

NAIM

NAIM HOLDINGS BERHAD

(Formerly known as Naim Cendera Holdings Berhad)
Company No. 585467-M

annual report 2008

**Ranked 1st in Property Sector
in Malaysia for Best Practices
in Corporate Governance**

**Managing Director adjudged
Property Man of The Year 2008
by FIABCI Malaysia**

**Land Bank approx.
2,600 acres with estimated
GDV of RM6 billion**



**MALAYSIA PROPERTY AWARD
PROPERTY MAN OF THE YEAR 2008
by FIABCI MALAYSIA**

awards



2008
Malaysia Property Award
Property Man of The Year
by FIABCI MALAYSIA

Datuk Hasmi Hasnan
Managing Director of
Naim Holdings Berhad



2007
The Malaysian
Construction
Industry Excellence
Awards
**Contractor Award
(Grade7)**



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



2005
Malaysia
Corporate & Social
Environment
Responsibility
Award



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



2004
The Malaysian
Construction
Industry
Excellence
Awards
**Builder of
The Year**



2004
Malaysia Canada
Business Council
**Business Excellence
Award Industry
Excellence for
Construction Award**



2004
KPMG
Shareholder
Value Awards



2003
The Malaysian
Construction Industry
Excellence Awards
**Project Award
Medium Building
Category**

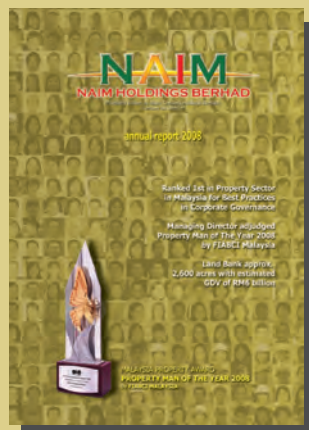


2003
SCCI Annual
Corporate
Report Awards
**Best Annual
Report Award**



2002
CIDB Builders
Award Building
Works Category
**Institutional
Building Project**

cover rationale



The photo montage of Naim employees from every area of our operations reflects the hard work, loyalty and dedication of our 700-strong workforce. They are indeed our Group's greatest strength and our cover design is a tribute to their unselfish and unswerving commitment. The sepia tone is used to represent the valuable sense of continuity and history our workforce has given us. On the overlay, corporate highlights, key attributes and our latest industry award are all featured in order to give readers an at-a-glance overview of what Naim offers its stakeholders.

logo rationale



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

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

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our vision

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

our mission

To provide the finest products and services to our customers.

To provide increasing value and superior returns for our shareholders.

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

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

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

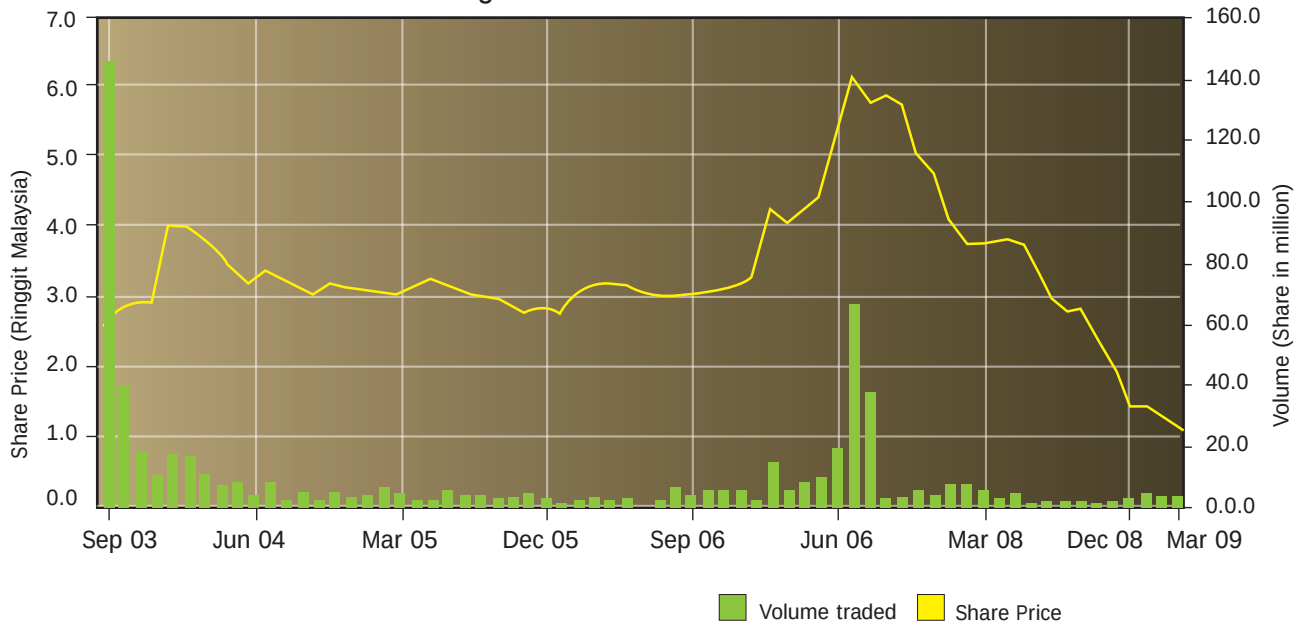


Building vibrant
people-friendly communities
constructing national assets
with quality and value

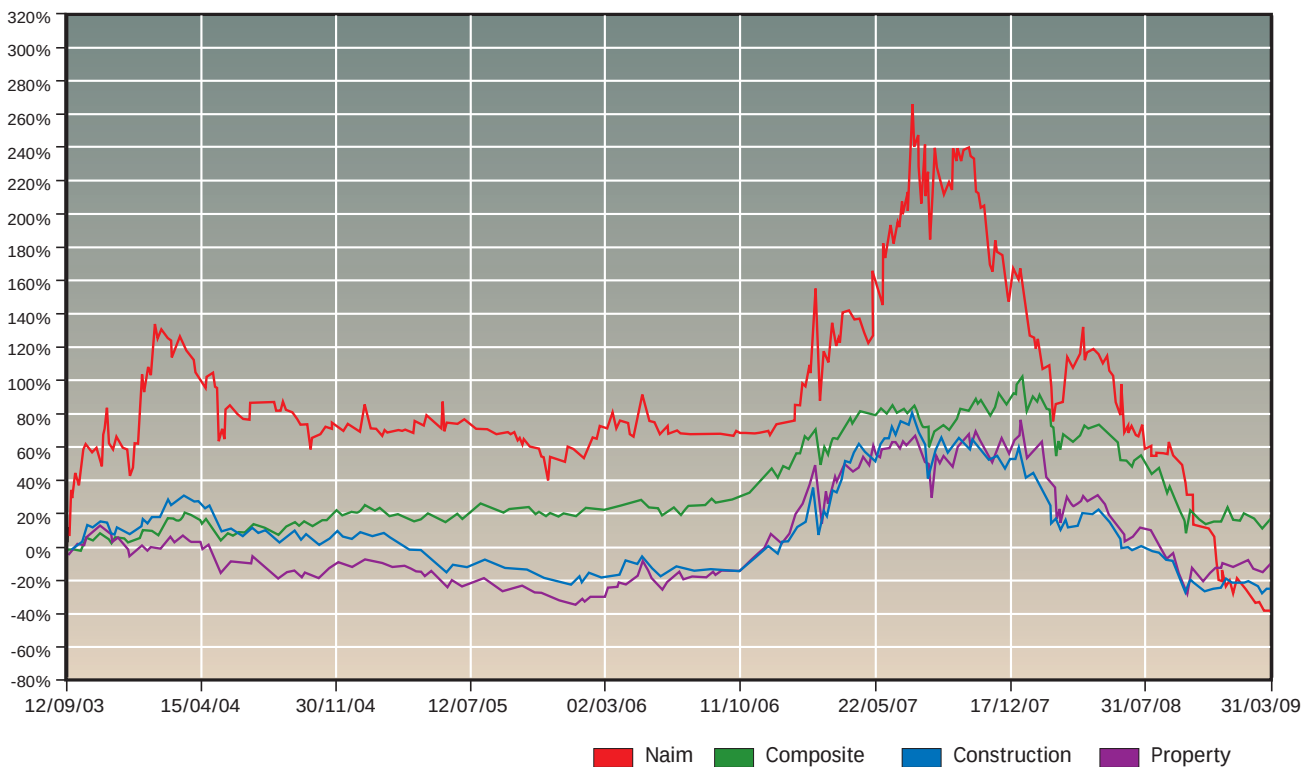


share performance

Naim Holdings Berhad Share Performance Chart



Naim Holdings Berhad vs Bursa Malaysia Indices



2008 at a glance

Financial Performance

% Change From 2007

Revenue (RM'000)	523,717	- 18.93
Profit Before Tax (RM'000)	104,304	- 17.43
Net Profit (RM'000)	80,747	+ 5.86
Total Assets (RM'000)	955,920	+ 5.40
Shareholders' Equity (RM'000)	587,651	+ 8.96
Earnings Per Share (sen)	33.32	+ 6.80
NTA Per Share (sen)	234.70	+ 9.07
Return On Equity (%)	13.74	- 2.83
Gross Dividend (sen)	13.00	—
Gross Dividend Yield (%)	9.03	—

Major Events

- Datuk Hasmi Hasnan, Managing Director of Naim Holdings Berhad adjudged the Property Man of The Year 2008 by FIABCI Malaysia.
- Ranked 1st in Property Sector in Malaysia for Best Practices in Corporate Governance for second consecutive year.
- Dayang Enterprise Holdings Berhad became the first Sarawak oil and gas services Company to be listed on the main board of Bursa Malaysia in April, 2008.
- Breaking the 15,000 unit mark in number of houses completed.
- Change of name to Naim Holdings Berhad from Naim Cendera Holdings Berhad in March 2009.

INVESTOR RELATIONS SERVICE

The Group maintains a website (www.naim.com.my) which provides detailed information on the Group's operations and latest developments. For further details, please contact:-

Head of Corporate Affairs

Tel : +6082-411667

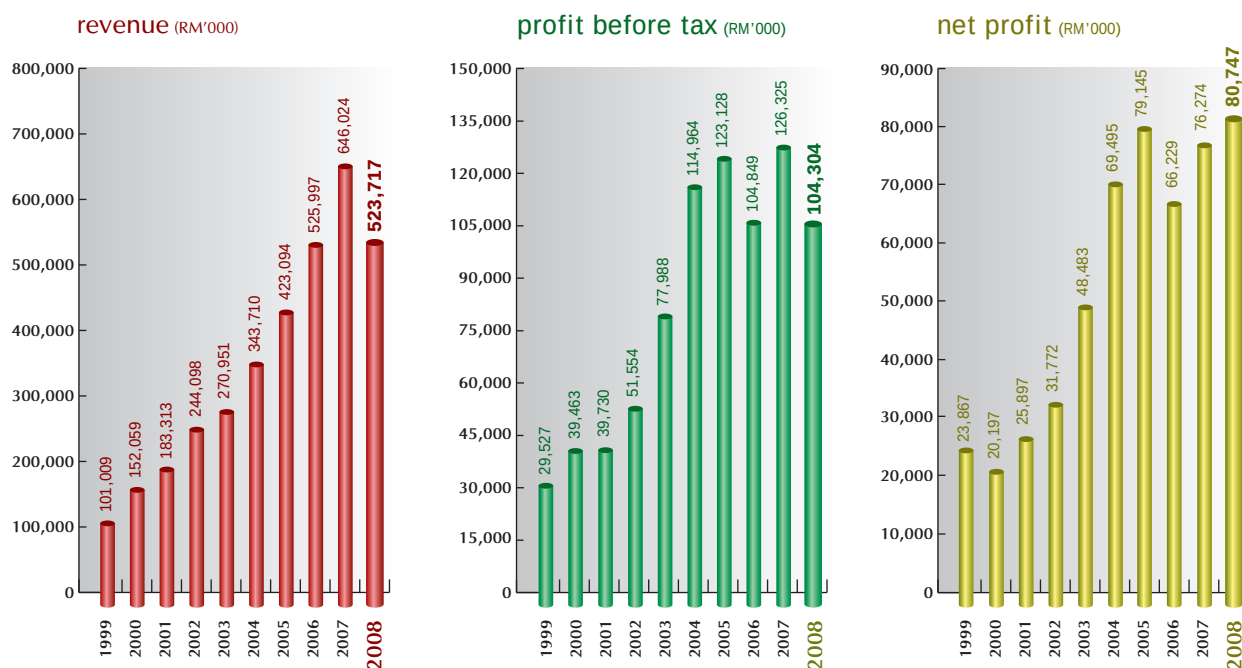
Fax : +6082-256750

E-mail : ricky.kho@naimcendera.com

Financial Calendar

Financial Year End		31 Dec 2008
Announcement of Results	1st quarter	24 April 2008
	2nd quarter	6 Aug 2008
	3rd quarter	31 Oct 2008
	4th quarter	25 Feb 2009
Notice of Annual General Meeting		27 May 2008
Annual General Meeting		18 June 2008
First Interim Dividend	Declaration	6 Aug 2008
	Book closure	25 Aug 2008
	Ex-date	21 Aug 2008
	Payment	16 Sep 2008
Second Interim Dividend	Declaration	25 Feb 2009
	Book closure	16 March 2009
	Ex-date	12 March 2009
	Payment	6 April 2009

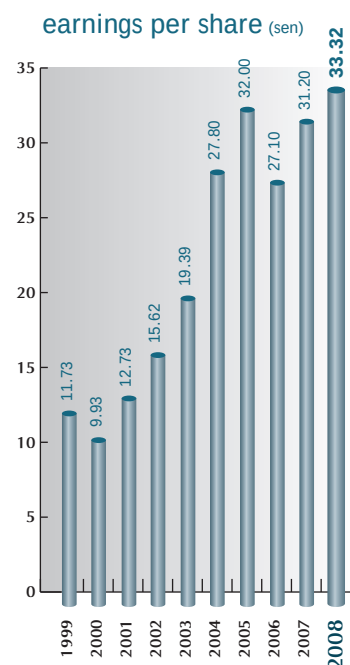
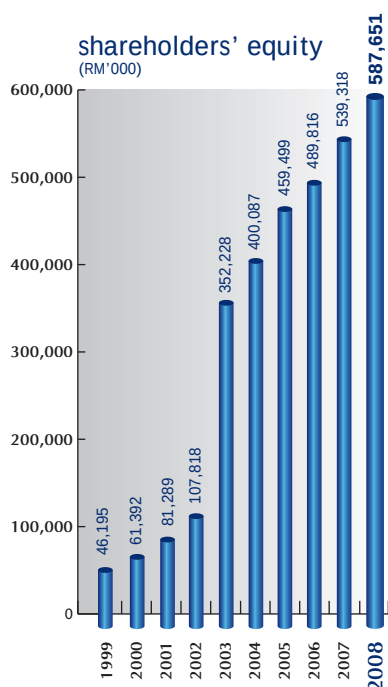
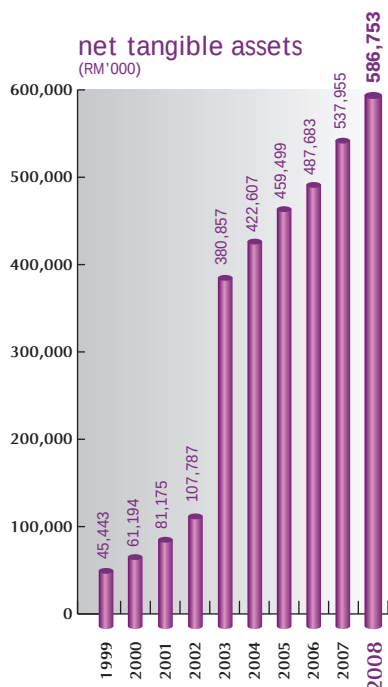
10-year financial highlights (in RM000)



Year	1999	2000	2001	2002	2003
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	45,443	61,194	81,175	107,787	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%	15.24%	9.00%
Net Tangible Assets Per Share (sen)	22.34	30.08	39.90	52.99	152.34
Gearing Ratio	0.06	0.06	0.09	0.07	0.006

* Based on the gross dividend declared and paid by Naim Cendera Sdn. Bhd. of RM5,000,000, RM6,000,000 and RM6,000,000 in respect of financial years ended 31 December 2000, 2001, 2002 respectively and the number of shares assumed in issue of 203,425,000 shares. In 2003 the gross dividend paid was RM22,500,000 based on the number of shares in issue, i.e. 250,000,000 shares.

From 2004 onwards, gross dividends paid refer to dividends paid by Naim Holdings Berhad.



2004	2005	2006	2007	2008
343,710	423,094	525,997	646,024	523,717
114,964	123,128	104,849	126,325	104,304
69,495	79,145	66,229	76,274	80,747
657,481	710,277	793,841	906,918	955,920
422,607	459,499	487,683	537,955	586,753
400,087	459,499	489,816	539,318	587,651
250,000	250,000	250,000	250,000	250,000
27.80	32.00	27.10	31.20	33.32
12.00%	12.00%	15.00%	15.00%	13.00%
169.04	183.80	195.07	215.18	234.70
0.002	0.001	0.007	0.202	0.230

Note:
The financial highlights for the years ended 31 December 1999 to 2002 are presented on a pro-forma basis (as if Naim Cendera Sdn Bhd (NCSB) and its subsidiaries were part of the Naim Holdings Group since 1 January 1999), and are for illustrative purposes only.



cautionary statement regarding forward-looking statements

This Annual Report contains some forward-looking statements in respect to the Naim Group's financial condition, results of operations and business. These forward-looking statements represent the Naim Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding the Naim Group. The Board and the Naim Group shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward-looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report. The Board have however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Statement on Corporate Governance on pages 43 to 54.

corporate information

NAIM HOLDINGS BERHAD

BOARD OF DIRECTORS

Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Managing Director

Datuk Hasmi Bin Hasnan

Deputy Managing Director

Dr. Sharifuddin Bin Abdul Wahab

Senior Vice Presidents / Executive Directors

Ahmad Bin Abu Bakar

Ir. Suyanto Bin Osman

Kueh Hoi Chuang

Vice Presidents / Executive Directors

Leong Chin Chiew

Abang Hasni Bin Abang Hasnan

Senior Independent

Non-Executive Director

YB Tuan Haji Hamden Bin Haji Ahmad

Non-Executive Director

Ir. Abang Jemat Bin Abang Bujang

Independent Non-Executive Directors

Sylvester Ajah Subah @ Ajah Bin Subah

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

Dato' Professor Abang Abdullah Bin

Awang Mohamad Ali

Company Secretaries

Kho Teck Hock (MIA 5836)

Bong Siu Lian (MAICSA 7002221)

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile,
Rock Road, 93200

Kuching, Sarawak, Malaysia.

Tel: 6 082 411667 Fax: 6 082 233667

Email: enquiries@naimcendera.com

Website: www.naim.com.my

Registrars

Tenaga Koperat Sdn. Bhd.

Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

Tel: 6 03 22643883

Fax: 6 03 22821886

Stock Exchange Listing

Bursa Malaysia

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, Malaysia.

Solicitors

Alvin Chong & Partners Advocates

Lots 176-177 (2nd Floor),

Jalan Song Thian Cheok 93100 Kuching,

Sarawak, Malaysia.

Principal Bankers

CIMB Bank Berhad

Ground Floor Lot 1.1, Bangunan Satok

Jalan Satok/Kulas 93400,

Kuching, Sarawak, Malaysia.

HSBC Bank Malaysia Bhd

Bangunan Binamas, Jalan Padungan,

93100 Kuching, Sarawak, Malaysia

AmBank Bhd

No. 164, 166 & 168,

Jalan Abell 93100 Kuching,

Sarawak, Malaysia

Headquarters

9th Floor, Wisma Naim, 2½ Mile,

Rock Road 93200, Kuching, Sarawak,

Malaysia.

Kuala Lumpur

16th Floor, Menara Dion, 27 Jalan Sultan

Ismail, 50250 Kuala Lumpur

Miri

Lot 5906-5911, Block 10, Desa Pujut

Shoplot, Bandar Baru Permyjaya,

P.O. Box 369, 98107, Lutong, Miri,

Sarawak, Malaysia.

Kuching Property Sales

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

Miri Property Sales

Ground Floor, Lot 889, 9 MCLD, Miri

Waterfront, Commercial Centre,

98000 Miri, Sarawak, Malaysia.

Business Development Division

Lot 2672 & 2673, Level 7, Westmoore

House, 2½ Mile, Rock Road 93200,

Kuching, Sarawak, Malaysia.

Accounts Department

Sublot 12, 2nd floor, Lot 2678, Block 10,

2½ Mile, Rock Road 93200,

Kuching, Sarawak, Malaysia.

