareholders' interests	(25,457,189)
	<hr/>
Net assets	311,153,065
Reserve on consolidation	(31,191,145)
	<hr/>
Purchase consideration	279,961,920
Portion discharged by issuance of shares	(279,961,920)
	<hr/>
Cash paid for acquisition	-
Cash acquired	65,021,695
	<hr/>
Net cash inflow	65,021,695
	=====

31. Acquisition of subsidiaries (continued)

Effect of acquisition (continued)

The effect of the acquisition on the Group's operating results for the year ended 31 December 2003 is tabulated below:

	Pro-forma RM	Pre-acquisition RM	Post-acquisition RM
Revenue	270,950,749	127,025,398	143,925,351
Cost of sales/operations	(179,952,966)	(82,315,696)	(97,637,270)
Gross profit	90,997,783	44,709,702	46,288,081
Other operating income	1,232,267	662,571	569,696
Distribution cost	(56,722)	-	(56,722)
Administrative expenses	(18,455,341)	(8,771,285)	(9,684,056)
Operating profit	73,717,987	36,600,988	37,116,999
Income from investments	1,063,535	726,807	336,728
Reserve on consolidation recognised	2,561,609	-	2,561,609
Interest expense	(548,091)	(297,607)	(250,484)
Share of profit of an associate	76,795,040	37,030,188	39,764,852
Share of profit of jointly controlled entities	407,780	275,537	132,243
	784,829	338,474	446,355
Profit before taxation	77,987,649	37,644,199	40,343,450
Tax expense	(23,622,461)	(11,184,282)	(12,438,179)
Profit after taxation	54,365,188	26,459,917	27,905,271
Minority interests	(5,881,409)	(2,222,671)	(3,658,738)
Net profit for the year	48,483,779	24,237,246	24,246,533
	=====	=====	=====

The pro-forma results include those of Naim Cendera Sdn. Bhd. and its subsidiaries as if they were part of the group from 1 January 2003.

32. Comparative figures

There are no comparative figures for the Group as this is the first set of consolidated financial statements prepared.

ANALYSIS OF SHAREHOLDINGS

as at 15 April 2004

Authorized Share Capital	:	RM500,000,000.00 comprising 500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM250,000,000.00 comprising 250,000,000 shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

<i>Size of Shareholding</i>	<i>No of Shares Held</i>	<i>% of Issued Capital</i>	<i>No. of Shareholders</i>	<i>% of Total Shareholders</i>
000000001 – 000000099	0	.00	0	.00
000000100 – 000001000	331,200	.13	361	32.88
000001001 – 000010000	1,698,700	.68	379	34.52
000010001 – 000100000	8,769,600	3.51	222	20.22
000100001 – 012499999	96,549,800	38.62	129	11.75
012500000 & Above	142,650,700	57.06	7	.63
	250,000,000	100.00	1,098	100.00

Substantial Shareholders

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Island Harvests Sdn. Bhd.	31,769,700	12.71	Nil	-
Datuk Hasmi Bin Hasnan	28,297,850	11.32	61,177,100 *	24.47
Lembah Rakyat Sdn. Bhd.	26,448,800	10.58	Nil	-
Lambaian Kukuh Sdn. Bhd.	19,714,650	7.89	Nil	-
Tapak Beringin Sdn. Bhd.	14,406,900	5.76	Nil	-
Datuk Abdul Hamed Bin Sepawi	13,150,000	5.26	40,875,700 #	16.35
Employees Provident Fund Board	12,939,100	5.18	3,088,400	1.24

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

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

Held 1,024,000 shares through Nomura Asset Management, 1,328,400 shares through Rashid Hussain Asset Management, 350,000 through Amanah SSCM Asset Management and 386,000 shares through Alliance Merchant Bank.