Finance Division

Sublot 12, 3rd Floor, Lot 2678, Block 10,

2½ Mile, Rock Road 93200,

Kuching, Sarawak, Malaysia.

Corporate Affairs Division

Sublot 12, 3rd Floor, Lot 2678, Block 10,

2½ Mile, Rock Road 93200,

Kuching, Sarawak, Malaysia.

Property Division

Sublot 1, Lot 676, 1st & 2nd floor,

Eastmoore Centre, 2½ Mile, Rock Road

93200, Kuching, Sarawak, Malaysia.

Construction/QS Division

1st & 2nd Floor, Sublots 3 & 4, Survey Lots

3165 & 3166, Block 10 KCLD, Rock Road

93200, Kuching, Sarawak, Malaysia.

Trading/Services Division

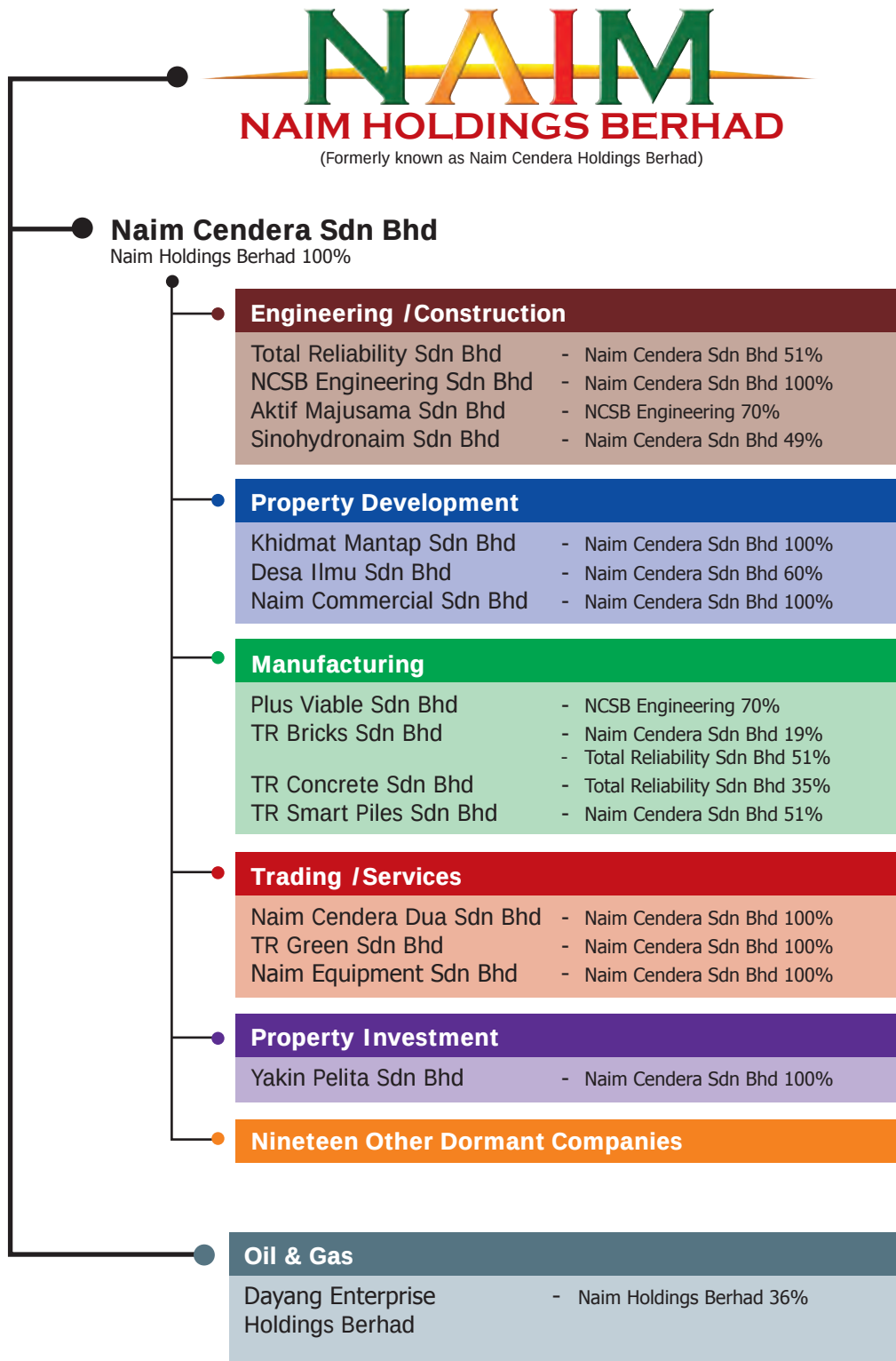
2nd Floor, No. 16, Lot 2348, Jalan Tun

Ahmad Zaidi Adruce 93150, Bormill Estate

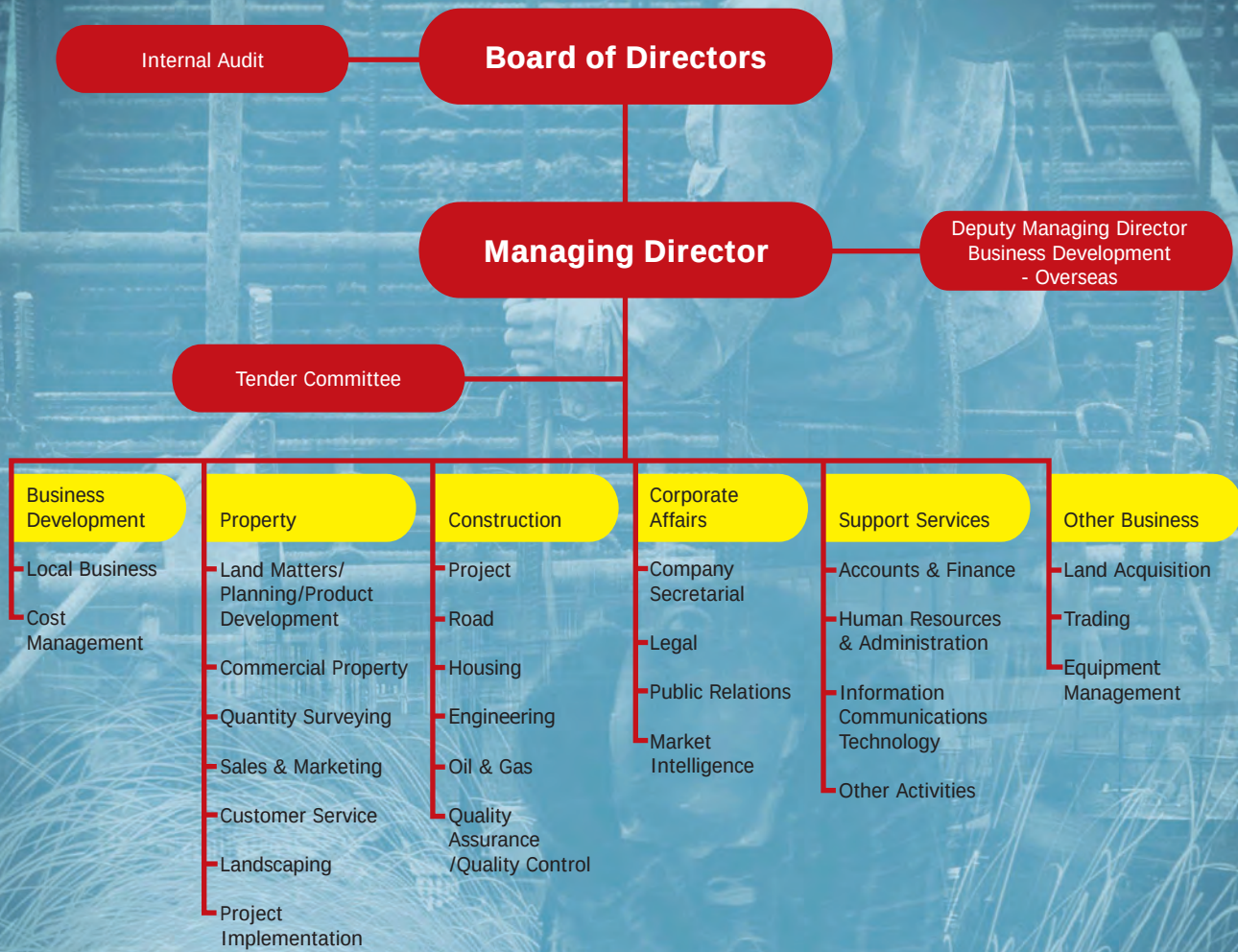
Commercial Centre, Kuching, Sarawak,

Malaysia.

corporate structure (at date of Annual Report)



organisational structure



The Company is the holding company for its 100% owned subsidiary, Naim Cendera Sdn Bhd (NCSB). The subsidiary is primarily involved in property development and construction.

NCSB was formed on 12 April 1993 and has been active in the property and construction fields since September 1995. The Group focuses its business efforts on three principal areas: integrated property developments combining residential, commercial and industrial properties with infrastructure public amenities; contracting of construction, civil engineering and infrastructure projects; and oil and gas through its investment in Dayang Enterprise Holdings Berhad.

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





Naim's flagship property developments are Bandar Baru Permyjaya in Miri, Desa Ilmu in Kota Samarahan, and the up-market Riveria satellite township in Kuching's southern corridor. They are reinforced by a number of smaller residential and commercial developments in Sarawak's major population centres. Together these developments will provide more than 25,000 homes and commercial buildings with a combined population of over 110,000. Upon completion, their combined GDV is estimated to be in excess of RM6 billion. Future growth is assured by a vast land bank of over 2,600 acres, spread throughout key growth areas of Sarawak. Naim is also a Class A Bumiputera Contractor with ISO 9001 certification. As well as implementing NCSB's own development projects, it has carried out more than RM1 billion of Federal and State Government contracts, and has a construction order book worth over RM3.2 billion. It focuses on excellent quality and timely delivery, a philosophy that has earned Naim a host of industry awards including the following:

- 2008:** Malaysia Property Award Property Man Of The Year 2008 By FIABCI Malaysia
- 2007:** Winner of the Malaysia Construction Industry Excellence Award (MCIEA) in Contractor Award (Grade G7) from the Construction Industry Development Board 2007.
- 2007:** Ranked 12th overall in Malaysia for compliance with local and international corporate governance and best practice by Minority Shareholder Watchdog Group.
- 2005:** Winner of the 17th International Construction & Global Quality Management (GQM) Award, European Trade Leaders' Club, Madrid, Spain.
- 2005:** Winner of the Corporate, Social & Environment Responsibility (CSR) Award from the Bahrain Malaysia International Trade & Investment Bureau.
- 2005:** Winner of the KPMG Shareholder Value Award 2004 Construction & Properties Sector, awarded by KPMG and The Edge.
- 2004:** Winner of the prestigious Builder Of The Year Award from the Construction Industry Development Board.
- 2004:** Bestowed Industry Excellence for Construction Award under the Malaysia Canada Business Council's Business Excellence Awards for 2004.
- 2004:** Winner of the Malaysia Construction Industry Excellence Award (MCIEA) in Medium Scale Building Project from the Construction Industry Development Board 2004.
- 2003:** Winner of Most Outstanding Annual Corporate Report (non-listed company) from the Sarawak Chamber of Commerce & Industry.
- 2002:** First (and still the only) Sarawak-based company to win the Construction Industry Development Board's Best Contractor Award.

Naim is also active in the manufacturing, trading and distribution of building materials, which provides useful profits as well as valuable support for the Property and Infrastructure divisions. Naim Holdings Berhad was listed on the Main Board of Bursa Malaysia Berhad on 12 September 2003. It is the largest development group in Sarawak in terms of units completed, according to leading industry analysts CH Williams Talhar Wong & Yeo Sdn Bhd.

Naim also ventured into the oil & gas sector by acquiring an initial 45% of award winning Dayang Enterprise Holdings Berhad, which is principally involved in the provision of offshore topside maintenance services, minor fabrication operations, offshore hook-up and commissioning and charter of marine vessels. This diversification into Oil & Gas will strengthen profits and foster further growth of Naim. Our stake in Dayang has since been reduced to 36% following its successful listing on Bursa Malaysia on 24 April 2008.



message to our shareholders

On behalf of the Board of Directors it gives us great pleasure to present your Company's Annual Report for the year ended 31 December 2008, our 13th full year of operations.

OPENING STATEMENT

We have always been transparent and realistic when communicating with our shareholders, and we do not intend to change our frank approach simply because the global and local business environments have deteriorated since mid 2008. Therefore it would be fair to say that, after the excellent results reported in 2007, the performance for the year under review is below our expectations. Although profit after tax was up slightly, this was partly attributable to a "deemed disposal" resulting from the listing of an associate company, while revenue and most other financial performance indicators were down between 20% to 25% compared to 2007.

Despite the challenging economic situation, we believe both our Property and our Construction Divisions have performed well under the circumstances. Our order book remains healthy. The heavily oversubscribed listing of our associate company, Dayang Enterprise Holdings Berhad, has yielded concrete financial benefits, and provided abundant funds for growth, expansion and diversification into the Oil and Gas Sector. Our Recession Management Plan, which we have been working on since 2006, has spared us the worst impacts of the global economic crisis. We have successfully maintained our status as one of Malaysia's leading proponents of good corporate governance. And we have once again enjoyed the accolades of our industry peers, with our Managing Director Datuk Hasmi Hasnan being adjudged Malaysia's Property Man of the Year 2008 by FIABCI.



**Managing Director
adjudged Malaysia's
Property Man of
the Year 2008 by
FIABCI**





We are all aware that the ongoing recession is more severe than any we have previously faced in the lifetime of the Company, and that the economic situation is likely to get worse before it gets any better. Yet we believe, with good reason, that we are better equipped than most to weather the financial storm. Our track record shows that we can adapt rapidly to changing market conditions and transform challenges into opportunities, and our financial position is amongst the strongest in the industry. This suggests that we have both the ability and the resources to maintain and enhance shareholder value, both in the short term and for the foreseeable future. Full details are given in this Message to Shareholders, below, and in the next chapter, Review of Operations.

FINANCIAL PERFORMANCE

The Group recorded a reduction in revenue to RM523.717 million in the year under review, compared to RM646.024 million for 2007. Profit before tax was RM104.304 million, taking into account the gain on deemed disposal of an associate (see Note below) compared to RM126.325 million for 2007, and profit after tax was RM83.067 million compared to RM80.138 million for 2007. Therefore the financial results for 2008 are slightly better than our revised expectations, with basic earnings of 33.32 sen per ordinary share compared to 31.20 sen in 2007.

Contribution to revenue from the property division was 40.05%, with the construction division contributing 53.42%. For the corresponding period in 2007, the property and construction divisions contributed 35.48% and 57.69% respectively. The remaining balance was mostly attributable to our Trading and Manufacturing Divisions.

These results, excluding the gain on deemed disposal of an associate, have unfortunately impacted our long term growth forecasts. We nevertheless feel the results represent a best-case performance in the property sector in which buyer and investor sentiment has been deteriorating since mid-2007.

NOTE: The unexpectedly high profit before tax and the increase in profit after tax may seem anomalous and therefore a note of explanation is needed. Following the listing of our associate company, Dayang Enterprise Holdings Berhad (Dayang) on Bursa Malaysia, on 24 April 2008, the Company's equity interest in Dayang decreased from 45% to 34%. However as a result of the Company's 34% share in the premium paid for the public

issue effected by Dayang prior to its listing on Bursa Malaysia, the Company's share of Dayang's net assets increased by RM13.94 million (from RM110.02 million to RM123.96 million). Thus the Company is deemed to have made a gain of RM13.94 million on disposal of its equity interest in Dayang, which is recognized in the income statement in accordance with Financial Reporting Standards. However this gain has no tax or cash flow impact on the Company. For a full description of this transaction and its consequences, please refer to Note 33 to the Financial Statement on page 134 of this Annual Report. The Company has since increased its stake in Dayang to 36% through purchase of shares from the open market.

Dividends

The board does not recommend a Final Dividend for the financial year ended 31 December 2008. The Interim Dividends (totalling 13 sen per share before tax) already declared and paid represent a distribution to Shareholders of RM27.1 million after tax, or 32.63% of the Group's profits for the year ended 31 December 2008. The dividend yield is 9.03% based on the year-end share price of RM1.44 and in the Board's opinion offers adequate short term financial returns for our investors whilst maintaining reasonable cash reserves for future growth, including recessionary mitigation measures, expansion of the land bank, expansion and upgrading of plant, and other investments outlined in Prospects, below.

Creation of Shareholder Value

The primary objective of all of the Naim Group's activities is the creation of added value for our shareholders, a goal we have once again successfully achieved. For example, our net assets have grown almost 90 times, from RM6.61 million in 1996 to RM587.65 million at the end of 2008.

Unfortunately the same cannot be said of our share price, which is currently hovering around its IPO value of 2003, and does not reflect the tremendous growth we have achieved over the last five years. Even if we disregard the aforementioned "deemed disposal", our profit for 2008 is 20% more than we achieved in 2003, revenue has almost doubled, our land bank has grown and we have locked-in revenue of over RM1.1 billion. We can only ascribe the fall in our share price to overall market sentiment concerning the property sector, with the market failing to recognize our exceptional strength.

message to our shareholders

CORPORATE GOVERNANCE

Corporate governance not only adds shareholder value but also protects the rights and interests of shareholders for the benefit of all. Therefore the Board of Directors places strong emphasis on good governance, transparency and accountability and prioritizes them as a key component of the overall value creation process.

The worsening global financial crisis and the resulting recession here in Malaysia pose financial and operational challenges which could place considerable pressure on the governance framework within the organization, and there are also powerful arguments for easing the restrictions of good governance. However, we firmly believe that high standards of corporate governance continue to be a pre-requisite for achieving business success, even in the most challenging of circumstances. For further details of how we intend to maintain these standards whilst responding to a rapidly evolving business environment, please see the chapter on corporate governance on pages 43 to 54 of this report.

This ongoing, long-term commitment to good corporate governance was first vindicated by the results of the 2006 Corporate Governance Survey Report, a joint study by the Minority Shareholder Watchdog Group and the University of Nottingham Business School. Naim was ranked top among Sarawak-based companies and second overall in the property sector, and in the top 10% overall for companies listed on Bursa Malaysia for demonstrating best practices in Corporate Governance. The 2007 Corporate Governance Survey Report proved that our 2006 performance was no accident; we were ranked top among Sarawak-based companies, top in the property sector, 12th overall and in the top 5% overall for companies listed on Bursa Malaysia. For 2008 we consolidated our excellent standing, and were ranked among the top 2% overall, top in Sarawak and top in the property sector.

We are of course delighted at this recognition of our efforts, but we will only be satisfied when we are ranked No.1 overall in Malaysia, and will continue our efforts accordingly.

PROSPECTS FOR 2009 AND BEYOND

The Economic and Political Background

The Sarawak economy is not expected to continue its phenomenal economic growth during the coming year. However, Sarawak is less dependent on medium-to-high technology and consumer goods exports than the rest of the country, and is therefore expected to fare better than Peninsular Malaysia. In addition, reputable international observers such as The Economist (Economic Outlook pages 78 to 79) see Malaysia as being one of the less severely affected economies in the current recession. This continuing - albeit somewhat diminished - confidence in the Malaysian economy, combined with an absence of major destabilizing factors, should help to maintain buyer confidence at its current level.

The results of the 2008 General Election have also had a far less destabilizing effect than many commentators predicted, both at Federal and State Government levels, and the political impact in Sarawak has been marginal. In fact we welcome calls for increased transparency in government spending; this should only serve to benefit ethical, reliable and accountable contractors such as Naim.

The effective and timely implementation of the 9th Malaysia Plan (9MP) is now more than ever a crucial litmus test for the Barisan Nasional government's ability to deliver on its promises. The new Prime Minister has already announced increased infrastructure spending in Sarawak, and the 9MP should therefore provide abundant opportunities for the construction sector - especially companies such as ours with an excellent track record of performance and delivery - as well as contributing to the overall growth of the economy. Finally, the Sarawak Corridor of Renewable Energy (SCORE), targeting over RM300 billion of government and private sector investment over the next 20 years, offers remarkable long term opportunities for both the construction and property sectors.





Property Division

The Group's land bank now stands at almost 2,600 acres to be developed, with a total estimated GDV of about RM6 billion. This vast land bank will allow the Group to further strengthen its position as Sarawak's leading developer.

In previous annual reports, we noted that, according to leading property consultants CH Williams Talhar Wong and Yeo Sdn Bhd (1997-2004, WTWY Property Report 2005), the average annual demand for new residential properties in Sarawak would be around 15,800 per annum between then and 2010. In the Group's target markets, this broke down into 5,200 new homes per annum in the Kuching/Samarahan area, 2,800 new homes per annum in the Bintulu area, and 2,700 new homes per annum in the Miri area.

The Group is confident that WTWY's predictions are still realistic, despite consolidation of the Sarawak housing market, although the time frame may have stretched somewhat. Therefore we intend to generate increased sales through a variety of new strategies; targeting the mass housing market, improving designs and systems to enhance quality and reduce cost, and producing specially designed homes for niche markets (starter homes, senior citizens, etc.). See the Review of Operations for further details.



Confidence-Boosting Factors

The Group continues to have great confidence in Sarawak's property market, for a variety of reasons, of which two stand out as being the most significant.

1. **Population Growth:** Sarawak's young, ambitious and upwardly mobile population is growing at between 3% and 5% per annum in urban areas and 2.5% overall, fuelled not only by a high birth rate, but also by substantial urban-rural migration as the state develops and industrializes (sources: Population & Housing Census Report, 9th Malaysia Plan). As a result, the state has the third highest level of overall housing requirements in Malaysia, at 65,000 units between 2006 and 2010. The only states with greater housing needs, namely Selangor and Johor, have far larger populations and thus Sarawak enjoys the highest per-capita demand of the three (sources: 9MP, Credit Suisse).
2. **Spin-Offs from Major-Projects:** A number of major infrastructure projects should not merely provide secure and well-paying jobs for potential home buyers. They should also involve huge capital injections into the state's economy, enriching local entrepreneurs across a wide range of categories and providing liquid cash for property and real estate investment. Short to medium term benefits are anticipated from the Bakun and Murum Hydro Dams, Malaysia's largest pulp and paper mill, and the RM2 billion Salco aluminium smelter, as well as the dramatic expansion of the oil and gas industry. In the longer term, the RM300 billion SCORE project is expected to quadruple Sarawak's per capita income in real terms over a 20-year period, making home ownership an achievable reality for the vast majority of Sarawakians.

message to our shareholders



Developing Property Investment Opportunities

To reflect this confidence, and to further capitalize on its position as Sarawak's No. 1 developer, the Group also plans to move into property investment throughout and beyond Sarawak. This will enable the Group to position itself not only as Sarawak's leading developer, but also as a genuine one-stop property shop, offering its customers a complete spectrum of property-related products and services, including real estate investment trusts (REITs).

Medium Term Property Outlook

The group will continue to focus on and expand its mass housing activities, as well as moving into niche markets such as lifestyle housing and silver-hair programmes. Thus we anticipate that property sales and revenues can realistically treble over the next five to six years.

Construction Division

We are equally confident of continued profitability in the Group's construction and civil engineering activities. Ongoing projects continue to hit their respective targets either on schedule or ahead of schedule, and are expected to contribute to profits as previously forecast.

For the medium term, the Group's profits will be boosted by a number of major contracts. The most important of these is the Kuching Flood Mitigation Scheme for the Drainage and Irrigation Department, Sarawak, for which work on Phase 1 has already started. According to the project design consultants, the scheme is likely to have a contract value in the region of RM1.3 billion (excluding land acquisition element), although it may be implemented in stages depending on government funding priorities and other considerations.

The Group's total order book now stands at over RM3.2 billion, with a value-to-run of over RM2.5 billion, which will secure construction division profits for the next 3 or 4 years, and does not include projects currently being bid for. However, in order to secure construction revenues and profits for the longer term, the Group is currently bidding for various major infrastructure projects, including oil and gas industry related projects, whose estimated value is RM8.0 billion over the next five years. See the Review of Operations for further details.

NOTE: The order book value of RM3.2 billion given above includes projects at the Letter of Intent (LOI) stage. Given its past track record and past experience, the Group is very confident that these LOIs will become firm orders, although this cannot be guaranteed.

Exploring Opportunities in Oil and Gas

The Group is seeking to diversify beyond mainstream government contracting and establish its presence in the rapidly expanding oil and gas sector. This is being done in order to further increase the long-term value of its construction and civil engineering activities, as well as to minimize business risks associated with a comparatively narrow client base. The group anticipates important synergies for the construction division from its stake in associate company Dayang Enterprise Holdings Berhad. See the Review of Operations for further details.

RECESSION MANAGEMENT & MITIGATION

As previously mentioned, we feel that our inherent strength and resilience, combined with our advantageous financial position, will help us to remain profitable throughout the current economic downturn. However we are not taking anything for granted, and we are proactively managing our response to this recession by implementing a comprehensive Recession Management Plan which we have been working on since 2006. This plan is being implemented by our Recession Management Committee, comprising directors and senior managers, and targets every aspect of the Company's operations, as described below.



Finance

Our main priorities are to manage costs and preserve cash flows. We have money in the bank, an excellent relationship with the banking community, still maintain our AA3 credit rating and have an unused RM500 million Islamic bond facility, so in theory there should be little concern over our financial position. However we have built up this strong financial position in order to exploit business opportunities and enhance shareholder value, not as an insurance policy against difficult business conditions. We feel our financial strength is one of our greatest assets, and have no intention of weakening it in the face of the current recession. Instead we are proactively managing costs and cash flows through a variety of initiatives.

Micro Management: We have introduced micro-management of costs and cash flows at every level of our business.

Increased Transparency: We have initiated dialogues with staff, sub-contractors and suppliers on our Recession Management Plan and the need for cost savings.

Increased Accountability & Responsiveness: Managers are provided with continuously revised targets and accountability frameworks on an ongoing basis.

Enhanced Risk Management: The Risk Management function has been expanded to include continuous monitoring and managing of recession-related risks such as financial and liquidity management, operational and strategic risks and third party risks.

Doing More With Less: All staff have been asked to do more with less, in terms of both cash and resources, and are responding very positively.

Operations

– Achieving Super-Adaptability

We have put into place a new “Super-Adaptability Plan” whereby managers and staff are both enabled and encouraged to become super-adaptive to any change in the work and business environments. This is being achieved through more effective delegation strategies, better monitoring of accountability frameworks, increased multi-tasking, and judicious and timely expenditure on enhanced business information systems. This process has in fact been ongoing since 2005, as part of our business process re-engineering project, but has now been brought forward and given maximum priority.

Rightsizing, Not Downsizing

– Managing Labour Costs & Productivity

We have carried out major reviews on cost cutting, through reducing the labour force, implementing salary adjustments by reducing the number of working days from 5.5 to 5 days a week, and cutting overheads such as refreshments at meetings. These initiatives have been well received by the workforce, who fully understand and appreciate the need for such measures, and we are achieving wage reductions together with increased productivity.

More Effective Procurement

Our Trading Division, responsible for the Group’s procurement function, has implemented greater standardisation across the board. For example, rather than ordering a variety of door sizes and types for the same housing project, we are standardizing door sizes and specifications and enjoying economies of scale. We are also investigating flexible procurement strategies and direct import opportunities.

The Results

Thus far, we feel that our recession management strategy has been well implemented, and the proof of this is the concrete results achieved. Gross margins are down by less than 2% despite a variety of spiralling cost factors which are beyond our control, and we are pleased to note that net margins remain almost at par.

message to our shareholders



ASSOCIATE COMPANY – DAYANG ENTERPRISE HOLDINGS BERHAD

The Group acquired 45% of Dayang Enterprise Holdings Berhad (Dayang), one of Malaysia's leading oil and gas services groups, on August 27th 2007. As well as its commercial value, Dayang offers the Naim Group valuable business synergies and opportunities (see the Review of Operations). Dayang became the first oil and gas services company from Sarawak to be listed on the Main Board of Bursa Malaysia Securities on April 24th 2008, and saw its public spread of 17.6 million shares oversubscribed by 839 per cent. The floatation gave Dayang a market capitalization of approximately RM510.4 million, with Naim retaining a controlling 34% stake, which has subsequently been increased to 36%. The Group's interest in Dayang is controlled through our three seats on Dayang's Board, with Datuk Hasmi Bin Hasnan as Dayang's Non-Executive Chairman

CORPORATE AFFAIRS

We would like to welcome Mr Leong Chin Chew to the Board as Executive Director and Vice President overseeing the Construction Division. Mr Leong requires little introduction as he has been with the Group since 1995, firstly as Head of Infrastructure and Works and subsequently as Senior Head of Construction. We look forward to his valuable contribution at Board level.

CORPORATE IMAGE AND PUBLIC PROFILE

We have been planning to simplify our corporate identity in order to associate our brand with a single, powerful name. Therefore, following approval by shareholders at the Extraordinary General Meeting held on the 12 March 2009 and the issuance of the Certificate of Incorporation on Change of Name of the Company dated 13 March 2009 by the Companies Commission of Malaysia, the Company is now known as Naim Holdings Berhad.

ANTICIPATED RESULTS

With the benefit of hindsight from previous results and performance, coupled with the initiatives we are taking in the face of the current challenging economic situation, Naim is confident of achieving credible results for 2009 and beyond.

RECESSION-LINKED OPPORTUNITIES

The Chinese word for "crisis" shares a common character with the word for "opportunity". Having dealt effectively with the threat of recession, we look forward to the opportunities it presents. Our Recession Management Plan is already making us a leaner, fitter and more flexible organisation, and we will be altogether more competitive once the recession eases. But a recession presents other opportunities as well; land, businesses and other assets - and even people - often become available at very attractive terms. Therefore we are maintaining a close watch on the availability of attractive distressed assets, both within Sarawak and beyond, and are also seeking to attract high-performing personnel who will help to take our Company forward.

Whilst nobody welcomes a recession, we feel that the current recession presents us with a unique opportunity to build on our inherent strengths and become one of – if not the – strongest property players in Malaysia.



ACKNOWLEDGEMENTS

We would like to convey our sincerest thanks to our fellow directors and all the employees of Naim Group and our associate companies for their hard work, their professionalism and their positive response to the economic situation. We would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us such close cooperation and support during 2008. Heartfelt thanks are also due to our joint venture partners, sub-contractors, consultants, professional advisors and service providers, whose unstinting efforts have helped our Group to perform so well.

However the warmest thanks of all are due to our fellow shareholders. Whether you are large institutional investors working on behalf of millions, or small investors seeking to secure your retirement years or your children's education, we value every single Sen you have invested in our Group. We are delighted that you have given us, and will continue to give us, the opportunity to reward your strong faith in our abilities.

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

Thank you

Datuk Abdul Hamed Bin Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director and Chief Executive Officer



review of operations

Note: Observant readers may notice slight variations in the GDV values, contract values and completion dates of some projects compared to previous Annual Reports. Where present, these variations are generally positive and reflect either changes in property values in line with prevailing market conditions (Property Operations), or variations in contract value due to variation orders, changes to scope of works, etc. (Construction Operations).

Property Operations

During 2008 we sold 629 units of residential and commercial properties to a value of RM165.2 million, compared to 984 units at RM225.0 million in 2007. This decline was largely due to poor buyer sentiment in response to the ongoing recession. However, we also launched fewer housing products during the year. This was done to avoid carrying unsold stock given the weak market, and so that we could re-design and re-target some products towards the more affordable segment of the market in order to achieve better sales in 2009. Individual development projects and property activities are discussed in detail below.

Bandar Baru Permyjaya

Bandar Baru Permyjaya, our pioneering integrated satellite township in Miri, continues to be one of the most popular and successful suburban developments in Malaysia, and was once again our largest single property revenue earner. During the year in review 435 homes and commercial properties were sold to a value of RM106.6 million. We were able to achieve our sales targets during the first half of the year, but sales dropped away rapidly in Q3 and Q4.

Desa Ilmu

Desa Ilmu, the largest integrated development in Kota Samarahan, Kuching's hi-tech satellite town, has been an excellent performer but is now almost complete, so sales are therefore reducing on a year-by-year basis. Nevertheless we achieved sales of 84 units at a total value of RM18.5 million, in line with our initial forecast for the year.

Rock Commercial Centre

This 2.4-acre commercial development in one of central Kuching's busiest and most attractive locations comprises 17 shophouses and a large stand-alone retail space for an anchor tenant. As of YE 2008, we sold 10 units to a total value of RM13.55 million. As the buyer demand for premium shophouses has declined with the recession, we are offering some of the remaining vacant properties on a short term rental basis.

Desa Rampangi

Desa Rampangi is an 83-acre land package on the Santubong Peninsula, Kuching's booming northern leisure corridor. Strategically located next to the SPNB Sultan Tengah project (see Construction), Desa Rampangi will be developed once the public housing component of the Sultan Tengah mini-township is completed by our construction division.

Bukitan

This proposed 4.8 acre project at Jalan Bukitani, Kuching, has a superb central fringe location, just 4 km from Kuching City Centre, 7.2 km from Kuching International Airport, and just a short walk from the Swinburne University Branch Campus and The Spring, Kuching's leading shopping mall. The development will comprise townhouses and detached houses making up a gated and guarded community in an exclusive low density residential neighbourhood. The development concept is to maintain the gentle undulating terrain and to keep as many of the existing trees where possible. Total estimated GDV will be announced once the planning and approval phase is complete.

Batu Lintang

Our valuable 34-acre land package at Batu Lintang, one of central Kuching's most desirable residential areas, is targeted for a series of phased executive developments with an overall GDV of over RM1.3 billion.

Riveria

Located at the heart of Kuching's popular southern corridor, on 100 acres of attractive river frontage directly adjacent to the Kuching-Kota Samarahan road, Riviera has been popular with buyers since its launch in 2005. The area is already well established through existing developments such as the Tabuan area and Stutong Jaya, and a great deal of infrastructure, social and educational amenities and major employers are already in place. Riviera was a star performer in 2006 and 2007, and once again proved its popularity in 2008, when we able to sell all units launched to a total value of RM 41.0 million. To date we have sold 650 homes and there are only 60 units now remaining in Riviera I. We will proceed with the phased launch of Riviera II (Riviera Perdana) during the coming year.



Lembaga Miri

This proposed residential and commercial development is situated on what we believe is the finest piece of undeveloped real estate in Northern Sarawak. Residents of this 49.5 acre guarded community will enjoy commanding sea views with a long stretch of beach frontage and an adjacent golf course, just 4km from Miri City Centre. We anticipate a strong demand from affluent buyers for the detached houses, semi-detached houses, apartments and shophouses. Total estimated GDV will be announced once the planning and approval phase is complete.

Desa Labang

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

Property Innovations

During the year we were able to implement a variety of new property development and marketing strategies, in order to maximize yields from our ongoing business, to mitigate against any recessionary impacts in the short and medium term, and to increase overall buyer appeal and profitability in the long term. Foremost amongst these is our move to developing a wider portfolio of property styles, effectively a "home menu", offering buyers greater choice and allowing us to target a broader economic cross section of buyers within a single development. In conjunction with the "home menu" strategy, we are introducing new design specification and templates, which will improve design flexibility, reduce labour and materials costs and lead times, and enhance quality and buyer appeal. We are working on obtaining pre-approval from the relevant authorities for a variety of housing types across a broad range of locations. We have also enhanced the purchasing function, with increased standardization of components (such as doors, windows, roofing tiles, etc.) in order to achieve economies of scale and further drive down costs.

The overall effect of these combined strategies is to provide us with a "bank" of ready to build developments whose constituent properties can be flexibly tailored to suit prevailing market conditions



and buyer needs. For example, during the present economic downturn, demand for luxury homes has fallen away considerably, while the demand for mass housing has only weakened slightly. To address this, we are now able to populate the initial phases of any new development with a greater proportion of more affordable homes catering to the mass housing market, whilst retaining the flexibility to add higher cost properties on short lead times as market conditions improve. This increased flexibility will also give us the option to address niche markets within our developments, by offering homes specially equipped for disabled buyers and senior citizens, gated and guarded communities for exclusive buyers, and basic yet expandable starter homes for young couples and lower income buyers.

Construction Operations

This has once again been a successful year for the construction division, which contributed 53.42% of revenue (RM279.75 million) compared to 57.69% in 2007 (RM372.72 million). Although the year's performance pales in comparison to 2007, it should be noted that 2007 was something of a windfall year, with a number of major projects completing and/or falling due for payment at the same time. The 2008 result is fully in line with our forecasts for the year, and in one respect it actually improves on 2007; despite rapidly rising costs and worldwide materials shortages, we were able to maintain our gross margin at a respectable 20.66% compared to 22.71% in the previous year.

Completed Projects

Projects completed during 2008 had a combined value of RM397 million and - in the best Naim tradition - were completed on time or ahead of schedule.

Police General Operations Force Camp, Kuching

This turnkey project for the Ministry of Internal Security comprises every component of a major operational, training and residential complex for the 700-strong Police General Operations Force contingent in Kuching. The project, located on a 250-acre site, involves the construction of a self-contained community of residential, administrative and support buildings, complete with telecommunications and network infrastructure. The project was completed in February 2008, a full month ahead of schedule.

review of operations

Maktab Rendah Sains MARA (MARA Junior Science College), Mukah

The result of another successful competitive tender awarded in 2006, this project comprises construction of a main academic block, an administrative block, a multi-purpose hall, laboratories, libraries, workshops, student hostels, staff quarters and social and religious facilities, laid out in four distinct zones. The original project period was very tight, at only 24 months for a greenfield site, but we commenced work ahead of schedule, and implemented a multi-staging surcharge process for the earthworks. This allowed actual construction to commence 3½ months ahead of schedule and enabled us to once more deliver on time

Kompleks CIQ, Limbang

The Limbang Customs, Immigration and Quarantine Complex for the Ministry of Home Affairs represents a departure from our usual strategy of targeting negotiated contracts. Our successful tender for this project indicates that we are as competitive on cost management as we are on quality and timely delivery. It also allows us to showcase the quality of our work to the large number of international travelers passing between Malaysia and Brunei. The project was completed on schedule in July 2008.

Ongoing Projects

As of December 2008, RM1.83 billion worth of projects were under construction, and all were progressing on target or ahead of schedule.

Upgrading of Sibulau Road

This project, a key section of the Trans Borneo Highway, involves road widening and upgrading works in some of Sarawak's most challenging terrain. The project is currently on schedule to achieve its targeted delivery date of January 2010.

Upgrading of Sibulau – Matadeng Road

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

existing road to provide a safe and pleasant driving experience, the project also involves the laying of a main water pipeline along the length of the road. We commenced on this 52km road project in July 2007, and it is targeted for completion in July 2010.

New Dewan Undangan Negeri (DUN) Complex

The new seat of Sarawak's State Government is a 45/55 joint venture with PPES Works Sdn Bhd, a subsidiary of Cahya Mata Sarawak Berhad (PPES 55% and Naim 45%). At the time of writing, construction of this state-of-the-art building is on schedule for timely completion in May 2009.

SPNB Desa Bahagia, Miri

The largest of three turnkey projects for Syarikat Perumahan Negara Berhad (SPNB), Desa Bahagia involves the construction of 2,703 residential and commercial units, comprising single-storey terraced, semi-detached and detached homes as well as double storey shophouses. One of very few low-density public housing schemes in Malaysia, Desa Bahagia's affordable medium-cost homes are designed to offer lower income earners an excellent quality of life, in line with the Naim Group's philosophy of building not simply houses but vibrant living communities. The project is currently well on schedule for its target date.

SPNB Desa Ilmu, Kota Samarahan

Another SPNB project offering quality urban homes for lower income earners, SPNB Desa Ilmu comprises 1,152 walk-up apartments, as well as a Surau and Multipurpose Hall. This contract is also well on schedule for timely handover.

SPNB Sultan Tengah, Kuching

A mixed development of almost 1,975 residential houses and commercial shoplots, complete with ancillary buildings and supporting infrastructure, this design and build project has completed the site clearing and earth filling stage, pending plan approval from the client before actual construction proceeds.





Construction of Bengoh Dam, Kuching

This 63 metre high by 267 metre long dam will have a capacity of 144 million cubic metres (1m³ = 1,000kg or 1 tonne) and will produce a lake with a surface area of approximately 10km². Designed to secure Kuching's water supply for the foreseeable future, the dam will be only the second in Malaysia to be constructed using Roller Compacted Concrete (RCC) technology, which offers a projected service life of 100 years. The package also includes ancillary buildings, infrastructure and associated works, and resettlement of four communities with a total population of approximately 1,000. We commenced in August 2007, and expect to complete the project on schedule by December 2010.

Kompleks Islam Sarawak

We were awarded this contract on 14 April 2009, to construct a multi-purpose hall and 17-storey tower with 2 basements and 3 levels of podium. The client for this prestige project is Majlis Islam Sarawak and the contract duration is 30 months.

Flood Mitigation Works, Kuching – Phase I

This contract covers site preparation, channel cutting, preliminary dredging and earthworks. The full RM1.3 billion project is described under Future Projects, below. We commenced work during the year and are well on schedule for completion in December 2010.

Future Projects

In order to avoid speculation and present a realistic order book valuation to shareholders, we have chosen to confine our descriptions of future projects to those which we have already received a Letter of Intent (LoI) and/or further substantiating documents from the client(s). Any other projects for which we are currently bidding will be only be announced once they are provisionally awarded. At the time of writing, there are three major projects at the LoI stage, with a combined value of RM1.9 billion.