Top Thirty Shareholders

No.	Name of Shareholder	No. of Shares Held	% of Shareholding
1	Island Harvests Sdn. Bhd.	31,769,700	12.71
2	Datuk Hasmi Bin Hasnan	28,297,850	11.32
3	Lembah Rakyat Sdn. Bhd.	26,448,800	10.58
4	Lambaian Kukuh Sdn. Bhd.	19,714,650	7.89
5	Tapak Beringin Sdn. Bhd.	14,406,900	5.76
6	Datuk Abdul Hamed Bin Sepawi	13,150,000	5.26
7	Employees Provident Fund Board	12,939,100	5.18

No.	Name of Shareholder	No. of Shares Held	% of Shareholding
8	Hasmi & Associates Management Sdn. Bhd.	9,672,750	3.87
9	HWS Properties Sdn. Bhd.	8,597,550	3.44
10	HSBC Nominees (Asing) Sdn. Bhd. (Universities Superannuation Scheme Limited)	5,400,000	2.16
11	Citicorp Nominees (Asing) Sdn. Bhd. (AIG International Funds-Acorns of Asia Balanced Fund)	2,985,000	1.19
12	BHLB Trustee Berhad (Prugrowth Fund)	2,708,000	1.08
13	Citicorp Nominees (Tempatan) Sdn. Bhd. (Prudential Assurance Malaysia Berhad Prulink Eqty Fund)	2,432,800	.97
14	HSBC Nominees (Asing) Sdn. Bhd. (The Malaysia Fund Incorporated)	2,311,000	.92
15	Mayban Nominees (Tempatan) Sdn. Bhd. (RHB Dynamic Fund)	2,252,800	.90
16	Citicorp Nominees (Asing) Sdn. Bhd. (American International Assurance Co. Ltd AIA Reg Eqty Fd)	2,010,000	.80
17	HSBC Nominees (Asing) Sdn. Bhd. (Shell Contributory Pension Fund)	1,880,100	.75
18	Yayasan Sarawak	1,750,000	.70
19	Cartaban Nominees (Asing) Sdn. Bhd. (National Investment Trust Company Malaysia Fund)	1,474,000	.59
20	Citicorp Nominees (Asing) Sdn. Bhd. (Stichting Bedri Jespensioenfond)	1,443,700	.58
21	RHB Nominees (Tempatan) Sdn. Bhd. (Employees Provident Fund Board)	1,328,400	.53
22	HSBC Nominees (Asing) Sdn. Bhd. (Fidelity Funds Malaysia)	1,123,800	.45
23	HSBC Nominees (Asing) Sdn. Bhd. (Uni Em Fernost Treuhandkonto, Luxembourg)	1,100,000	.44
24	Citicorp Nominees (Tempatan) Sdn. Bhd. (PAR Fund)	1,086,900	.43
25	AMMB Nominees (Tempatan) Sdn. Bhd (Tabung Baitumal Sarawak)	1,080,000	.43
26	HSBC Nominees (Asing) Sdn. Bhd. (London Pensions Fund Authority)	1,071,700	.43
27	HSBC Nominees (Asing) Sdn. Bhd. (Genesis Malaysia Maju Fund Limited)	1,000,000	.40
28	HSBC Nominees (Asing) Sdn. Bhd. (Dresdner RCM Little Dragons Fund Limited)	1,000,000	.40
29	HSBC Nominees (Asing) Sdn. Bhd. (Baillie Gifford Pacific Fund)	1,000,000	.40
30	Pelita Dinamik Sdn. Bhd.	1,000,000	.40

ANALYSIS OF SHAREHOLDINGS as at 15 April 2004 *(continued)*

Directors' Direct and Indirect Interest in the Company

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Datuk Abdul Hamed Bin Sepawi	13,150,000	5.26	40,875,700 #	16.35
Datuk Hasmi Bin Hasnan	28,297,850	11.32	61,177,100 *	24.47
Ir. Suyanto Bin Osman	135,000	0.054	Nil	-
William Wei How Sieng	160,000	0.064	8,597,550	3.44
Kueh Hoi Chuang	144,100	0.058	Nil	-
Abang Hasni Bin Abang Hasnan	Nil	Nil	Nil	-
YB Tuan Haji Hamden Bin Haji Ahmad	Nil	Nil	Nil	-
Ir. Abang Jemat Bin Abang Bujang	25,000	0.01	Nil	-
Dr. Sharifuddin Bin Abdul Wahab	100,000	0.04	Nil	-