Flood Mitigation Works, Kuching

This RM1.3 billion plus construction project is currently at the final study and design revision stage, with actual construction work due to commence shortly. We have already started work on Phase I of the project (see above). Our revised design (increasing the project value by approximately RM300 million) takes a holistic approach to floodwater management, with an 8km long, 250m wide bypass



channel capable of dealing with catastrophic, once-in-a-century flood events with a peak flow as high as 4,000m³/sec. As well as the bypass channel, the project will also include water retention ponds, bundings, telemetry equipment, sluice gates and other associated works. Construction is expected to take between 60 and 72 months.

Construction of 13 Schools

This Federal project with a contract value of RM148 million was awarded to Naim and a joint venture partner by the Ministry of Education. It involves the construction of schools, hostels and ancillary buildings throughout Sarawak.

Oil and Gas Division Operations

As the youngest member of the Naim business family, established in 2006, the Oil and Gas Division is still at the early development stage; obtaining the appropriate certifications and registrations, conducting market research, holding discussions with potential clients, and identifying possible joint venture partners. Thus far we have already achieved the status of a Petronas-licensed contractor (Major Construction and Civil Works), and have subsequently upgraded this license to include M&E.

We also formed a consortium with international pipeline fabrication specialists including the world-renowned NACAP Group, which pre-qualified to bid for the upcoming Sabah-Bintulu Gas Pipeline project. Although we managed to make the final shortlist of five consortia, we were unsuccessful in our bid. However, the lessons learned from the bid process should put us in a far stronger position

review of operations



to bid for future projects, and we are currently targeting a number of substantial oil and gas contracts in Sabah and Sarawak.

The acquisition of a major stake in our associate company, Dayang Enterprise Holdings Berhad (Dayang), also provides us with valuable new opportunities. Dayang's blue chip client base (Petronas Carigali, Sarawak Shell, Sabah Shell, ExxonMobil and US-based Murphy Oil) provides us with a ready-made network of top-level business contacts within the oil and gas sector. Our close relationship with Dayang also gives us the opportunity to propose and bid for turnkey "build-and-operate" contracts, and to offer integrated "build, maintain and service" packages to potential clients.

The current set up of the Oil & Gas Division is also intended to aggressively pursue and develop a synergy-driven type of approach to venture into other sectors/projects within the Oil & Gas sector, both upstream and downstream; in other words, to forge suitable alliances with other players in the industry. The synergy partners shall be appropriately identified to suit the nature of projects in which we intend to participate. By pursuing these synergies and alliances we believe that, in the long run, Naim's Oil & Gas Division will be more than adequately equipped and able to position itself strategically to face the challenges of the industry.

Associate Company – Dayang Enterprise Holdings Berhad

On August 27th 2007, the Group acquired 45% equity interests in Dayang Enterprise Sdn Bhd, DESB Marine Services Sdn Bhd and Fortune Triumph Sdn Bhd for an aggregate cash consideration of RM87,750,000. These companies were then brought under the umbrella of a new vehicle, Dayang Enterprise Holdings Berhad (Dayang), in which the group retained its 45% stake. As well as its commercial value, Dayang offers the Naim Group valuable business synergies and opportunities (see Oil and Gas Operations, above)

On 24th April 2008, Miri-based Dayang became the first oil and gas services company to be listed on the Main Board of Bursa Malaysia Securities.

As a matter of courtesy, as Dayang is an associate and not a subsidiary, we have chosen not to comment in detail on Dayang's operations in this Annual Report. Please refer to Dayang's own Annual Report or their website at www.desb.net. However, we feel Dayang's board and management will hardly object if we point out that Dayang secured RM200 million worth of new business during 2008.

Business Development Operations

Our current Business Development Plan was drawn up by Management in 2006, covered a period of 5 years from January 2007 to December 2011, and focused principally on construction activities. For that period we targeted the securing of RM7 billion worth of new contracts, and thus far we have been able to achieve our targets. However, during the current recession these targets are likely to become increasingly difficult to meet through traditional channels (government tenders, negotiated contracts, etc.).

Rather than revise these targets downwards, we have redoubled our efforts to secure new business in non-traditional areas. Therefore we are seeking to build new links and partnerships in both the construction and property sectors beyond Sarawak, and are currently negotiating with a number of overseas governments and other potential partners. For the longer term we are already evaluating potential projects under the 10th Malaysia Plan and the Sarawak Corridor of Renewable Energy (SCORE).

Management and Administrative Operations

Quality

Quality is the ultimate criterion by which our business success is judged, and therefore quality is "first amongst equals" in terms of our business development and corporate re-engineering priorities. We already owe a great deal of our success to excellent quality management, and the subsequent delivery of top quality products and services, a fact that is acknowledged by a string of quality awards over the last few years.



During the year we linked our Quality function together with our Health, Safety and Environmental functions into an integrated Quality, Safety, Health and Environment Policy (QSHE), which demonstrates and formalizes our total commitment towards better quality, better health, increased safety and greater care for the environment. For further details, please see the Corporate Social Responsibility chapter, pages 64 to 67 .

We also worked hard on our ongoing certification programme, and as of 31 December 2008 our various operational units are certified to ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007.

Information Technology

The adoption of new and emerging technologies gives the Naim Group a valuable competitive edge. It allows us to manage projects more effectively and to construct better homes, buildings and infrastructure. For this reason we devised a 5-year IT Plan in 2004, which has continued to be implemented throughout the year in review and is now complete, with a total of RM4.5 million invested in new infrastructure and upgrades.

We are now ready to embark on the next phase, the Long Term IT Solution Plan, for which we have allocated a budget of RM6 million. We have not yet determined a fixed timescale for its full implementation, due to the need for cost-cutting during the current recession, but we will nevertheless maintain significant levels of IT spending during 2009 to ensure we maintain our competitive edge.

Business Process Re-Engineering

Our Business Process Re-Engineering Programme, introduced in 2005, continued to be the focus of our corporate priorities. Its implementation was accelerated during the year to address the challenges posed by the ongoing recession. Please refer to the Message to Shareholders – Recession Management & Mitigation for further details.

Human Resources

Our workforce continues to be our most important asset, especially in challenging times. Throughout the year we continued our ongoing programme of human resource development to ensure that we recruit, retain, train and develop people who share the Group's vision, goals and objectives. We have been simultaneously examining suitable strategies to rightsize our workforce to face the challenges of the current recession. Please see the separate chapter, Managing Human Resources, on pages 38 to 39 for further details.

Investor Relations

Our proactive and inclusive investor relations policy continues to win favour with shareholders and industry analysts. Please see the Investor Relations Chapter on pages 68 to 69 for further details.

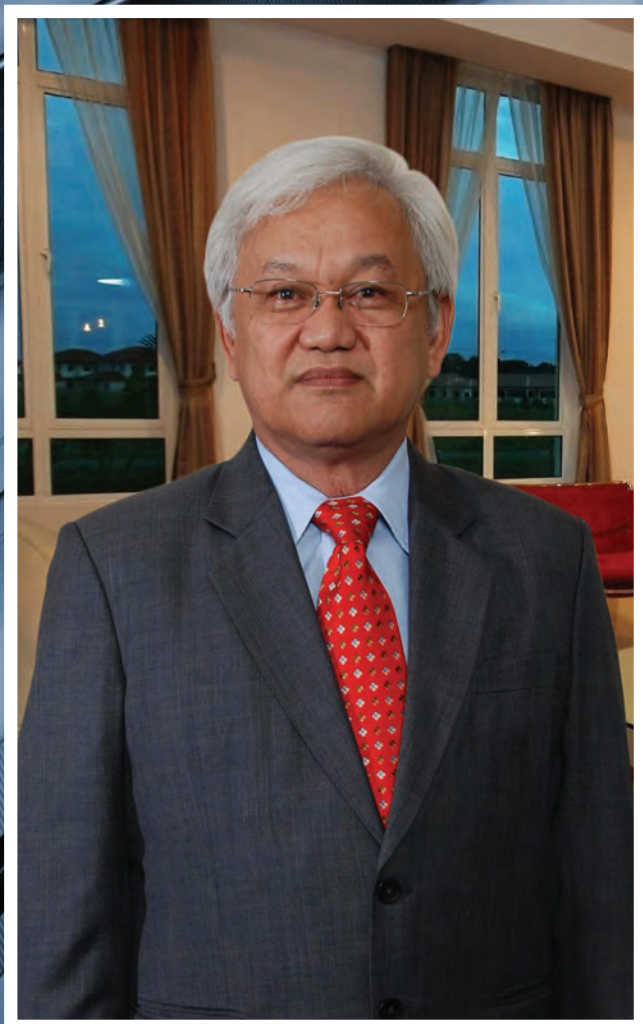
Corporate Governance

Our highly acclaimed Corporate Governance strategy is described in full in a separate chapter on pages 43 to 54.

Corporate Social Responsibility

Please refer to the separate chapter on pages 64 to 67.

Board of Directors



For more than 30 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.

Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Chairman

Board Executive Committee

Nomination Committee

Business Development Committee

Datuk Abdul Hamed Bin Haji Sepawi, aged 60, was appointed as Chairman of Naim Holdings Berhad on 25 July 2003. Prior to the Naim Group's listing he was Non-Executive Chairman of Naim Cendera Sdn. Bhd. (since 12 October 1995). He received his early education at St. Columba's School, Miri and Malay College, Kuala Kangsar. He graduated with a BSc (Hons) from University of Malaya in 1971, pursued undergraduate studies in forestry at the Australia National University from 1974 to 1975, and later obtained an MSc in Forest Products from Oregon State University, USA.

Whilst remaining active in the timber and plantation industries, Datuk Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 30 years, he has been active as an investor, 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 is the Executive Chairman of Ta Ann Holdings Berhad, Chairman of Sarawak Energy Berhad and a director of Sarawak Plantation Berhad, companies listed on Bursa Malaysia Securities Berhad.

Managing Director
Datuk Hasmi Bin Hasnan

Chairman

Risk Management Committee

Corporate Disclosure Committee

Member

Board Executive Committee

Remuneration Committee

Human Resource Operations Committee

Business Development Committee

Business Process Engineering Committee

Datuk Hasmi Bin Hasnan, aged 56, is the founder of Naim Cendera Sdn. Bhd., a wholly-owned subsidiary of Naim Holdings Berhad. He was appointed Managing Director of Naim Holdings Berhad on 25 July 2003. He graduated with a BSc in Estate Management from the London South Bank University, UK in 1978. He is a Senior Certified Valuer with International Real Estate Institute, USA and a member of FIABCI.

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 9 September 2000.

He was awarded the Property Man Of The Year 2008 by the International Real Estate Federation (FIABCI) in Kuala Lumpur.

He is Chairman of Sarawak Plantation Berhad and Dayang Enterprise Holdings Berhad, companies listed on Bursa Malaysia Securities, and director of Naim Incorporated Berhad, a non-listed public company.



He was awarded the Property Man Of The Year 2008 by the International Real Estate Federation (FIABCI) in Kuala Lumpur.

Board of Directors



Deputy Managing Director Dr. Sharifuddin Bin Abdul Wahab

Chairman

Human Resource Operations Committee

Member

Business Development Committee
Board Executive Committee
Business Process Engineering Committee
Risk Management Committee
Corporate Disclosure Committee

Dr. Sharifuddin Bin Abdul Wahab, aged 53, was appointed Independent Non-Executive Director on 25 July 2003 and was redesignated to Deputy Managing Director on 26 February 2007. He graduated with a Doctor of Veterinary Medicine degree from the University of Agriculture, Faisalabad, Pakistan in 1981. He then pursued his postgraduate studies and obtained his Masters Degree from Universiti Pertanian Malaysia in 1983. He also holds a certificate in RIA techniques from Cornell University, United States of America.

He began his career in the education field as a lecturer in Universiti Pertanian Malaysia in 1982 and was active in various research and development activities. He was awarded research grants from the International Atomic Energy Agency (IAEA) Vienna, Commonwealth Scientific and Industrial Research Organisation (CSIRO) Australia and later appointed as expert for Africa and South East Asia by the IAEA. He joined Schmidt Scientific Sdn. Bhd. from 1989 – 2005 and successfully restructured the Biomedical business in Malaysia. He was appointed the Executive Director of Schmidt Vietnam Co Ltd from 1995 – 1998. He was promoted to the position of Regional Managing Director in 1999. He was also the Chief Executive Officer of Schmidt BioMedTech Asia Ltd., a multinational company with presence in over ten countries in Asia. He left Schmidt BioMedTech Asia Ltd on 15 February 2007. However, he was re-appointed as an Independent Director for Schmidt BioMedTech Asia Ltd. on 26 February 2007. He also holds directorships in several private limited companies.

He is also director of a listed company, Dayang Enterprise Holdings Berhad and a non-listed company, Naim Incorporated Berhad.

Senior Vice President/Executive Director Ahmad Bin Abu Bakar

Member

Board Executive Committee
Risk Management Committee
Human Resource Operations Committee
Corporate Disclosure Committee
Business Process Engineering Committee

Ahmad Bin Abu Bakar, aged 55, was appointed Executive Director of Naim Holdings Berhad on 6 February 2006. He is a member of both the Chartered Association of Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA). He is principally responsible for overseeing the financial management and monitor the operations of the Group.

Prior to joining the Group, he held senior management positions in multinational and listed companies. He has worked for over 30 years among others with Malaysia Credit Finance Berhad, Fima Metal Box Bhd, DMIB Berhad and Consolidated Plantations Berhad under Sime Darby Group, Land and General Berhad. He has considerable experience in the operations, finance and auditing for hotel management, plantation, timber related activities, construction and property development industries.



Senior Vice President/Executive Director
Ir. Suyanto Bin Osman

Member

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

Ir. Suyanto Bin Osman, aged 51, was appointed Executive Director of Naim Holdings Berhad on 25 July 2003. He is responsible for the overall performance of the business development 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 Sdn Bhd in 1995 as Executive Director where he was the Project Director of various mega-projects. He joined wholly owned subsidiary Naim Cendera Sdn. Bhd. in April 2003.



Senior Vice President/Executive Director
Kueh Hoi Chuang

Member

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

Mr. Kueh Hoi Chuang, aged 53, was appointed Executive Director of Naim Holdings Berhad on 25 July 2003. He holds a Bachelor of Arts degree from the University of Guelph, Canada, and is a member of the Institute of Approved Company Secretaries.

Mr Kueh has been involved in the property and construction industry since his graduation in 1983. He was initially employed by Custodev Sdn. Bhd., where he specialized in property management, development and construction. He joined wholly owned subsidiary Naim Cendera Sdn. Bhd in 1993 and rapidly rose through the ranks. He was the head of the Naim Group's property division, responsible for the development of the Group's flagship projects at Bandar Baru Permyjaya in Miri and Desa Ilmu and Riveria in Kota Samarahan. In May 2009 he has been assigned to take charge of the equipment management trading and land acquisition divisions.

He is also a director of Naim Incorporated Berhad, a non-listed public company.



Board of Directors



Vice President/Executive Director **Abang Hasni Bin Abang Hasan**

Encik Abang Hasni Bin Abang Hasan, aged 58 was appointed Executive Director of Naim Holdings Berhad on 25 July 2003. He received his early education in Government Secondary School, Kanowit and later pursued studies in carpentry and joinery and obtained a Certificate from City & Guilds of London Institute. In 1972 he attended a technical course in wood processing and mechanical and engineering equipment at British Columbia Institute of Technology, Canada.

From 1967 to 1983 he worked as an Instructor to the Forest Department, Kuching. From 1983 to 1988 he joined Equatorial Timber Moulding Sdn. Bhd. as Assistant Factory Manager. Thereafter he was employed as Production, Research & Development Manager by Gegasan Sdn. Bhd., a company involved in timber related business. In January 1997 he joined Naim Cendera Sdn. Bhd. as Executive Director incharge of QA/QC and HSE for the Group.

Non-Executive Director **Ir. Abang Jemat Abang Bujang**

Chairman
Remuneration Committee
Business Process Engineering Committee

Member
Human Resource Operations Committee

Ir. Abang Jemat Abang Bujang, aged 56 was appointed Independent Non-Executive Director on 25 July 2003. Presently he is Non-Executive Director. He holds a Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia. He is a registered Professional Engineer with Board of Engineers, Malaysia and also a member of the Institute of Engineer, Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997.

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



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

Chairman
Audit Committee

Member
Nomination Committee
Risk Management Committee

YB Tuan Haji Hamden Bin Haji Ahmad, aged 60 was appointed Independent Non-Executive Director on 25 July 2003. He is a Chartered Accountant and obtained his membership of the Association of Chartered and Certified Accountants (ACCA) from the London School of Accountancy, United Kingdom in 1979. He is a Fellow of ACCA.

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

He is also Director of Sarawak Plantation Berhad and BLD Plantation Berhad, companies listed on Bursa Malaysia Securities.

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

Member
Audit Committee
Nomination Committee
Human Resource Operations Committee
Remuneration Committee

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis, aged 63, was appointed Independent Non-Executive Director on 16 February 2005. He was awarded a degree of Doctor of the University (honoris causa) by Swinburne University of Technology Australia in 2008 in recognition of eminent contribution to the state of Sarawak. He graduated with a Master in Business Administration from Brunel University, UK. He also holds a Diploma in Management Science (Finance), Institut Tadbiran Negara Malaysia (INTAN); Certificate of Executive Programme AIM and Senior Executive Fellows Programme, Harvard University, USA.

He joined the Sarawak Administrative Service in 1965. He worked in Government Service for 40 years and has held various senior posts in Government Departments and Statutory Bodies until he retired from service in December 2005.

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis is currently the Deputy Chairman of Yayasan Sarawak and he is also the Board member of Sarawak Economic Development Corporation (SEDC).

He was director in Sarawak Electricity Supply Corporation (SESCO); Sarawak Widows & Orphans Pension Fund (WOPF); alternate member to State Secretary Sarawak in Employees' Provident Fund (EPF) Board; Aseambankers (M) Berhad; Tradewinds (Malaysia) Berhad and member of Majlis Islam, Sarawak.

He is currently the Chairman of the Charitable Trust, Bandar Sri Aman Mosque; and member of Yayasan Budaya Melayu Sarawak.



Board of Directors



Independent Non-Executive Director

Sylvester Ajah Subah @ Ajah Bin Subah

Member

Audit Committee
Remuneration Committee

Sylvester Ajah Subah @ Ajah Bin Subah 66, was appointed Independent Non-Executive Director on 26 February 2007. He graduated with a Diploma in Town and Country Planning in 1968 from Technical College, Kuala Lumpur and a Diploma in Town and Country Planning in 1975 from Glasgow School of Arts.

He started his career as an Assistant Planning Officer in Land & Survey Department, Sibul from 1969 to 1973. In May 1975 to 1977 he served as a Town Planning Officer in Land & Survey Department, Miri. In 1978 he was transferred to Land & Survey Department, Sibul. Mr. Sylvester joined Bintulu Development Authority (BDA) in 1979 as a Town Planning Officer. He was seconded to the Ministry of Resource Planning for 10 years from 1983 to 1993 as a Senior Planning Officer and also as Advisor to the State Planning Authority.

In 1994 he was promoted to the post of General Manager and held the position until his retirement in year 2001. As General Manager of BDA he was responsible for managing development projects in Bintulu including development of industrial estates, low cost housing, infrastructure projects and other public, social and recreational amenities. From 1994 to 2001, he was Board member of Shell Timur Sdn. Bhd., Bintulu Port Sdn. Bhd. and LAKU Sdn. Bhd. (North Region Water Authority)

He is a Board member of Melanau Trust Board.

Independent Non-Executive Director

Dato' Professor Abang Abdullah Bin Abang Mohamad Alli

Dato' Professor Abang Abdullah Bin Abang Mohamad Alli, 57, was appointed Independent Non-Executive Director on 15 May 2007.

Dato' Professor Abang Abdullah graduated with a Bachelor of Science (Hons) degree in Civil Engineering from the University of Brighton in 1974 and a Master of Science degree in Structural Engineering from the University of Manchester in 1975. He is a Registered Professional Engineer (PEng) with the Board of Engineers, Malaysia, a Chartered Engineer (CEng) with the Engineering Council, United Kingdom and an Honorary Fellow of the ASEAN Federation of Engineering Organisations (HonFAFEO). He is a Fellow of the Institution of Engineers, Malaysia (FIEM), Institution of Civil Engineers, United Kingdom (FICE), International Ferrocement Society (FIFS), Academy of Sciences, Malaysia (FASc), ASEAN Academy of Engineering & Technology (FAAET). He is currently the President of the Federation of Engineering Institution of Islamic Countries (FEIIC) and the Malaysian Society for Engineering and Technology (MSET). He is a Past President of the Institution of Engineers, Malaysia (IEM).

Dato' Professor Abang Abdullah began his career as a lecturer at Universiti Putra Malaysia on 29 January 1976, promoted to Associate Professor in 1982 and full Professor in 1987. He was upgraded to Senior Professor (Special Grade B) in 1995 and in 2008 to Senior Professor (Special Grade A)

At the same time he was made Deputy Dean, Faculty of Engineering in 1981 and Dean in 1982. He was Chairman of the Malaysian Council of Engineering Deans and had been holding various positions in the public and private sectors such as Design Engineer in Malaysian International Consultants in 1981/82 and Perunding Bakti Sdn Bhd in 1978. He served as a Board Member of Malaysian Highway Authority (LLM) and Board of Engineers, Malaysia (BEM).

He was elected as an Honorary Adviser to Master Builders Association, Malaysia (MBAM) and Chairman of CIDB Steering Committee on Industrialised Building System. He holds various key positions such as, Adviser of a Proposed King

Abdullah University of Science and Technology (KAUST), Saudi Arabia since 2006, Adjunct Professor at Universiti Malaysia Sarawak since 2005, Board/Council member of Universiti Kuala Lumpur (UniKL) since 2002, Board member of National Accreditation Board (LAN) since 1997, Director of Housing Research Centre (HRC), Universiti Putra Malaysia since 1996, Board Member, Polytechnic Curriculum Board, Ministry of Higher Education since 2002.

In addition, he has written a book on Industrialised Buildings Systems (IBS) and has been involved on various research on housing and construction technology, specifically in the areas of low cost materials of construction, light-weight concrete, interlocking load bearing hollow block building system (Putra Block), which has been granted US, UK and Malaysian patents, industrialised building systems and affordable quality housing.

Dato' Professor Abang Abdullah and his research team won a gold medal for the Putra Block at the International Exhibition of Inventions and Innovations, Geneva, Switzerland on 4 April 2001. He was also awarded CIDB R&D Award for research on the Putra Block Building System. In 2008 he was awarded the Dato' Paduka Mahkota Selangor (DPMS) by HRH Sultan of Selangor.

Vice President/Executive Director
Leong Chin Chiew

Member

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

Mr. Leong Chin Chiew, aged 47, was appointed Executive Director of the Company on 12 March 2008. Mr. Leong holds a Bachelor of Applied Science majoring in Quantity Surveyors from Curtin University of Technology, Western Australia. He is a registered Quantity Surveyor with the Board of Quantity Surveyors, Malaysia and also a member of the Institute of Surveyors, Malaysia.

During the past 21 years, he has gained extensive experience in project management and construction and was involved in many building and infrastructural projects in Sarawak. He joined Konsulten Perkhidmatan Kontrak QS (Sarawak) Sdn Bhd as a Quantity Surveyor from 1988 to 1990. In 1990 he moved to Shinsung Corporation (Construction), a Korean construction firm, as Project Quantity Surveyor.

He joined Naim in March 1995 as Head of Infrastructure and Works. When the Construction arm was set up in 2000, he spearheaded Naim into award winning projects, starting from the Construction of Institut Kemahiran Belia Negara (IKBN Miri).



Please refer to page 141 for Directors' securities holdings in the Company.

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

All Directors are Malaysians.

None of the Directors have been convicted for any offences.

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

senior management team



Datuk Hasmi Bin Hasnan
Managing Director/CEO



**Dr. Sharifuddin
Bin Abdul Wahab**
Deputy Managing Director



Ahmad Bin Abu Bakar
Senior Vice President/
Executive Director



Suyanto Bin Osman
Senior Vice President/
Executive Director



Kueh Hoi Chuang
Senior Vice President/
Executive Director



**Abang Hasni Bin
Abang Hasnan**
Vice President/
Executive Director



Leong Chin Chiew
Vice President/
Executive Director



Ricky Kho Teck Hock
Vice President/Director
(Corporate Affairs)



**Haji Radzali Bin
Haji Alision**
Vice President (Property)



Bong Siu Lian
Company Secretary



Christina Wong Ping Eng
Vice President (Accounts &
Finance)



Bong Siew Khim
Vice President (Quantity
Surveying)



Tan Teck Kian
Vice President
(Commercial
Property)



**Abet bin Abang
Mataim**
Vice President
(Special Assignments
& Operations)



Chong Lipe Hwat
Vice President
(Engineering,
Infrastructure,
In-House)



**John Kenneth
Carpenter**
Technical Advisor



Tony Lau Hiang Chu
General Manager
(Sales & Marketing)



Affendi Sapiee
Head of Internal Audit



Joseph Lee Han Sian
Head of Information
Communications Technology



Victor Yee Jiunn Shyan
Head of Cost Management



Dr. Ling Chin Poh
Head of M & E Engineering



**Charles Arthur
Bateman**
Senior General Manager



**Haji Abdul Rahman
Bin Abdul Rahim**
Senior Manager (Business
Development)



Tan Teck Jong
Senior Manager
(Human Resources)



Janang Sawing
Senior Project Manager



Sivakumar Ramasamy
Senior Project Manager



**Muzamry Dato'
Mohamad**
Senior Legal Advisor



**Patrick Chieng
Kwong Ee**
Manager (Quality
Assurance)



**Dayang Horyati
Bt Abang Sahari**
Manager (Business
Development)



Bedindang Nalong
Manager
(Safety, Health &
Environment)



Tony Paulus Vitus
Manager
(Quality Control)



**Haji Abdul Jalal Bin
Abdul Rahim**
Group Credit Controller



Jasni Bin Zen
Manager (Business
Development, KL)



**Siti Munirah
Binti Hasbi**
Project Manager

Managing Human Resources

Introduction

When the business environment gets tough, the companies with the most flexible and adaptable workforces are the ones that succeed. We can honestly say that we are very well served by our workforce of over 600 staff and around 170 contract workers, as they have shown an excellent grasp of the economic situation and embraced our Recession Management Plan with enthusiasm and redoubled efforts.

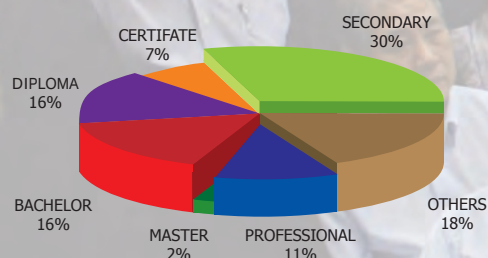
Quality of the Workforce

Over the years, we have built up an excellence and capable workforce consisting of people who are both well-educated and experienced. We are proud of the fact that 45% of our staff holds diplomas and higher degrees with 24% belonging to professional bodies. As we move upwards through the ranks, 44% at executive level hold degrees and professional status and 23% are diploma holders. Our management team comprises 50% professional and 29% degrees holders. See the tables below for further details.

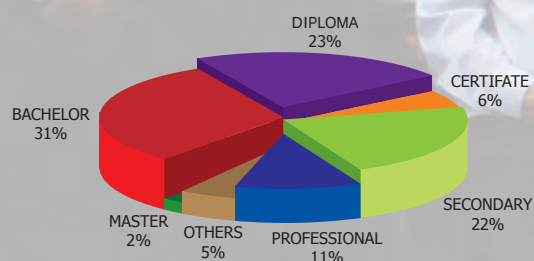
Count of Name	Grade Category					
Qualification Level	TOP MANAGEMENT	SENIOR MANAGEMENT	MANAGEMENT	EXECUTIVE	NON- EXECUTIVE	GENERAL WORKER
PROFESSIONAL	9	18	16	24	1	
MASTER	2	4	1	4		
BACHELOR	1	5	12	70	11	
DIPLOMA		3	6	50	37	
CERTIFICATE		2	3	14	26	
SECONDARY			3	49	115	19
OTHERS				10	69	30
Grand Total	12	32	41	221	259	49
Grand Total						
						614

Statistics as of 28 February 2009

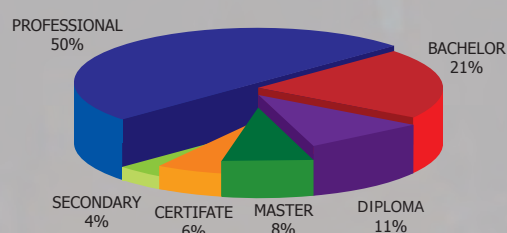
All Staff - Education Background



Executive Staff - Education Background



Management Staff - Education Background



Training and Development

The performance of our workforce has vindicated our heavy investment in training and development over the last few years, but human resource development is an ongoing process and we cannot afford to ease up. Therefore we have maintained our training budgets and resources throughout the year in review, and will continue to do so. During 2008 we spent RM710,000 on staff training, of which over 50% was devoted to in-house training targeted at improving core competencies and enabling staff to attain diploma level qualifications. Individual departments have also been organizing internal training programmes to enhance awareness and develop synergies throughout the Group.

Staff receiving training during 2008 ranged from Board members to the most junior employees, and 11,260 training hours were carried out (9,249 in-house and 1,791 external). External training was conducted by over 60 specialist training providers from both private and public sectors. This resulted in staff receiving an average of 8.7 hours of training per person during the year.

It should be noted that our allocation for training during 2008 was RM1.25 million. However thanks to judicious purchasing of training services and full mobilization of in house resources, all training objectives were achieved for RM710,000, as mentioned above, a saving of RM540,000 or 43.2%.

Featured 12 Outstanding Staff

Our overall Human Resources Policy, covering both recruitment and staff development, has shown excellent results, and the number of people who deserve special recognition for their excellent performance runs well into the hundreds. Unfortunately space constraints prevent us from listing everybody in this Annual Report, so we have decided to feature twelve top outstanding performers from every level and area of business in the Group.



**SIVAKUMAR RAMASAMY, 40,
Senior Project Manager**

Sivakumar has excellent management skills, knows how to delegate duties and gets his subordinates to work at their full potential. He fits well to Naim's culture and Naim's way of doing things; he is hard working, forward looking and wants the Group to be successful.



ALAN GOH AI LANG, 35, Project Manager

Alan is young, energetic, and always acts in the best interest of the Company and its customers. He enjoys a challenge, is always aiming higher, and aspires to be a very successful construction man. In short, he is an asset to the Company.



**HEMANG YU ABIT, 28,
Project Engineer**

Hemang enjoys long hours and a heavy workload, and his attitude and performance are fully in line with our new management approach – "Do-More-With-Less, Think No-Cost or Low-Cost, Avoid Entitlement Mentality, Get Out of the Bunker & Communicate".



**SEMAWI BIN TUKO, 46, Senior Site
Supervisor**

Semawi is an all-round troubleshooter. He uses his Autocad skills to prepare site drawings, his electrical knowledge to repair power outages, his IT skills to maintain our site network, and he even does the site communications and public relations work!



TAN PIOUS EYON, 32, Site Engineer

Piou Eyon has a well-developed sense of responsibility and initiative, combined with excellent personal skills and the stamina to work long hours; he is a dynamic, friendly and approachable person, who believes in giving his best in all his endeavours and motivating his colleagues to do the same.



**DANNY LEE BOON SHIN, 26,
Sales Executive, Kuching**

Danny is passionate about the property industry, has excellent public relations skills, and is happy to meet customers anytime and anywhere. He is willing to get his hands dirty if a customer has a problem on site, and never gives up on a customer however tough the problem is.



**CATHERINE UNYANG ULUI, 43,
Sales Assistant, Miri**

Catherine closed 66 units amounting to RM17.5 million in 2008, making her our top sales performer during a very challenging 2008. Her secret? She cares about her customers, builds a strong rapport with them and achieves many referral sales from their families and friends.



**MASLIHI BIN ABDUL WAHAP, 29,
Customer Service Assistant, Kuching**

Maslihi was one of our pioneer staff in the Customer Service Unit based in Kuching. He has proven to be a resourceful team player who excels at building trusting relationships with customers and colleagues. He consistently achieves good results and delivers on all expectations.



**CHUNG SOON CHIONG, 64,
Senior Planner, Land Matters**

Chung Soon Chiong is our hard-working specialist in planning and regulatory matters. His pleasant personality endears him to all. He has an excellent rapport with the various Government Agencies we deal with, and is the Company's representative on the SHEDA Council.



**JOHAN BIN DRAHMAN, 38,
Security Officer, Miri**

Johan shows exceptionally positive work habits and attitudes, gets along extremely well with colleagues and superiors, and has that rare quality of gaining the trust and confidence of others, which enables him to deal with all type of people even in most difficult situations.



YAM LADI, 38, Accounts Executive, Miri

Yam's greatest strength is her ability to work under pressure. She will happily take on the most onerous of accounting tasks and perform them diligently with a great deal of initiative. Whatever the job, and however short the time-frame, Yam always meets her deadlines.



**CATHERINE AK BINYAU, 54,
Cleaner, Kuching**

"Kak Cat", as she is popularly known, has been with Naim's since 1998, and ensures that Wisma Naim is not only spotlessly clean but also a hospitable place to welcome visitors. Her pleasant personality brightens up the workplace, and her attitude and faithfulness in serving the Group are a perfect example to all of us.



audit committee

Members

The Audit Committee comprises the following:-

YB Tuan Haji Hamden Bin Haji Ahmad

– Chairman

Senior Independent Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

- Member

Independent Non-Executive Director

Sylvester Ajah Subah @ Ajah Bin Subah

- Member

Independent Non-Executive Director

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible for ensuring the financial statements are timely and fairly reflect the Group's on-going financial position.

The Audit Committee is currently comprised solely Independent Non-Executive Directors.

Attendance at Audit Committee Meetings

The Audit Committee met six (6) times during the year 2008 and the details of attendance are as follows:-

Audit Committee Members	No. of Meetings attended	Attendance (%)
YB Tuan Haji Hamden Bin Haji Ahmad	6/6	100
Sylvester Ajah Subah @ Ajah Bin Subah	6/6	100
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis	6/6	100

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

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

Activities of the Audit Committee

The main activity of the Audit Committee is to assist the Board in fulfilling its oversight responsibility relating to the financial matters of the Group. The activities of the Audit Committee during the financial year under review included the following :-

- 1) Reviewed and discussed audited financial statements and the quarterly unaudited financial statements with management and both external and internal auditors to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards.
- 2) Discussed with auditors matters required to be discussed on the Statement on Internal Control.
- 3) Based on the satisfactory review and discussion referred to in 1 and 2 above, the Audit Committee recommended to the Board of Directors
 - a) that the audited financial statements be approved for tabling at the shareholders' meeting; and
 - b) that the quarterly unaudited financial statements be approved for announcement to Bursa Malaysia Securities.
- 4) Reviewed recurrent related party transactions and non-recurrent related party transactions. The Audit Committee reports to the Board its review on all commercial relationships between each director, major shareholders and persons connected and the Naim Group on a quarterly basis. When such commercial relationships exist, the Audit Committee and the Board will ensure that such transactions are on normal commercial terms that are not more favourable to the related parties than those generally available to the public.
- 5) Reviewed and discussed the internal audit plan, scope of work and reports.
- 6) Reviewed and discussed the audit plan, scope of work and reports with the external auditor.
- 7) Reviewed the assistance given by employees to the external auditor.

The current global credit crunch and economic slowdown has created business uncertainty all over the world, and this situation presents the Audit Committee with a variety of very challenging tasks. The Audit Committee is therefore reinforcing its oversight of financial risks such as cash-flow liquidity, funding, ageing receivables, cash management, strategic and operational finances, and reliance on third parties such as contractors, suppliers and other business partners. Other issues such as impairment of assets and revenue recognition were also dealt with as and when necessary to oversee the financial health of the Company.



INTERNAL AUDIT DEPARTMENT

The Group is served by an in-house Internal Audit Function. The department is headed by a chartered accountant. The internal audit staff all possess tertiary qualifications either in the fields of accountancy and information technology.

Functions:

The functions of the Internal Audit Department are as follows:

- ◆ Analyse and examine that the groups' operational activities are effective.
- ◆ Evaluate and assess that internal control procedures are in place to safeguard Group assets.
- ◆ Provide independent assurance on compliance with statutory requirements, laws, Group policies and guidelines.
- ◆ Assisting and facilitating management in establishing a proper risk management framework, assessing risks and monitoring the effectiveness of the risk management programme and ensuring the adequacy of the internal control system.
- ◆ Recommend appropriate controls to overcome deficiencies and to enhance Group operations.
- ◆ Confirming information through research and gathering information that is competent, factual and complete.
- ◆ Conducting special examinations and reviews at the request of the audit committee, the board of directors or the management.

Authority:

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

Independence:

The internal audit function is independent of the activities it audits and is required to perform its functions with impartiality and due professional care. The internal audit function reports directly to the Audit Committee. In addition, the Audit Committee assesses and determines the performance of the Head of Internal Audit.

Duties and Responsibilities:

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

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

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

Scope of Internal Audit Coverage:

The followings were the internal audit reports submitted by the Internal Audit Department during the financial year ended 31 December 2008:

1. Variations in sub-contracts works.
2. Repair and maintenance of plant and machineries.
3. Cash management.
4. Accounts payable.
5. Accounts receivable.
6. Operational audit on performance of various constructions projects.
7. Other audit as requested by the board and management.

During the year, reviews on the existing internal controls covered under the audit plan revealed that they were generally satisfactory. In areas where controls were deemed lax, additional measures have been instituted to address the weakness in the system.

AUDIT COMMITTEE - TERMS OF REFERENCE

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

Objectives

The objectives of the Audit Committee are to:-

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

Composition

The Audit Committee shall be appointed by the Board from among their number and shall comprise no fewer than three (3) members. All members must be Independent Non-Executive Directors and at least one (1) member shall be a member of MIA.

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



audit committee

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 investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function.
- b) External Audit
 - i) Review with the external auditors their audit plan, scope of audit and their audit reports;
 - ii) Evaluate the system of internal controls;
 - iii) Evaluate the performance of external auditors and make recommendations to the Board of Directors on their appointment and remuneration.
- c) Audit Reports
 - i) To consider the major findings of internal investigations and management's response.
 - ii) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).

d) Financial Reporting

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

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

e) Related Party Matters

Review the related party transactions and the conflict of interest situations that may arise 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 members of the Audit Committee shall elect a Chairman from among their number.

The Secretary of the Committee shall be the Company Secretary.



corporate governance

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

The Group has always been dedicated to the highest standards of business integrity and is continually taking steps to reinforce and uphold the commitment towards best practices and an exemplary corporate governance framework within the organization. The Board of Directors' main objective of maximizing long-term economic value shall and will remain the core value when managing change and when responding to unfavourable economic conditions. In accordance with this, the Board's short-term objective is to maintain a healthy cash flow and to trim the Group to its right size in respect of prevailing and anticipated market conditions, as outlined below.

As the global financial crisis continues to worsen and recession has now reached our shores, the country is experiencing weakening exports, lower commodity prices, share price slump, falling industrial output and a property market decline. All of these challenges place considerable importance on good corporate governance framework within the organization.

There are various opinions about the magnitude and the duration of the economic downturn. However, the Board of Directors believe that the Group's business and governance objectives are fully in agreement with one another; to manage and mitigate current recession risks in key areas including cash management, strategic operations, and third party risks such as those presented by suppliers, contractors and business associates.

In these challenging times, there are many arguments for easing the constraints of good corporate governance. Nevertheless, Naim believes that the maintenance and even enhancement of high standards of corporate governance is essential in achieving business success – even in the most challenging circumstances. Good corporate governance is not something that can be switched on and off at will; it is a major component of corporate culture that takes many years to nurture and develop, and if the Group's governance standards were to be eased, for whatever reason, it would deprive the Group of what the Board considers to be one of its major competitive advantages. Therefore the Group and the Board of Directors remain as committed as ever to continuing and enhancing good corporate governance practices.

The Board of Directors shall continue to play the central role in its relationships with the main stakeholders, namely shareholders, employees, customers, suppliers, financial institutions, regulators and the community. It is the responsibility of the Board to conduct the business of the company with all the care of a good and conscientious Board and in the interests of all stakeholders.

However during these challenging times, the Board realizes that good corporate governance alone is inadequate to deal with all emerging circumstances. Thus Board decisions made within an uncertain economic climate may appear subjective. Therefore the Board manages any potential paradoxes through seeking stakeholders' trust yet inviting their scrutiny and challenge, through

continuous monitoring and evaluation of Board decisions and their consequences, and through the encouragement of open debate at Board and Executive Committee meetings to reach a common consensus.

BOARD OF DIRECTORS

The Board of Directors plays a vital role in corporate governance. It is the responsibility of the Board to endorse the Organisation's strategy, develop policy, appoint and remunerate staff, and ensure accountability to the shareholders, the relevant authorities and other concerned stakeholders.

The Board is responsible for the strategic and operational planning of the business, reviewing and approving significant financial strategic plans and annual operating plans, and monitoring the implementation and execution of the plans.