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

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

LIST OF PROPERTIES as at 31 December 2003

Lot No/ Location	Description	Date of Acquisition / Lease Expiring Date	Land Area / (Built up area) Sq. Meter	At Cost/ Net Book Value RM
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Freehold				
Lot 107, Block 2, Samarahan Land District, Samarahan	Vacant Land	10.12.1996 Perpetuity	9,100	81,228
Lot 109, Block 2, Samarahan Land District, Samarahan	Vacant Land	15.01.1997 Perpetuity	12,900	115,147
Lot 106, Block 2, Samarahan Land District, Samarahan	Vacant Land	29.03.1997 Perpetuity	1,610	18,375
Long Term Leasehold				
* Lot 431, Kuala Baram Land District, Miri	Land for Development	20.07.1995 Expiring 19.07.2055	415,141	10,258,000
Lot 772, Kuala Baram Land District, Miri	Land for Development	21.08.1997 Expiring 20.08.2057	1,770,036	51,870,000
+ Lot 800, Block 10 Kuala Baram Land District, Miri	Land for Development	21.08.1997 Expiring 20.08.2057	1,890,067	56,131,200
# Lot 5156, Block 10 Kuala Baram Land District, Miri	Land for Development	21.08.1997 Expiring 20.08.2057	526,474	17,052,000
Lot 4281, Block 10, Kuala Baram Land District, Miri	Land for Development	20.07.1995 Expiring 19.07.2055	1,260,045	52,097,200

- * Lot 431 is new lot number for Lot 430
- + Lot 800 is new lot number for Lot 773
- # Lot 5156 is new lot number for Lot 2073

LIST OF PROPERTIES as at 31 December 2003 *(continued)*

Lot No/ Location	Description	Date of Acquisition / Lease Expiring Date	Land Area / (Built up area) Sq. Meter	At Cost/ Net Book Value RM
Lot 5451, Block 10, Kuala Baram Land District, Miri	Land for Development	21.08.1997 Expiring 19.07.2055	1,199,936	32,468,088
Lot 2280, Block 1, Samarahan Land District, Samarahan	Land for Development	09.03.2000 Expiring 19.03.2060	59,228	25,708,817
Lot 2283, Block 1, Samarahan Land District, Samarahan	Land for Development	09.03.2000 Expiring 19.03.2060	1,578	
Lot 2284, Block 1, Samarahan Land District, Samarahan	Land for Development	09.03.2000 Expiring 19.03.2060	4,290	
Lot 2294, Block 1, Samarahan Land District, Samarahan	Land for Development	09.03.2000 Expiring 19.03.2060	17,795	
Lot 2281, Block 1, Samarahan Land District, Samarahan	Land for Development	08.01.2001 Expiring 07.01.2061	4,699	
Lot 2638, Block 1, Samarahan Land District, Samarahan	Land for Development	08.01.2001 Expiring 07.01.2061	44,574	
Lot 2634, Block 1, Samarahan Land District, Samarahan	Land for Development	08.01.2001 Expiring 07.01.2061	9,628	
Lot 3149, Block 1, Samarahan Land District, Samarahan	Land for Development	05.03.2002 Expiring 04.03.2062	29,021	
Lot 3170, Block 1, Samarahan Land District, Samarahan	Land for Development	03.01.2003 Expiring 02.01.2063	664,072	
^ Lot 2801, Block 1, Samarahan Land District, Samarahan	Land for Development	09.03.2000 Expiring 08.03.2060	3,282	