BOARD COMPOSITION AND BALANCE

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

During the year under review, Mr. Leong Chin Chiew was appointed as additional Executive Director on 12 March 2008 to fulfill the newly created position.

The impact on the Board structure, size and balance of Board's composition is summarized as follow:-

Category	Before		After	
	No. of Directors	%	No. of Directors	%
Executive Directors	6	50	7	54
Non-Executive Directors	2	17	2	15
Independent Non-Executive Directors	4	33	4	31
Total	12	100	13	100

Notes:

Paragraph 15.02, Bursa Malaysia Securities Listing Requirements requires 1/3rd of the Board to comprise of independent directors. If the Number of directors is not 3 or a multiple of 3, then the number nearest 1/3rd shall be used.

The Board comprises 54% Executive Directors and 46% Non-Executive Directors. Of the 46% Non-Executive Directors 66% (31% of the total Board) are independent. The Board is made up of diverse group of individuals with broad experience and accomplishments in finance, property, construction, project management and business development, and all have demonstrated the ability to exercise sound business judgment.

More than half of the Board comprises Executive Directors who are also involved in the management of the Company.

corporate governance

The Managing Director and Deputy Managing Director monitor and oversee the performance of the senior management team, which is charged with the day to-day management of the Group's business as follows:-

- 1) Strategic, Implementation and operational planning
Review the current economic condition, changes in the property and construction industries, changes in political scenario, providing entrepreneurial leadership, developing, reviewing and approving long-term strategic plans and annual operating plans and monitoring the implementation and executions of the plans. .
- 2) Managing risk
Monitoring and managing recession-related risks such as financial and liquidity management, operational and strategic risks and third party risks.
Implementing prudent and effective controls to enable risks to be assessed, controlled and managed.
- 3) Financial reporting
Financial reporting to ensure that the necessary financial and human capital are utilized to meet the objectives and to review plans and performance against budget.

Non-Executive Directors do not participate in the routine operations of the Group. Further, the Independent Non-Executive Directors

bring unbiased guidance to the Company. They constructively challenge and at the same time contribute to the development of strategies. They scrutinize the performance of management in meeting approved budgets and monitor the reporting of performance. Being independent of management and free of any business or other relationship, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgment to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them.

The Independent Non-Executive Directors draw upon their professional knowledge, background, and experience - especially advice they get from outside the Group and/or through the personal and business relationships they have developed - to help the Board tackle its related challenges.

YB Tuan Haji Hamden Bin Haji Ahmad, Senior Independent Non-Executive Director, shall continue to act as a liaison between the investment community and the Group's management and the Board. His email contact is hamden.a@naimcendera.com.

BOARD MEETINGS

The Board is responsible for determining the number of meetings to hold each year. During the year under review, the Board met 4 times.

Details of Board Members' attendance at Board meetings are as follows:-

Name of Director	Date of Appointment /Resignation	Number of Board Meetings attended	Percentage
Datuk Abdul Hamed Bin Sepawi	Appointed on 25 July 2003	4/4	100%
Datuk Hasmi Bin Hasnan	Appointed on 25 July 2003	4/4	100%
Dr. Sharifuddin Bin Abdul Wahab	Appointed on 25 July 2003	4/4	100%
Ahmad Bin Abu Bakar	Appointed on 6 February 2006	4/4	100%
Ir. Suyanto Bin Osman	Appointed on 25 July 2003	4/4	100%
Kueh Hoi Chuang	Appointed on 25 July 2003	4/4	100%
Abang Hasni Bin Abang Hasnan	Appointed on 25 July 2003	4/4	100%
YB Tuan Haji Hamden Bin Haji Ahmad	Appointed on 25 July 2003	3/4	75%
Ir. Abang Jemat Bin Abang Bujang	Appointed on 25 July 2003	4/4	100%
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Appointed on 16 February 2005	4/4	100%
Sylvester Ajah Subah @ Ajah Bin Subah	Appointed on 26 February 2007	3/4	75%
Dato' Professor Abang Abdullah Bin Abang Mohamad Alli	Appointed on 15 May 2007	4/4	100%
Leong Chin Chiew	Appointed on 12 March 2008	4/4	100%

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. Upon recommendation by management, members of the management team and/or advisors will schedule presentations during Board and Committee meetings, in order to provide the Board and/or Committee with additional information that might be considered appropriate with respect to issues, projects, actions and decisions.



DELEGATION AND DIVISION OF BOARD RESPONSIBILITIES

Matters reserved for the Board and those delegated to management are dependent on the nature of the responsibilities and the authority limits. The division of responsibilities between the Board and management therefore varies with the evolution of the Group. Management governance framework includes leadership, strategic direction, roles, processes & policies, authority limits and accountability.

The Chairman chairs all Board meetings and is responsible for the overall leadership of the Board, whereas the Managing Director and Deputy Managing Director oversee and monitor the performance of the Executive Directors and the senior management team and are charged with the day to day conduct of the Group's business.

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

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

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

BOARD AND MANAGEMENT RESPONSIBILITIES

The Board of Directors shall continue to review the Group's long-term strategy annually. It also approves the business plan, operating budget, capital expenditure budget and financing plans annually.

The Managing Director and Deputy Managing Director evaluate senior management performance against those plans and budgets on a monthly basis. The Board reviews the financial performance of the Group on a quarterly basis and it is fundamentally responsible for exercising business judgment, deliberating on value creation objectives of long-term significance to the Group, and evaluating performance of the management team annually against budget or target and other benchmarking tools deemed relevant such as earnings per share against competitors in similar industry, return on investment, return on equity, return on total assets against prevailing interest rates and cash flow management.

In addition to the above responsibilities, the current business environment poses major challenges for both the Board and management. The Board also challenges and pushes for fast action where necessary. Since the Board comprises a significant portion of executive directors who are also operational managers, the fine line between Board and Management encourages an open dialogue between the Executive and Non-Executive Directors at one level and between Executive Directors and Management at another level. Thus crises can be avoided when management is given the tools and the support to deal with uncertainty directly and to respond proactively to changes.

Since the middle of last year, the construction industry has been plagued by soaring fuel and raw material prices which have impeded work progress, resulting in contractors suffering losses and margins being squeezed.

Therefore, since the onset of the current recession, management has carried out major reviews on cost cutting, reducing the labour force, salary adjustments by way of reducing the number of working days from 5.5 days to 5 days a week, minimizing capital expenditure, overheads. Managers are faced with increased pressure to meet targets and budget cutbacks, and thus far are responding well.

Staff have been requested to do more with less, and they are also responding positively. However, whilst some degree of cost cutting can be productive, going too far may risk shrinking the bottom line on a long term basis. Therefore striking a balance between downsizing and rightsizing is crucial.

During this time the Company has decided to invest to accelerate changes in management practices via information systems and technology based on an intelligent framework. This is part of the innovation process to develop and strengthen the Company's forward-looking IT strategy and enhance the long-term prospects of the group. The new IT infrastructure is expected to increase operating efficiency and productivity.

By choosing which projects to cut and which to expand, the Company intends to do more with less. By improving the information system, management can constantly monitor and analyze the economic scenario, predicting the uncertainties, identifying relevant risks and at the same time deploying the efficient use of available resources where necessary in the face of a changing business environment.

SUPPLY OF INFORMATION

Prior to every scheduled Board meeting, appropriate written materials relating to the Agenda to be discussed at the meeting will be circulated to all Directors prior to the meetings.

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

In addition, each Director shall have complete and open access to officers and employees of the Group.

The Deputy Managing Director, Executive Director (Finance & Operations) and Company Secretaries are responsible for the preparation and circulation of Board papers.

CORPORATE RESPONSIBILITIES STATEMENT

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

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

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ACCESS TO ADVICE AND INFORMATION

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

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

All Directors are provided with timely and complete information on Board affairs and issues requiring Board's decision. Management also provides progress reports relating to operational and financial performance of the Group. See also Supply of Information, above.

RESTRICTION ON DEALING IN SECURITIES

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

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

APPOINTMENTS TO THE BOARD

During the year under review, 1 Executive Director was appointed to the Board. The general guidelines for appointment to the Board, either to fill a vacancy as a result of a creation of a new post or the resignation or retirement of an existing Director are as listed hereunder.

Acting on the recommendation of the Nomination Committee, the Board appoints a Director who shall hold office until the next annual general meeting of shareholders.

The Nomination Committee shall be responsible for selecting, assessing, evaluating and recommending nominees for Director

position. Each nominee will be evaluated on his competency in the mix of skills that will best complement the Board's effectiveness, knowledge, time commitment taking into consideration the number of Board in which he sits in, strategy and vision that commits to the interest of stockholders, mature judgment, professional qualification, management ability and conflict of interest.

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

The Nomination Committee also reports to the Board all past 2 years' commercial relationships and conflicts of interest (if any) between the Group and the nominated candidate for the Board's appointment.

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

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

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

RE-ELECTION OF DIRECTORS

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

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

Directors retiring by rotation are set out below :-

Director	Position	Age	Last Retirement	Year due for Retirement
Datuk Abdul Hamed Bin Sepawi	Chairman	60	2007	2010
Datuk Hasmi Bin Hasnan	Managing Director	56	2007	2010
Dr. Sharifuddin Bin Abdul Wahab	Deputy Managing Director	53	2008	2011
Ahmad Bin Abu Bakar	Executive Director	55	2006	2009
Ir. Suyanto Bin Osman	Executive Director	51	2007	2010
Kueh Hoi Chuang	Executive Director	53	2008	2011



Director	Position	Age	Last Retirement	Year due for Retirement
Leong Chin Chiew	Executive Director	47	2008	2011
Abang Hasni Bin Abang Hasnan	Executive Director	58	2006	2009
YB Tuan Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	60	2006	2009
Ir. Abang Jemat Bin Abang Bujang	Non-Executive Director	56	2006	2009
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Independent Non-Executive Director	63	2008	2011
Sylvester Ajah Subah @ Ajah Bin Subah	Independent Non-Executive Director	66	2007	2010
Dato' Professor Abang Abdullah bin Abang Mohamad Alli	Independent Non-Executive Director	57	2007	2010

DIRECTORS' TRAINING

Continuing Education Programme

Directors are required to attend seminars as part of a continuing education programme to familiarize them with the latest developments in the industry and at the same time to enable them

to discharge their duties effectively and efficiently. In addition, all newly appointed Directors are required to attend the Mandatory Accreditation Programme (MAP) within the prescribed timeframe as stipulated by Bursa Malaysia Securities.

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

Name of Director	Description of Training
Dr. Sharifuddin Bin Abdul Wahab	- PWC Training & Workshop – Risk Profiling Training
Ahmad Bin Abu Bakar	- Islamic Finance Impact Series – Introduction to Islamic Capital Markets - The Asia Pacific CFO Summit 2008 – Managing The Global Economic Slowdown - Strategic Mergers & Acquisitions – Strategies and Challenges in your M&A Ventures - PWC Training & Workshop – Risk Profiling Training - ISO14001 & OHSAS 18001 Awareness Training
Ir. Suyanto Bin Osman	- Submission to Authorities Made Simple - CFD in Engineering Applications: Part 1 - Common Commercial and Contract Administration Problems and their Solutions - BEM Engineering Management Practice - Short Course on JKR - Clause by Clause Guide New203 - Personal Development & Presentation Workshop - PWC Training & Workshop - Risk Profiling Training
Leong Chin Chiew	- Mandatory Accreditation Programme for Directors of Public listed Companies - Short Course on JKR – Clause by Clause Guide New 203 - International Construction Conference 2008 – Challenges of Global Mega Projects, Total Construction Project & Contract Management Excellence - PWC Training & Workshop – Risk Profiling Training - Batch 3 Training for Certified Project Management, Professional PMP Program - Batch 3 PMP – 3rd Seminar Project Human Resources & Quality Management and Professional Responsibility
Abang Hasni Bin Abang Hasnan	- Quality Procedures
Ir. Abang Jemat Bin Abang Bujang	- Improving Board of Directors' Performance Leadership and Governance
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	- Audit Committee Role & The Internal Audit Function Program
Dato' Professor Abang Abdullah Bin Abang Mohamad Alli	- Managing Strategic Corporate Planning.
YB Tuan Haji Hamden Bin Haji Ahmad	- Scenario Planning & Change Management: Managing SCORE & the Future

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BOARD COMMITTEES

The Board has established 9 Board Committees as follows:

Board of Directors

Board Executive Committee
Nomination Committee
Remuneration Committee
Audit Committee
Risk Management Committee
Human Resource Operations Committee
Business Development Committee
Business Process Engineering Committee
Corporate Disclosure Committee

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

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

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

Summary of committee membership is as follows:-

Name of Director	AC	NC	RC	RM	HRO	BD	BE	BPE	CDC
Datuk Abdul Hamed Bin Sepawi		√ c				√ c	√ c		
Datuk Hasmi Bin Hasnan			√	√ c	√	√	√	√	√ c
Dr. Sharifuddin Bin Abdul Wahab				√	√ c	√	√	√	√
Encik Ahmad Bin Abu Bakar				√	√		√	√	√
Ir. Suyanto Bin Osman				√		√	√	√	
Mr. Kueh Hoi Chuang, Vincent				√	√	√		√	
YB Tuan Haji Hamden Bin Haji Ahmad	√ c	√		√					
Ir. Abang Jemat Bin Abang Bujang			√ c		√			√ c	
Datu (Dr) Abdul Rashid Haji Azis	√	√	√		√				
Encik Sylvester Ajah Subah @ Ajah Bin Subah	√		√						
Mr. Leong Chin Chiew				√	√	√		√	
Mr. Kho Teck Hock, Ricky								√	√
Ms. Bong Siu Lian									√
Ms. Wong Ping Eng				√					
Ms. Tan Teck Jong					√			√	
Encik Affendi Sapiie, IA				√					



Notes

C	: CHAIRMAN
IA	: INTERNAL AUDITOR
AC	: AUDIT COMMITTEE
NC	: NOMINATION COMMITTEE
RC	: REMUNERATION COMMITTEE
RM	: RISK MANAGEMENT COMMITTEE
HRO	: HUMAN RESOURCE OPERATION COMMITTEE
BD	: BUSINESS DEVELOPMENT COMMITTEE
BE	: BUSINESS EXECUTIVE COMMITTEE
BPE	: BUSINESS PROCESS ENGINEERING COMMITTEE
CDC	: CORPORATE DISCLOSURE COMMITTEE

BOARD AND DIRECTORS' PERFORMANCE EVALUATION

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

The performance of each individual Director is reviewed by the Remuneration Committee in relation to other Board members' remuneration and "market gap". The results are discussed with the Chairman, reported and endorsed by the Board.

CORPORATE DISCLOSURE POLICY

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

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

- 1) To raise awareness about, and provide guidance to management concerning the Group's disclosure requirements and practices.
- 2) To provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, the media and the investing public;
- 3) To ensure compliance with legal and regulatory requirements on disclosure of material information.

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

The Company's website will be regularly updated with Bursa Malaysia Securities releases.

SHAREHOLDER COMMUNICATION

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

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

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

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

The Group follows the main principles listed hereunder in its investor relations:-

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



OTHER GUIDELINES

The authority limits as per the Group Procedures and Authorities (GPA) and sub-contract awarding procedures continue to be amended and adapted to the changing needs of the Group's operational activities while maintaining an adequate level of checks and balances.

The primary objective is to expedite the approval process via a systematic delegation of authority to senior management staff, with alignment of functions and subfunctions according to operational needs and supported by proper set of checks and balances. As the Group grows and/or the focus of its operations shifts, the appropriate oversight and control systems may have to be reviewed and changed. Formalized structures, processes and procedures encourage and support everyone to work in conformity and deter those who might be tempted to go outside the guidelines.

BUSINESS ETHICS

Business ethics aims at inculcating a sense of responsibility amongst the Group's employees on how to conduct business. The field of business ethics is vast, encompassing areas such as corporate governance, reputation management, reliable accounting and audits, and has now extended to new domains such as corporate social responsibility.

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

Corporate responsibility is broadly categorised into 3 areas as follows:-

- 1) Employees' community activities: Employees are our connections to the community and it is through their passion and dedication and their participation in activities which benefit the community that we are able to serve people in need.
- 2) Corporate philanthropy or corporate giving (please refer to chapter on Corporate Social Responsibility Pages 64 to 67).
- 3) Responsible business practices: Corporate responsibility is best served through integrating economic, social and environmental imperatives into the Group's business and operational practices to ensure that they operate in a manner that complements and fulfils all legal, commercial, ethical public expectations.

In Naim, corporate responsibility is incorporated in the long term objectives of the Group as in its Corporate Responsibilities Statement mentioned above. Integrating corporate responsibility into the Group's day-to-day operations includes implementing strategies to enable socially responsible decisions to be made in conformance to ethical behaviour and creating shared value for our stakeholders, including our employees, property buyers and the communities in which we operate.

Corporate responsibility is also a powerful marketing tool. Property purchasers are becoming more aware of the environment and social implications and are beginning to make purchasing decisions in relation to their environmental and ethical concerns. The rise of ethical consumerism and the resulting changes in the demand pattern dictate the direction in which properties are to be developed. As more and more property developers are incorporating an increasing amount of added value features such as security, eco, environment and/or energy saving features into their homes, other property developers follow suit in order to keep abreast with the changes in order to maintain their market share. The Group has been and continues to be a leader in implementing such features in the Sarawak property market.

COMPENSATION OF DIRECTORS

The Remuneration Committee is responsible for formulating the compensation arrangement for the Managing Director, Deputy Managing Director and other Executive Directors of the Company. The remuneration packages are structured to link rewards to corporate goals and individual performance.

Upon consultation with the Chairman of the Company, the Remuneration Committee formulates the remuneration of the Managing Director. Remuneration packages for the Deputy Managing Director and Executive Directors will be determined upon consultation with the Managing Director.



The remuneration for executive directors comprises 2 parts, i.e. fixed and variable remuneration components. The fixed component is the basic salary whereas the variable component relates to incentives tagged to targets and outcomes and the ability to contribute to the long-term strategy of the organisation. Non-Executive Directors shall be eligible to the fixed component and they are not eligible to participate in the variable performance-linked incentive scheme.

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

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

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

Non-Executive Directors are entitled to 2 kinds of remuneration

- 1) meeting allowance or special allowances when called upon to perform extra services or give special attention to the business of the Company and
- 2) directors' fees recommended by the Board and approved by shareholders in the annual general meeting.

As mentioned above, Executive Directors are paid salary and bonus and are not entitled to other allowances, unless if deemed appropriate for special circumstances. However they are not entitled to meeting allowances and fees.

No director is involved in determining his own remuneration.

Details of remuneration paid to each Director for the financial year ended 31st December 2008 are as follows:

	Fees paid by						Total RM'000
	Basic Salary	Emoluments	Allowances	Company	Subsidiary	Benefit-in-kind	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Executive Directors							
Datuk Hasmi Bin Hasnan	1,516	115	-	-	-	221	1,852
Dr. Sharifuddin Bin Abdul Wahab	1,385	166	-	-	-	265	1,816
Ahmad Bin Abu Bakar	4 62	56	-	-	-	76	594
Ir. Suyanto Bin Osman	570	68	-	-	-	17	655
Kueh Hoi Chuang	438	53	-	-	-	33	524
Abang Hasni Bin Abang Hasnan	186	21	-	-	-	22	229
Leong Chin Chiew (appointed on 12 Mar 08)	364	44	-	-	-	7	415
Non-Executive Directors							
Datuk Abdul Hamed Bin Sepawi	-	-	873	-	3	14	890
YB Tuan Haji Hamden Bin Haji Ahmad	-	-	1	132	-	-	133
Ir. Abang Jemat Bin Abang Bujang	-	-	1	108	-	-	109
Datu Haji Abdul Rashid Bin Mohd Azis	-	-	2	108	-	-	110
Sylvester Ajah Subah @ Ajah bin Subah (appointed on 26 Feb 07)	-	-	1	87	-	-	88
Professor Abang Abdullah Bin Abang	-	-	1	64	-	-	65
Mohamad Alli (appointed on 15 May 07)							
Total	4,921	523	879	499	3	655	7,480



MANAGEMENT SUCCESSION

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

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

FINANCIAL REPORTING

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

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

- compliance with the approved accounting standards, provisions of the Companies Act 1965 and the Bursa Malaysia Securities Berhad Listing Requirements;
- consistent application of the appropriate and relevant accounting policies;
- reasonable prudent judgment and estimates; and
- on the going concern basis.

INTERNAL CONTROL SYSTEMS

The Financial Authority Limit sets out the approval limits for capital expenditure, investments, bank borrowings and cheque signatories. Approval sub limits are also provided at management level to facilitate operational efficiency. The internal controls are designed to provide reasonable assurance that transactions are conducted in accordance with management's authority and that the assets are adequately protected against material loss or unauthorized acquisition, use or disposition, and that the transactions are properly authorized and recorded. For more details, please refer to the Statement of Internal Control on page 63 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 40 to 42 of this Annual Report.