^ Lot 2801 is new lot number for Lot 2286

Lot No/ Location	Description	Date of Acquisition / Lease Expiring Date	Land Area / (Built up area) Sq. Meter	At Cost/ Net Book Value RM
Short Term Leasehold				
Lot 61, Section 41, Kuching Land District, Kuching	Vacant land	19.10.1998 Expiring 14.10.2052	6,140	1,989,828
			Sub-total	247,789,882
PROPERTIES UNDER PROPERTY PLANT & EQUIPMENT				
Long Term Leasehold				
Lot 23, Block 34, Kemena Land District, Miri	Land for Development	13.02.2001 Expiring 12.02.2060	30,601	14,743,345
~ Lot 431, Block 6, Kuala Baram Land District, Miri	Industrial Land and Building (Age: 6 Years)	08.06.1997 Expiring 19.07.2055	10,118 (1,297)	1,255,862
Sublot 182, Lot 1536, Block 6 Kuala Baram District, Miri	Land and Buildings (Age: 3 Years)	12.03.2001 Expiring 19.07.2055	49,292 (493)	281,406
Sublot 183, Lot 1537, Block 6 Kuala Baram District, Miri	Land and Buildings (Age: 3 Years)	12.03.2001 Expiring 19.07.2055	50,871 (509)	264,178
Sublot 180, Lot 1534, Block 6 Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	47,593	63,568
Sublot 181, Lot 1535, Block 6 Kuala Baram District, Miri	Vacant Land	17.06.2002 Expiring 19.07.2055	47,593	63,568
Lot 3162, Block 10 Kuching Central Land District	Vacant Land	24.07.02 Expiring 20.08.2062	12,355	1,141,849
Lot 3161, Block 10 Kuching Central Land District	Vacant Land	24.07.02 Expiring 20.08.2062	7,143	549,648
~ Lot 431 is new lot number for Lot 430				

LIST OF PROPERTIES as at 31 December 2003 *(continued)*

Lot No/ Location	Description	Date of Acquisition / Lease Expiring Date	Land Area / (Built up area) Sq. Meter	At Cost/ Net Book Value RM
Lot 2949-3-2, Apartment B3, Westmoore Apartment, Kuching	Apartment (Age: 8 years)	29.06.2002 Expiring 11.04.2055	(141)	263,700
Lot 2679, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District, Kuching	Office Building (Age: 8 years)	31.07.2000 Expiring 11.04.2055	(568)	1,935,190
Sublot 5747, Lot 4279, Block 10, Kuala Baram Land District, Miri	Tulip Showhouse (Age:5 years)	15.08.2000 Expiring 30.09.2055	299 (500)	213,025
Sublot 5748, Lot 4279, Block 10, Kuala Baram Land District, Miri	Rose Showhouse (Age: 5 Years)	15.08.2000 Expiring 30.09.2055	90 (500)	114,414
Sublot 5637, Lot 4279, Block 10, Kuala Baram Land District, Miri	Daisy Showhouse (Age: 5 Years)	15.08.2000 Expiring 30.09.2055	112 (680)	132,735
Sublot 6024, Lot 4279, Block 10, Kuala Baram Land District, Miri	Lily Showhouse (Age: 5 Years)	15.08.2000 Expiring 30.08.2055	90 (525)	105,343
Sublot 4290, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 7 Years)	31.08.2000 Expiring 28.06.2055	75 (350)	88,348
Sublot 4291, Lot 4286, Block 10, Kuala Baram Land District, Miri	Melati Showhouse (Age: 7 Years)	31.08.2000 Expiring 28.06.2055	75 (350)	88,348
Sublot 4292, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 7 Years)	31.08.2000 Expiring 28.06.2055	84 (350)	110,428
Sublot 4293, Lot 4286, Block 10, Kuala Baram Land District, Miri	Jasmine Showhouse (Age: 7 Years)	31.08.2000 Expiring 28.06.2055	84 (350)	110,428
Sublot 4575, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 6 Years)	31.08.2000 Expiring 28.06.2055	110 (350)	67,099
Sublot 4576, Lot 4286, Block 10, Miri Town Land District, Miri	Showhouse (Age: 6 Years)	31.08.2000 Expiring 28.06.2055	69 (350)	67,099