ADDITIONAL COMPLIANCE

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



Share Buy-Back

During the financial year, the Company bought back 6,546,600 shares from the open market as follows:

Date	No. of Shares	Purchase Price Per Share			Total
	Purchased	Highest	Lowest	Average	Consideration
					RM
March 2008	223,000	3.14	3.10	3.130	698,882.47
July 2008	1,332,900	3.04	2.92	2.996	3,993,868.26
August 2008	1,151,500	2.93	2.68	2.820	3,250,870.00
September 2008	1,496,100	2.90	2.68	2.780	4,163,774.75
October 2008	797,100	2.78	2.26	2.525	2,012,893.77
November 2008	489,000	2.04	1.96	2.010	983,647.22
December 2008	1,057,000	2.00	1.77	1.940	2,050,191.48
Total	6,546,600				17,154,127.95

Total cumulative treasury shares as at 31 December 2008 was 12,056,000.

No resale of treasury shares took place during the financial year ended 31 December 2008.

No shares were cancelled during the financial year ended 31 December 2008.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group in the financial year ended 31 December 2008 amounted to RM166,668.

Variation in Results

The Group's audited profit after tax and minority interest for the year ended 31 December 2008 of RM80.75 million is higher than the RM62.51 million reported in our unaudited results announced on 25 February 2009. This difference is due to a technical adjustment by our external auditors which is not operational in nature. This pertains to our investment in Dayang Enterprise Holdings Berhad as explained in page 134 note 33 - Significant event.



Profit Guarantee

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

Revaluation Policy

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

Utilization of Proceeds

For the financial year ended 31 December 2008, proceeds were utilized as per the following table.

Purposes	Utilization of Proceeds (in RM'000)			
	As per Prospectus	Utilized as at 31.12.2008	Variation	Balance Unutilized
Acquisition of land for property development and property investment	25,000	6,039	(15,000)	3,961
Purchase of machinery	7,400	6,274	-	1,126
Purchase of information technology systems	3,082	3,082	-	-
Repayment of bank borrowings	7,430	7,430	-	-
Listing expenses	4,600	4,523	(77)	-
Working capital	13,036	28,113	15,077	-
Total	60,548	55,461	-	5,087

Related Party Transactions

The related party transactions are disclosed on page 130 of the Annual Report.

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.

board committees

NOMINATION COMMITTEE

The Nomination Committee comprises the following members:-

Datuk Abdul Hamed Sepawi

as Chairman of the Nomination Committee
Chairman

YB Tuan Haji Hamden bin Haji Ahmad

as member of the Nomination Committee
Senior Independent Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

as member of the Nomination Committee
Independent Non-Executive Director

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

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

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

- **Relevant Knowledge**
Board members must possess commercial knowledge, business acumen and experience.
- **Strategy and Vision**
With the requisite knowledge as mentioned previously, Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends and evaluating strategies.
- **Business Judgment**
Shareholders rely on the Board to make rational and sensible decisions on their behalf to bring about a reasonable return to their investments. The Board has to maintain a track record of sound business decisions that add value to the long-term strategic advantage of the Company.
- **Management**
Board members must be capable of monitoring management's performance through having an adequate knowledge of financial accounting and corporate finance.

- **Industry Knowledge**
Businesses normally face new challenges and new opportunities which are unique to the industry. The Committee will recruit and/or maintain an appropriate level of industry-specific knowledge on the Board.
- **Time Commitment**
Service on the Board demands a considerable commitment of time to attend and participate in regular and special meetings of the Board and its committees. A large portion of this time is devoted to reviewing materials relating to the business and preparing for meetings of the Board and its committees.
- **Other Directorships**
The Committee will also take into consideration whether a Director is otherwise retired or to be retired from full time employment and, thereby, able to take up additional directorships.
- **Conflict of interest**
Candidates are required to disclose to the Board details of any contract or other interest involving the Company in which they have a personal interest.
- **Independence**
A director shall be considered independent if he does not have any direct or indirect relationship with Naim that may impair, or appear to impair, the director's ability to make independent judgments and satisfies the requirements of "independence" of the Listing Requirements.

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

The nomination Committee also recommends representation in subsidiaries' Boards and in members' meetings.

Subsidiaries' Boards comprise a mixed representation from management and from executive members of the parent company.

The Nomination Committee also evaluates the following:-

- 1) Establish criteria for selection of directors
- 2) Board structure, size and the balance of representation on the Board in light of both business needs and the Listing Requirements;
- 3) Performance of the Board and Board Committees;
- 4) Review the mix of skills and experience, including core competencies, of non-executive Directors;
- 5) Directors' Rotational Retirement Schedule

The Nomination Committee met once during the year under review.



board committees

NOMINATION COMMITTEE – TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

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

Remuneration Committee

The Remuneration Committee comprises the following members:-

Ir. Abang Jemat Bin Abang Bujang

as Chairman of the Remuneration Committee
Non-Executive Director

Datuk Hasmi Bin Hasnan

as member of the Remuneration Committee
Managing Director

Sylvester Ajah Subah @ Ajah Bin Subah

as member of the Remuneration Committee
Independent Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

as member of the Remuneration Committee
Independent Non-Executive Director

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

Category	No. of directors	Percentage
Independent Non-Executive Director	2	50.00
Non-Executive Director	1	25.00%
Executive Director	1	25.00%
Total	4	100.00 %

The Committee shall annually review performance against targets, corporate goals and objectives relevant to the compensation of the directors. The remuneration package is structured primarily arithmetically linked to the financial performance of the Group and with non-arithmetic elements determined by reference to personality traits, changes in job scope and responsibilities. Incentives are paid based on 2 criteria: achievement of targets and outcomes and the ability to contribute to the long term value creation of the organization. The overall remuneration package is devised to retain a stable management team and to align them with the Company's annual and long-term goals and interests of the stockholders.

The Remuneration Committee met once during the year under review.

REMUNERATION COMMITTEE – TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

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

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



Risk Management Committee

The Risk Management Committee comprises the following:-

Datuk Hasmi Bin Hasnan

as Chairman of the Risk Management Committee
Managing Director

YB Tuan Haji Hamden Bin Haji Ahmad

as member of the Risk Management Committee
Senior Independent Non-Executive Director

Dr. Sharifuddin Bin Abdul Wahab

as member of the Risk Management Committee
Deputy Managing Director

Ahmad Bin Abu Bakar

as member of the Risk Management Committee
Senior Vice President/Executive Director

Ir. Suyanto Bin Osman

as member of the Risk Management Committee
Senior Vice President/Executive Director

Kueh Hoi Chuang

as member of the Risk Management Committee
Senior Vice President/Executive Director

Leong Chin Chiew

appointed member of the Risk Management Committee
on 27 April 2009
Vice President/Executive Director

Wong Ping Eng

appointed member of the Risk Management Committee on
on 27 April 2009
Vice President Accounts & Finance

Gordon Kab

ceased to be a member of the Risk Management Committee on 5
February 2009

Hii Doh Yiew

resigned as Vice President of Accounts & Finance and ceased to be
a member of the Risk Management Committee on 23 November
2008

A representative from the Internal Audit Department

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	11.11%
Executive Director	6	66.67%
Management Staff	1	11.11%
Internal Auditor	1	11.11%
Total	9	100.00 %

Following the approval of the Risk Management Policy and Framework by the Board on 12 March 2008, a series of programs have been carried out by the Risk Management Unit (RMU) together with PriceWaterHouseCoopers (PwC) and the in house Information Technology (IT) department:-

1. Risk Awareness Training on 14-15 April 2008.
51 staff from various departments attended the training conducted by PwC on risk, policy and framework
2. Risk Profiling Workshop on 16 April 2008
Nine key management staff, the RMU and the IT department had a round table discussion on our Enterprise Risk supported by PwC.
3. Review of set up of Risk Management System on 16 April 2008.
Discussion on setting up of an in-house developed system to identify and monitor risks between PwC, IT department and RMU
4. RMU training and handover of system on 19 June 2008
5. Training of Risk Champion on 29-30 July 2008
21 Risk Champions from various departments attended the training conducted by PwC and our IT department
6. Live run of Risk Management System on 4 September 2008
7. 1st Management Committee meeting (MC) was held on 26 September 2008 where the existing risks were reviewed and new risks were identified
8. 2nd MC meeting was held on 16 September 2009 where the existing risks were reviewed and new risks were identified.



Risk Management Committee - TERMS OF REFERENCE

The revised Terms of Reference were approved by the Board of Directors at the Board Meeting held on 12th March 2008.

a) Composition

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

b) Duties and Responsibilities

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

- To provide oversight on Naim's Enterprise Risk Management as needed.
- To establish risk policies and framework.
- Bi-annually review and approve the Corporate Risk Profile consolidated by the Risk Management Unit.
- Escalate key risk, with proposed controls/action plans to the Board.
- Ensure a proper balance between risk incurred and potential returns to shareholders.
- The Internal Audit Department shall assess the adequacy and reliability of the risk management process
- The Internal Audit Department may pursue further in areas identified as high risks and report its findings and recommendations to the Audit Committee
- Such other responsibilities as may be delegated by the Board from time to time.

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee comprises the following:-

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

Datuk Hasmi Bin Hasnan
as member of the Board Executive Committee
Managing Director

Dr. Sharifuddin Bin Abdul Wahab
as member of the Board Executive Committee
Deputy Managing Director

Ahmad Bin Abu Bakar
as member of the Board Executive Committee
Senior Vice President/Executive Director

Suyanto Bin Osman
as member of the Board Executive Committee
Senior Vice President/Executive Director

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

Category	No. of directors	Percentage
Non-Executive Director	1	20%
Executive Director	4	80%
Total	5	100 %

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

Board Executive Committee Terms of Reference

Composition

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

Responsibilities

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

Duties

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

- to review and adopt the strategic plan for the Group;
- to oversee the conduct of the Group'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 Group;
- to review the adequacy and the integrity of the Group's internal control systems and management information systems;
- to decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations;
- The Board Executive Committee is also empowered to :-
 - review, recommend and approve capital expenditure;
 - review, recommend and approve disposal of capital items;
 - review, recommend and approve the Award of Tenders

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



OTHER COMMITTEES

Human Resource Operations Committee

The Human Resource Operations Committee comprises the following:-

Dr. Sharifuddin Bin Abdul Wahab

as Chairman of the Human Resource Operations Committee
Deputy Managing Director

Datuk Hasmi Bin Hasnan

as member of the Human Resource Operations Committee
Managing Director

Ahmad Bin Abu Bakar

as member of the Human Resource Operations Committee
Senior Vice President/Executive Director

Kueh Hoi Chuang

as member of the Human Resource Operations Committee
Senior Vice President/Executive Director

Leong Chin Chiew

appointed member of the Human Resource Operations Committee
on 27 April 2009
Vice President/Executive Director

Ir. Abang Jemat Bin Abang Bujang

as member of the Human Resource Operations Committee
Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

as member of the Human Resource Operations Committee
Independent Non-Executive Director

Tan Teck Jong

appointed member of the Human Resource Operations Committee
on 27 April 2009
Senior Manager of Human Resource

Gordon Kab

ceased to be a member of the Human Resource Operations
Committee on 5 February 2009

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	12.5%
Non-Executive Director	1	12.5%
Executive Director	5	62.5%
Management Staff	1	12.5%
Total	8	100.0 %

HUMAN RESOURCE OPERATIONS COMMITTEE – TERMS OF REFERENCE

Composition

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

Responsibilities

The Human Resource Operations Committee is responsible for forecasting the manpower requirements and evaluation based on the 5 years' corporate goals.

Duties

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

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

board committees



Business Development Committee

The Business Development Committee comprises the following:-

Datuk Abdul Hamed Bin Sepawi

as Chairman of the Business Development Committee
Chairman

Datuk Hasmi Bin Hasnan

as member of the Business Development Committee
Managing Director

Dr. Sharifuddin Bin Abdul Wahab

as member of the Business Development Committee
Deputy Managing Director

Ir. Suyanto Bin Osman

as member of the Business Development Committee
Senior Vice President/Executive Director

Kueh Hoi Chuang

as member of the Business Development Committee
Senior Vice President/Executive Director

Leong Chin Chiew

appointed member of the Business Development Committee on on
27 April 2009
Vice President/Executive Director

Gordon Kab

ceased to be a member of the Business Development Committee
on 5 February 2009

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

Category	No. of directors	Percentage
Non-Executive Director	1	16.66%
Executive Director	5	83.34%
Management Staff	0	0.00%
Total	6	100.00 %

BUSINESS DEVELOPMENT COMMITTEE – TERMS OF REFERENCE

Composition

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

Responsibilities

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

Duties

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

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

Business Process Engineering Committee

The BPEC comprises the following members:-

Ir. Abang Jemat Bin Abang Bujang

as Chairman of the BPEC
Non-Executive Director

Datuk Hasmi Bin Hasnan

as member of the BPEC
Managing Director

Dr. Sharifuddin Bin Abdul Wahab

as member of the BPEC
Deputy Managing Director

Ahmad Bin Abu Bakar

as member of the BPEC
Senior Vice President /Executive Director

Ir. Suyanto Bin Osman

as member of the BPEC
Senior Vice President/Executive Director



Kueh Hoi Chuang

as member of the BPEC
Senior Vice President/Executive Director

Leong Chin Chiew

appointed member of the BPEC on 27 April 2009
Vice President/Executive Director

Kho Teck Hock, Ricky

as member of the BPEC
Vice President/Director of Corporate Affairs

Tan Teck Jong

appointed member of the BPEC on 27 April 2009
Senior Manager of Human Resource

Gordon Kab

ceased to be a member of the BPEC on 5 February 2009

Joseph Lee

as Secretary of the BPEC
ICT Manager

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

Category	No. of directors	Percentage
Non-Executive Director	1	11.1%
Executive Director	6	66.7%
Management Staff	2	22.2%
Total	9	100.0 %

The Business Process Engineering Committee formed an operations team called the Business Process Owner (BPO) Committee to assume the administrative role of approving operational procedures and processes.

The team comprises all business managers including:

1. Dr Sharifuddin Bin Abdul Wahab
As Chairman of the BPO Committee
2. Ahmad Bin Abu Bakar
As Alternate Chairman of the BPO Committee
3. Lee Han Sian, Joseph
As Secretary of the BPO Committee and Process Owner of Information Technology
4. Ir Suyanto Bin Osman
As Process Owner of Business Development
5. Kueh Hoi Chuang
As Process Owner of Property
6. Kho Teck Hock, Ricky
As Process Owner of Corporate Affairs
7. Leong Chin Chew
As Process Owner of Construction
8. Tan Teck Jong
As Process Owner of Human Resource & Admin
9. Abet Mataim
As Process Owner of Trading
10. Chong Lipe Hwat
As Process Owner of Engineering
11. Tony Lau Hiang Chu
As Process Owner of Sales & Marketing
12. Affendi Sapiiee
As Process Owner of Internal Audit
13. Wong Ping Eng
As Process Owner of Finance & Accounts
14. Patrick Chieng
As Process Owner of Quality Assurance
15. Bedindang Nalong
As Process Owner of Health, Safety & Environment

The BPO Committee met four times approving some 83 changes of the processes during the year.



board committees

BUSINESS PROCESS ENGINEERING COMMITTEE (BPEC) – TERMS OF REFERENCE

Composition

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

Responsibilities

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

Duties

The duties of the BPEC are as follows:-

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

CORPORATE DISCLOSURE COMMITTEE (CDC)

The CDC comprises the following:-

Datuk Hasmi Bin Hasnan

as Chairman of the CDC
Managing Director

Dr. Sharifuddin Bin Abdul Wahab

as member of the CDC
Deputy Managing Director

Encik Ahmad Bin Abu Bakar

as member of CDC
Senior Vice President/Executive Director

Mr. Kho Teck Hock, Ricky

as member of the CDC
Head of Corporate Affairs

Ms. Bong Siu Lian

as member of the CDC
Company Secretary

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

Category	No. of directors	Percentage
Executive Director	3	60.00%
Management Staff	2	40.00%
Total	5	100.00 %

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

The functions and responsibilities of the CDC include:

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

statement of internal control

Introduction

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

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

Responsibility

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

Risk Management Framework

In furtherance of good risk management practices and internal control, the Group has established a strategic enterprise-wide risk management framework. This framework involves identifying the risk exposure of the Group, developing key risk profiles/corporate risk scorecards as well as implementing a risk monitoring system. The Risk Management Committee (RMC) (comprising representatives from the Board, the management and the internal audit department) reviews and approves changes to the framework as and when necessary to reflect the changes in the operating environment and legal requirements.

Risk owners are identified for the key business processes of the Group and are accountable for all aspects of risk management including assessment, evaluation, monitoring and reporting of risks associated with the business processes to which they are assigned as well as implementing remedial actions therefor. The risk owners report quarterly to the members of RMC all emergent risks identified and the action plans to manage those risks.

Key Processes of Internal Control

Key processes of Internal Control are summarised as follows:

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

Internal Audit

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

This statement is made in accordance with a resolution of the Board of Directors dated 29 April 2009.

corporate social responsibility



As part of its commitment towards Corporate Social Responsibility (CSR), Naim has always taken into consideration the interests of the community in which it operates and has always assumed full responsibility for the impact of its business activities on customers, suppliers, employees, shareholders, communities and the environment. The Board of Directors is aware that, during a recession, the CSR function is widely viewed as an area of business where savings can be made, in terms of both cost and business efficiency. However, our reputation as a responsible company has not been earned overnight, but is the result of a painstaking long-term commitment, whilst the beneficiaries of many of our CSR activities face greater challenges during a recession. Therefore we would like to state unequivocally that Naim has maintained its full commitment to CSR during 2008, and will continue to do so for the foreseeable future.

Naim's determination to fulfill its CSR extends far beyond statutory obligations and compliance with legislation. Nevertheless, to ensure that CSR activities contribute to the overall competitiveness of the Group and do not have a detrimental effect on shareholder value, during 2008 we completed the process, announced the previous year, of placing all CSR activities (Health and Safety, Environmental Responsibility and Corporate Philanthropy) under the oversight of our Corporate Governance function. Please refer to the Corporate Governance chapter for further details.



New Quality, Safety, Health & Environment (QSHE) Policy

Another milestone achieved during 2008 was the launching on 1st October of the Group's Quality, Safety, Health and Environment Policy (QSHE), which demonstrates and formalizes our total commitment towards better quality, better health, increased safety and greater care for the environment. To make the policy easy for our staff to remember and implement, we have used the acronym NAIM as shown below:

- N** Naim Holdings Bhd is committed to Quality, Health, Safety and Environment as essential requirements of its continuous business activities and hence part of its management function. We shall strive to :-
- A** Achieve full compliance with all applicable QHSE legal requirements
- I** Improve the QHSE management system through training, regular audit and review
- M** Minimize and prevent non conformance, pollution and accidents in the most effective possible manner

The policy is rigorously enforced under the oversight of Group Health, Safety and Environment Manager Mr Bedingdang Nalong, who is a registered NIOSH HSE Manager.

To further demonstrate control over our processes governing health, safety and the environment, and to create confidence within the organization & amongst our clients that the requirements for quality, health, safety & environment are consistently fulfilled and maintained, the Group's property development and construction divisions have been certified to ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 as at the end of December 2008.

Health and Safety

Please see above for overall policy and enforcement details. Our rigorously enforced Healthy Workplace and Zero Accident Policies have once again yielded positive results, with no work-related illnesses or significant accidents being reported during 2008.

Environmental Responsibility

The QSHE Policy outlined above is the latest step towards achieving Naim's goal of building a sustainable business. We recognize that the Company's continued growth and ability to operate depend on how successfully we reconcile our financial objectives



with environmental protection and community well-being. Our performance as a company will increasingly be evaluated on how we do in all the three areas. Through the full integration of environmental objectives into our business plans and ongoing capital investment in existing and new operation facilities, we are making steady progress towards sustainability.

We are proud that our operation facilities, development projects, conceptual and technical designs and operations not only meet but, in many cases exceed the requirements set out in government regulations. We continually strive to improve environmental performance by setting and reviewing measurable objectives and targets associated with our operations.

Some of the environmental initiatives we have undertaken are described below, and have also been described in our 2007 annual report. We beg readers' indulgence of this repetition, but the environmental message is an important one and we intend to repeat it as long as necessary.

Corporate Paper Bags: These are all made from recycled paper, and carry a message of awareness to clients as well as providing full biodegradability.

Company Cars: All senior staff are provided with low-emission petrol cars with green engines. The use of diesel cars is very limited and discouraged unless absolutely necessary.