Lot No/ Location	Description	Date of Acquisition / Lease Expiring Date	Land Area / (Built up area) Sq. Meter RM	At Cost/ Net Book Value
Lot 2631, Block 1, Samarahan Land District, Samarahan	Apartment / Site Office (Age: 1 Year)	31.12.2003 Expiring 30.12.2057	(140)	56,124
Lot 2631, Block 1, Samarahan Land District	Apartment / Site Office (Age: 1 Year)	31.12.2003 Expiring 30.12.2057	(98)	60,956
Sublot 1, Lot 676, Block 10, Kuching Central Land District, Eastmoore, Kuching	Office Building (Age: 3 Years)	12.12.2001 Expiring 13.08.2063	270 (464)	778,660
Short Term Leasehold				
Lot 314, Block 10, Kuching Central Land District, Kuching	Land for Development	12.06.02 Expiring 11.06.2038	5,787	2,185,724
Lot 838, Block 10, Kuching Central Land District, Kuching	Land and Buildings (Age: 45 Years)	17.12.2002 Expiring 16.12.2038	2,060 (112)	736,838
Lot 885, Block 9, Miri Concession Land District, Miri	4 Storey Shophouses (Age: 8 Years)	11.09.1997 Expiring 30.09.2052	110 (698)	528,843
Lot 889, Block 9, Miri Concession Land District, Miri	Office Building (Age: 9 Years)	27.01.1999 Expiring 30.09.2052	185 (740)	1,127,666
Sub-total				<u>27,134,389</u>
Total				<u><u>274,924,271</u></u>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting of Members of NAIM CENDERA HOLDINGS BERHAD will be held at Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Santubong, Kuching, Sarawak on Monday, 24th May 2004 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31st December 2003.

ORDINARY RESOLUTION 1

2. Approval of Final Dividend

To approve a final dividend of 4.5 sen per share less 28% Income Tax for the year ended 31st December 2003.

ORDINARY RESOLUTION 2

3. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31st December 2003.

ORDINARY RESOLUTION 3

4. Re-Election of Directors

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

Datuk Abdul Hamed Bin Sepawi
Datuk Hasmi Bin Hasnan
Abang Hasni Bin Abang Hasnan

ORDINARY RESOLUTION 4

ORDINARY RESOLUTION 5

ORDINARY RESOLUTION 6

5. Re-Appointment of Auditors

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

ORDINARY RESOLUTION 7

SPECIAL BUSINESS

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

6. Proposed Shareholders' Ratification and Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Ratification" and "Proposed Shareholders' Mandate")

ORDINARY RESOLUTION 8

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Paragraph 2.1.4 of the Circular to Shareholders dated 30th April 2004 with the specific related parties mentioned therein which are necessary for the Naim Group's day-to-day operations subject further to the following :-

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

AND THAT such approval shall continue to be in force until :-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT for the avoidance of doubt, all such transactions entered into by the Company and its subsidiaries from the date of listing until the forthcoming AGM as outlined in Paragraph 2.1.4 of the Circular to Shareholders dated 30th April 2004 be and are hereby approved and ratified AND THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the specified Proposed Shareholders' Mandate for the period from this AGM to the next AGM."

7. Proposed Share Buy-Back

ORDINARY RESOLUTION 9

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised to purchase and hold on the market of the Bursa Malaysia such number of ordinary shares of RM1.00 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through the Bursa Malaysia upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed 25,000,00 Shares representing approximately ten percent (10%) of the total issued and paid-up share capital of 250,000,000 ordinary shares of RM1.00 each of the Company as at 31st March 2004 and an amount not exceeding RM30 million, being an amount not exceeding the total of the Company's latest unaudited net cash resource of RM55.7million as at 31st March 2004, be allocated by the Company for the Proposed Share Buy-Back AND THAT, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of the Bursa Malaysia, or subsequently may be cancelled AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities and/or any amendments, variations and/or modifications as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company as may be approved by any relevant authority or authorities if such approval(s) are required AND FURTHER THAT the authority hereby given shall commence immediately upon passing of this ordinary resolution and shall continue in force until :-

- (a) the conclusion of the first annual general meeting at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held;

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Malaysia or any other relevant authorities."

8. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

ORDINARY RESOLUTION 10

"That pursuant to Section 132D of the Companies Act, 1965 and subject always of the approval of the relevant authorities, the Directors be and are hereby empowered 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 issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

BY ORDER OF THE BOARD

KHO TECK HOCK (MIA 5836)

BONG SIU LIAN (MAICSA 7002221)

Company Secretaries

Kuching, Sarawak

Dated this 30th April 2004

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 1/2 Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate.

Explanatory Notes on Special Business

a) Ordinary Resolution proposed under item 6

This proposed resolution, if approved, will approve and ratify related party transactions entered into by the Company and its subsidiaries from the date of listing until the forthcoming Annual General Meeting and authorise the Company and its subsidiaries to transact with the mandated related parties for the period from this Annual General Meeting to the next Annual General Meeting. Please refer to Circular to Shareholders dated 30th April 2004.

b) Ordinary Resolution proposed under item 7

The proposed resolution, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to purchase and/or held or to be purchased provided that the total aggregate number of shares purchased shall not exceed 10% of the total issued and paid-up share capital of the Company. This authority will unless revoked or varied by the Company in General Meeting expire at the next Annual General Meeting of the Company. Please refer to Circular to Shareholders dated 30th April 2004.

c) Ordinary Resolution proposed under item 8

This proposed resolution, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting of the Company.

Statement accompanying Notice of Annual General Meeting

1. THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION

a) The Directors who are standing for re-election at the 2nd Annual General Meeting of the Company are as follows:-

Datuk Abdul Hamed Bin Sepawi
Datuk Hasmi Bin Hasnan
Abang Hasni Bin Abang Hasnan

b) Further details of the above named Directors are available on pages 34 to 39 and their securities holdings on page 132 of the 2003 Annual Report.

c) The Board met 3 times during the financial year ended 31st December 2003. Details of attendance at Board Meetings during the year as set out in page 49 of the 2003 Annual Report.

2. DATE, TIME AND PLACE OF THE BOARD MEETINGS

Details of Board meetings held are as follows:-

Date	Time
Friday, 25th July 2003	5.30 p.m.
Monday, 28th July 2003	3.00 p.m.
Thursday, 13th November 2003	10.00 a.m.

All Board meetings were held at Naim's Conference Room 9th Floor Wisma Naim, 2 1/2 Mile Jalan Rock, 93200 Kuching, Sarawak.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 4.5 sen per share less 28% Income Tax in respect of the financial year ended 31st December 2003, if approved at the 2nd Annual General Meeting, will be payable on 16th June 2004 to depositors listed in the Records of Depositors on 31st May 2004.

A Depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31st May 2004 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board,

**KHO TECK HOCK (MIA 5836)
BONG SIU LIAN (MAICSA 7002221)
Company Secretaries**

Kuching, Sarawak
Dated this 30th day of April 2004

To / Kepada : Naim Cendara Holdings Berhad

Please send me a copy of the 2003 Annual Report in Bahasa Malaysia :
Sila hantar kepada saya / kami senaskah Laporan Tahunan 2003 dalam Bahasa Malaysia :

Name of Shareholder / Nama Pemegang Saham :
Address / Alamat :
Signature of Shareholder / Tandatangan Pemegang Saham :

1. Fold here / Lipat di sini

STAMP

The Company Secretary
NAIM CENDERA HOLDINGS BERHAD
9th Floor, Wisma Naim,
2 1/2 Mile Jalan Rock,
93200 Kuching,
Sarawak.

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NAIM CENDERA HOLDINGS BERHAD

Company No. 585467-M
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____ NRIC No _____
(FULLNAME AS PER NRIC IN BLOCK CAPITAL)

of _____
(FULLADDRESS)

being a member of **NAIM CENDERA HOLDINGS BERHAD**, hereby appoint _____
(FULLNAME AS PER NRIC IN BLOCK CAPITAL)

of _____
(FULLADDRESS)

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 2nd Annual General Meeting of the Company to be held at Holiday Inn Resort Damai Lagoon, Jalan Teluk Penyuk, Kuching, Sarawak, Malaysia on Monday, 24th May 2004 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:-

No	Resolutions	FOR	AGAINST
1	To receive the audited financial statements and the reports of Directors and Auditors for the financial year ended 31 st December 2003		
2	To approve a final dividend of 4.5 sen per share less 28% Income Tax for the year ended 31 st December 2003		
3	To approve Directors'fees		
4	To reappoint Datuk Abdul Hamed Bin Sepawi as Director		
5	To reappoint Datuk Hasmi Bin Hasnan as Director		
6	To reappoint Abang Hasni Bin Abang Hasnan as Director		
7	To reappoint Messrs KPMG as Auditors and to authorize the Directors to fix their remuneration		
8	To approve the Proposed Shareholders' Ratification and Proposed Shareholders'Mandate for Recurrent Related Party Transactions		
9	To approve the Proposed Share Buy-Back		
10	To authorize the issuance of up to 10% of the issued share capital of the Company		

(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 _____ 2004.

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 Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 1/2 Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders'Ratification and Proposed Shareholders' Mandate.

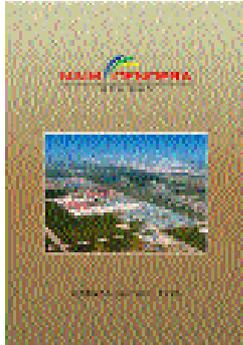
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STAMP

The Company Secretary
NAIM CENDERA HOLDINGS BERHAD
9th Floor, Wisma Naim,
2 1/2 Mile Jalan Rock,
93200 Kuching,
Sarawak.

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From where we began...



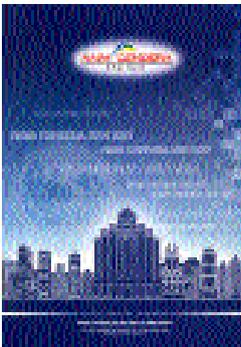
Annual Report 1998
NAIM CENDERA SDN BHD



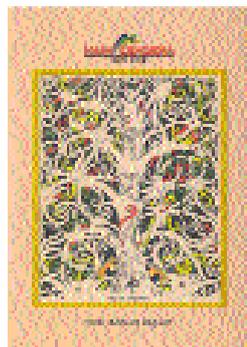
Annual Report 1999
NAIM CENDERA SDN BHD



Annual Report 2000
NAIM CENDERA SDN BHD



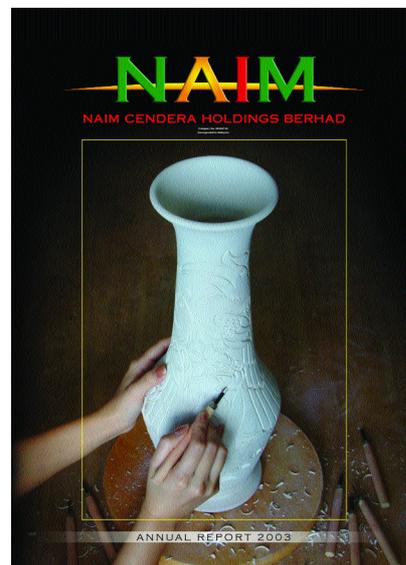
Annual Report 2001
NAIM CENDERA SDN BHD



**SCCI Award winning
Annual Report 2002**
(Non-public listed companies category)
NAIM CENDERA SDN BHD



Annual Report 2003
NAIM CENDERA HOLDINGS BHD





Wisma Naim

www.naimcendera.com



Registered and Head Office

9th Floor Wisma Naim
2 1/2 Mile, Rock Road,
93200 Kuching, Sarawak.
Tel : 082-411667
Fax : 082-233667
E-mail: cendera@po.jaring.my