Energy Saving Office Lighting: We do not use any tungsten/halogen light bulbs and use natural light wherever possible, to reduce consumption of electricity. Room lights are only switched on when necessary.

Use of Concrete Piles for Foundations: Concrete piles are preferred to bakau piles in all our property development projects, as we are fully aware that usage of bakau piles is fast destroying local mangrove swamps.

Building Concrete Houses: Homes built with concrete above the ground are significantly more energy efficient than those built with traditional materials. In addition, the durability of concrete reduces consumption of natural resources and it is 100% recyclable.

Soil Nails for Steep Slope Protection: To avoid extensive cutting of ground which destroys the environment, steep slopes are protected with soil nails. The road leading to our Bengoh Dam Project is a good example of this approach.

Used Tyres for Embankment Stabilization: We are the Malaysian pioneers in using scrap vehicle tyres for stabilization of embankments. Tyres are non-biodegradable so their disposal is a problem, for which we are providing an elegant and practical solution. Our award winning Batang Balingian Bridge Project is a good example.

Use of Rolled Compacted Concrete (RCC) for ongoing Bengoh Dam: The raw materials for RCC are cement, fly ash, water, aggregates and sand. Fly ash is a harmful waste material and needs to be disposed of with care. Using RCC for the dam construction will help to dispose of fly ash from Sejingkat Power Plant.

Ready Mix Concrete: We only use ready mix concrete, mixed in the factory under proper control. Batching on site can release pollutants into the air and will leave the site strewn with non-biodegradable cement bags.

Quarry Gravels: We only use ready mix concrete made with quarry gravels. This helps preserve the environment as no river gravel is abstracted for Naim projects.

NEW- Participation in Environmental Initiatives – Earth Hour: On Saturday, March 28, 2009, at 8:30 pm, the Group and its employees took part in Earth Hour - the world's largest global climate change event. By simply turning out all non-essential lighting for one hour at our company buildings and in our own homes, we joined tens of millions of concerned citizens throughout the world in calling for action to save our planet for future generations.

Corporate Philanthropy - Tabung Amanah Naim

For more than a dozen years, the Naim Group has donated generously to various social and charitable organizations. However, following the Group's listing in 2003, the Board felt it necessary, for the sake of transparency and good corporate governance, for the bulk of the Group's charitable activities to be directed through a dedicated special purpose vehicle. Therefore the Group set up the Tabung Amanah Naim (Naim Trust Fund) in September 2004. The fund was launched with a corporate donation from the Naim Group, and personal donations from the Directors. These sums are topped-up and expanded on an annual basis by donations from the Group and its subsidiaries. The Fund is controlled by a Board of Trustees and has the following objectives:

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



Notable donations during 2008, both through Tabung Amanah Naim and directly by the group, include :

RM100,000 to Sarawak Heart Foundation

Naim donated RM100,000 to Sarawak Heart Foundation in conjunction with the 7th Anniversary of the Cardiac Services of the Sarawak General Hospital on 29th April 2008. Naim strongly supports the objective of this foundation and the need to raise awareness amongst Sarawakians. The foundation is focused on providing support by purchasing necessary medical equipment for the treatment, recuperation and rehabilitation of heart patients throughout Sarawak.

Donation to Chinese School

Naim through Tabung Amanah Naim donated RM20,000 each to Chung Hwa Middle School Nos. 1, 3 & 4 and the Committee of Management of Chung Hwa Primary School Nos. 1 – 6 while SK Catholic English received RM10,000. All these schools are located in Kuching.

Donation to The Laila Taib Charitable Cancer Trust

The Laila Taib Charitable Cancer Trust was officially launched on 10th May 2008 initiated by Normah Medical Specialist Centre. It was set up to help needy cancer patients and to finance research activities on the disease. Naim donated RM50,000 through Tabung Amanah Naim.

Donation to Earthquake Victims

Naim together with its business partner, Sinohydro Corporation (M) Sdn. Bhd, jointly donated CNY100,000 to victims of the earthquake in Chengdu in Sichuan, China.

Blood Donation Drive

Naim led by Dr. Sharifuddin Bin Abdul Wahab donated blood to Sarawak General Hospital Blood Bank at the Ground floor of Wisma Naim. This event was organized by the Naim Group of companies supported by the Sarawak General Hospital



Majlis Berbuka Puasa Naim bersama anak anak Yatim

In conjunction with Ramadhan Month, Naim held a Majlis Berbuka Puasa with the orphans at the PERYATIM Complex Kuching on September 8th 2008. About one hundred and fifty orphans received "Duit Raya" before Sembahyang Ishyak Berjemaah and Sembahyang Terawih. This is part of Naim's effort in bringing cheer to the less fortunate members of our community.

Ramadan contribution to Surau and Masjid in Samarahan and Miri

Naim through Tabung Amanah Naim contributed to about 60 Suraus and Masjids in Kota Samarahan and Miri. This is to assist the Surau and Masjid to fund their Ramadan activities.

Contribution to Lembaga Amanah Kebajikan Melayu Miri

Naim through Tabung Amanah Naim donated RM50,000 to Lembaga Amanah Kebajikan Melayu Miri. This is NAIM's annual contribution to the Lembaga to fund its activities throughout the coming year.

Support of Kuching Promo Tour

Naim was one of the sponsors for the J J Lim Kuching Promo Tour organized by International Times Sdn Bhd. This Concert by a well known artist from Taiwan was to raise funds for charity.

Pusat Anak Permata Negara

This is a project under the auspices of the Prime Minister's Department. These are basically pre-school centres catering to the children of the less well-off members of the community. Naim has provided 1 unit of single storey semi-detached house free of all cost for this purpose in Desa Ilmu.



investor relations activities

The Naim Group has always made every effort to develop and maintain close long term relationships with its stakeholders. Its key focus on investor relations activities is to consistently update and inform shareholders, institutional investors and research analysts with relevant comprehensive, transparent and prompt information on the Group. This is Naim's way of allowing its existing and potential stakeholders to have an informed and realistic opinion of the company's profitability, strategic positioning and associated opportunities as well risks. One way of achieving such objectives is by using Naim's quarterly financial reports, regular announcements through the printed and other media, the Annual Report and undertaking regular activities to inform shareholders and analysts about the development of its business as well as important events within Naim.

To develop a long- term relationship of trust among existing and future stakeholders, Naim regularly participates in and organizes



visits, roadshows, briefings, meetings and presentations locally and abroad for fund managers as well as investment analysts. It is through such activities that Naim's corporate management strategies and current developments are discussed with interested parties who will gain fair and necessary disclosure of information. Such activities are regularly led and conducted personally by the Managing Director, Datuk Hasmi Hasnan; Deputy Managing Director, Dr. Sharifuddin Abdul Wahab and Head of Corporate Affairs, Mr. Ricky Kho (email: ricky.kho@naimcendera.com), who communicate directly with interested parties on pertinent matters.

As one of the leading players in the property and construction industry in Malaysia, Naim has been regularly invited to participate in international road shows such as in Singapore, Hong Kong, and to date it has enjoyed good as well as consistent coverage by AmResearch, OSK Securities, KAF, and TA Securities, to name just a few. Naim has also been the only participant from East Malaysia to be invited to the annual Invest Malaysia organized by Bursa Malaysia; the 2008 event was the third time such an invitation was received. On the international front, Naim participated in many conferences and roadshows and holds regular audio conferencing with interested investors from Singapore, Hongkong, Europe and the United States. Among the regular callers are Gavekal Capital from Hongkong and Fidelity Investments from Singapore.



In 2008, Naim received numerous visits from fund managers and analysts including those from Deutsche Bank, AmResearch, Aseambankers, TA Securities, HwangDBSVickers, Affin Securities, and CLSA, who dropped by to see Naim's business operations in Kuching and Miri in order to have a better understanding of the strengths as well as the future direction of the company.

Naim also took part in a number of conferences, including TA Securities' Investment Conference in Kuala Lumpur, and OSK's Sarawak Conference held in Bintulu.



naim group in the news

StarsSpecial, THURSDAY 13 NOVEMBER 2008 MALAYSIA PROPERTY AWARD 2008 SS3

BUILDING LASTING TIES



Naim Cendera Holdings Bhd managing director Datuk Hasmi Hasanan

Property Man of the Year Datuk Hasmi Hasanan made his mark developing quality home-owner communities in Sarawak. The Naim Cendera boss is...

Property Man of the Year Datuk Hasmi Hasanan made his mark developing quality home-owner communities in Sarawak. The Naim Cendera boss is...

Pasangan suami isteri dapat Angpau RM10,000 dari Naim Cendera

SARAWAK...
KOTA SAMARAHAN, Sabtu - Pasangan suami isteri, Osman Bujang dan Saliyah Samudin tidak menyangka akan menjadi penerima rumah yang bernilai RM10,000 dan hadiah menarik lain sempena Promosi Ang Pau Naim pada bulan Februari tahun ini.



FOR A GOOD CAUSE: A representative of SJK Chung Hwa Seng Jernang new building committee (left) receives the mock cheque from Tai Seng (second left) and Assistant Minister of Sport Datuk Dublin Usong (right).

Naim donates RM100,000 to primary schools

Dayang eyes jobs worth RM600m

By Ooi Ten Ching
dayang@star.com.my

DAYANG Enterprise Holdings Bhd (DEHB), the first and biggest oil and gas services company from East Malaysia to list on the stock exchange, is tendering for more RM600 million worth of jobs.

DEHB's current unutilised order book totals RM627 million, which will leave the company have multi...

Naim Cendera donates to Chinese schools

By Richard H Sagat

KUCHING: Naim Cendera Holdings Bhd donated RM50,000 to the Management Committee of Chung Hwa Middle Schools No. 1, 2 and 3, Sunday.

NAIM NAIM CENDERA HOLDINGS BERHAD

砂拉越之光 推動產業發展

李德哈斯米 Datuk Hasmi Bin Hasanan
Naim Cendera Holdings Berhad
Managing Director / CEO

Naim studying foreign JV offers

It is also seeking to expand land-bank in Sarawak

Sarawak Corridor of Renewable Energy (SCORE)

Naim holds blood donation campaign for second year

Photo showing his donation card

My Naim Star from Naim Cendera showing his donation card record

Edited OOI waiting for his check-up

First time blood donor Kheng Zhenhai

YATAPAN JANTUNG SARAWAK SERATUS RIBU SAHAJA

HOSTED BY

YATAPAN JANTUNG SARAWAK SERATUS RIBU SAHAJA

IKHLAS ... Dr Soon Choon Teck menerima sumbangan cek berjumlah RM100,000 dari Naim Group of Companies, Dr Shariffudin sambil disaksikan Datuk Sri Awang Daud (dari kanan), Datuk Sri Fatimah dan Datuk Anne Teng, Turut Sim Kui Hian di Kuching, malam kelmarin.

diary of corporate events

19 March 08, Naim In-House Bowling Tournament 2008

As part of Naim Sports & Recreational Club activities, Naim organized an In-House Bowling Tournament for 2008. The tournament was held on 19th March 2008.



4 April 08, Naim In-House Badminton Tournament 2008

The Badminton Tourney was held at Sarawak Society for The Blind Hall, Kuching on 4th April 2008



24 April 08, DEHB Listing on the Main Board Bursa Malaysia

Dayang Enterprise Holdings Berhad became the first Sarawak's Oil and Gas Services Company to debut on the main board of Bursa Malaysia Securities with the stock name "Dayang" and code "5141".



1 May 08, Naim Labour Day Celebration 2008

Naim Labour Day 2008 celebration was held at Desa Ilmu. This annual event started at 7am with interesting activities namely lucky draws, Pocho – Pocho dance and also inflatable games for children.



10 May 08, The Launching of Vista Wawasan at Jalan Sultan Tengah

On 10th May 2008, Naim officially launched the Vista Wawasan (SPNB) at the SPNB site, Jalan Sultan Tengah. This Affordable Housing project consists of medium-cost homes aimed at the lower income earners.



23-25 May 08, Naim at Sarbex 2008

Naim group took part in Sarbex 2008 on 23rd until 25th May 2008. This three-day event was held at Permata Carpark Kuching.

23 May 08, Naim – Winner of Landscape Competition Miri

Naim took part in “Hari Landskap Majlis Bandaraya Miri” and was adjudged the winner in this competition. The three day event was held at Taman Bulatan Miri on 23rd to 25th May 2008.



23 May 08, Naim Officially hands over PGA Batu Kawa

Naim officially handed over the completed General Operations Forces (GOF) Brigade Headquarters at Batu Kawa to the Police (PDRM) on 23rd May 2008



25 May 08, Site Visit to Bengoh Dam by KSU and JKR

Twenty officers from the Government Chief Secretary's office as well as from JKR made a working visit to Bengoh Dam site on 25th May 2008. The group was lead by YBhg Datuk Dr. Halim Bin Man and on hand to receive them was Ir. Suyanto Bin Osman, Naim Vice President-Business Development.



28 May 08, Naim at Boulevard Shopping Mall Exhibition

Sales Executive explaining to the customers about Naim's houses and also interesting offers available from Naim.



30 June 08, Naim Gawai Festival 2008

In conjunction with Gawai Celebrations, Naim organized a Gawai Open House in Kuching as well as in Miri. In Kuching the Gawai Open House was held at Jasmine Showhouse (Riveria, Kuching) whilst Abelia Show house (Desa Pujut 2, Miri) was the venue for the Miri open house.



18 June 08, Naim 6th Annual General Meeting

Naim's 6th AGM was held at Damai Puri Resort & Spa, Kuching, on 18th June 2008

diary of corporate events

18 June 08, Annual Dinner

"Nite of the 60's" was the theme chosen for the 2008 Naim Annual Dinner. Activities included "The Best Costume" competition, singing and Long Service Award presentation. Prizes for the winners of the various games held earlier in the year were also given out during the night.



12-17 July 08, Naim at Spring Bridal & Digital Exhibition

Naim sales representatives explaining interesting offers from Naim. This four-day exhibition was held at the Spring Shopping Mall, Kuching.



29 July 08, Site Visit by Minister of Planning and Resource Management Sarawak

YB Datuk Amar Haji Awang Tengah Bin Ali Hassan, Minister of Planning and Resource Management Sarawak made an unscheduled visit to Bengoh Dam Site office on 25th July 2008 together with YB Dato Dr. James Dawos Mamit.



1 Aug 08, Handing over Naim's Special gift to the shophouse buyer

In conjunction with the Merdeka celebration, Naim had a special offer in the form of a van for anyone who purchases a shophouse during the promotion period. The lucky recipients are Mr. Wong Jin Siong and Mr. Wong Sze Min. The handing over was held on 1st August 2008 at Wisma Naim.



30 Aug 08, Naim Kid's Day Celebration

In conjunction with the Naim buyer caring campaign, Naim organized a "Naim Kids Day cum Save The Earth" event on 30th August 2008. The highlight of the event was the Kids Colouring Contest open to children aged twelve years and below. Members of the public can also donate old newspaper, bottles and other recycle items as a way to save the world. The event was held at the Kuching and Miri Sales offices.



31 Aug 08, Naim goes marching for Merdeka Celebration 2008

In the spirit of Merdeka, Naim joined other Sarawakians to celebrate Malaysia Day at Stadium Negeri, Kuching. Naim's contingent was made up of 42 staff from the various departments.

5-7 Sep 08, Naim at Modern Home & Property Fair 2008, Kuala Lumpur

The Naim Sales team took part in the Modern Home & Property Fair 2008 Exhibition, one of the biggest property exhibitions in Malaysia. This exhibition was held at the Mid Valley Exhibition Centre, Kuala Lumpur.



26 Sep 08, Feng Shui Talk

Over four hundred attended a Feng Shui Talk 2008 on "Commercial Property Buying" conducted by Master Kenny Bok from Kuala Lumpur. The three-hour event was held at MBKS Auditorium in Kuching. A similar event was also held in Miri on September 27th 2008 where over three hundred were in attendance.



19 Oct 08, Naim Hari Raya Open House 2008

Naim's Hari Raya Open House 2008 was held at Boronia & Batavia Show house, in Desa Ilmu. This annual event is part of NAIM's social program to inculcate good neighborliness amongst the residents. A similar event was also held in Miri at the Alphinia show house, where 'Duit Raya' was distributed.



22 Oct 08, ILM Certificates Presentation

Thirteen staff members NAIM who successfully completed the ILM Management Development Program were guests at a dinner hosted by DAL HR Sdn. Bhd at a local Hotel, on the 23rd October 2008. Prior to the dinner Mr. Raymond Browning representing Mr. Dennis Scott Daniels of DAL HR Sdn Bhd presented the Diploma Certificates to the successful candidates witnessed by Naim Deputy Managing Director, Dr. Sharifuddin Bin Abdul Wahab. Ms. Alice Ting was declared the Top Achiever whilst Ms. Anita Kho won the Most Developed Student.



24 Oct 08, Naim officially handed over CIQ project

Naim officially handed over Customs, Immigration & Quarantine Complex (CIQ) Limbang to Public Works Department on 23rd October 2008 at CIQ Complex, Limbang



31 Oct 08, Chairman and MD meet the Staff

In light of the current economic climate, the Chairman Datuk Abdul Hamed Bin Sepawi and Managing Director Datuk Hasmi Bin Hasnan had a meet the staff session to inform them on the measures being taken by the management to counter the effects of the recession. The staff were also informed of the role they can play in this respect and encouraged to contribute their ideas, suggestions and to give other feedback for the benefit of the company.

diary of corporate events

31 Oct 08, Best Sales Prizegiving Award

31st October 2008 was a special day for Ms. Trish Lui Mee Chan, Naim Sales Executive as she was presented with a brand new Toyota Camry for being our top sales achiever. Presenting the key to Trish was Chairman Datuk Hamed Bin Sepawi witnessed by Managing Director Datuk Hasmi Bin Hasnan, Deputy Managing Director Dr. Sharifuddin Bin Wahab and other Naim staff.



8 Nov 08, Courtesy call to government offices

Naim sales team made courtesy calls on various government offices in Miri. The objective of the visit is to further nurture good relationship with the members of the Civil Service.



12 Nov 08, The Property Man of the Year 2008

A moment to remember for our Managing Director, Datuk Hasmi Bin Hasnan in particular and all of Naim staff when he was named "The Property Man of the year 2008" at the Malaysia Property Award 2008. Datuk Hasmi received the coveted award from Yang di-Pertuan Agong, Tuanku Mizan Zainal Abidin. MPA 2008 was organized by the Malaysian chapter of The International Real Estate Federation (FIABCI).



12-13 Nov 08, Naim at HSBC Property Exhibition, Kuching

Naim took part in the HSBC Property Exhibition in Kuching on November 12 – 13. This two-day exhibition was held at HSBC headquarters, Kuching.



7 Nov 08, Prince visit to Naim Sales Gallery

Yang Mulia Raja Muda Perak Raja Dr. Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah made an unscheduled visit to the Naim Sales office at Wisma NAIM on 7th November 2008. Yang Mulia Raja Muda was in Kuching in connection with the "National Integrity Day and National Convention 2008" which was held at a leading Hotel in Kuching.

11 Nov 08, Zakat Briefing by Baitulmal Sarawak

50 Muslim staff of Naim attended a Zakat briefing conducted by Baitulmal Kuching branch at Ground floor Wisma Naim on 11th November 2008. Ustaz Yusri Bin Mohammad Zain gave the briefing the purpose of which was to create awareness amongst Naim staff on their responsibilities and duties towards the less fortunate in our society.





6 Nov 08, Visit by RAM

Naim played host to visiting Rating Agency Malaysia Berhad Head (Real Estate & Construction Ratings) Puan Shahina Azura Binti Halip and Mr. Peter Lau Hui Han, Analyst on 6th November 2008 at Wisma Naim.



16 Nov 08, Naim at Sin Chew Carnival

Naim Sales team in Miri took part in Sin Chew Carnival. The carnival was held at Civic Centre, Miri on 16th November 2008



26 Dec 08, Handing over Surau Desa Ilmu

Desa Ilmu Sdn Bhd a subsidiary of Naim, officially handed over the new Surau Desa Ilmu to Jabatan Agama Islam Sarawak on 9th December 2008. The Surau was fully completed in November 2008 at a cost of RM990,000 and can accommodate a congregation of about 500.

economic outlook

OUTLOOK FOR THE MALAYSIAN ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2009 and beyond. Unless otherwise stated, these organizations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

The Economist Intelligence Unit, March 2009
(<http://www.economist.com/Countries/Malaysia/profile.cfm?folder=Profile-Forecast>)

- The Economist Intelligence Unit expects the BN coalition to remain in power in 2009-10. BN still has a sufficiently large parliamentary majority to pass the bulk of new legislation unchallenged.
- Following a raft of weak domestic economic data releases and a downward revision to our forecast for the global economy, we now expect the Malaysian economy to contract by 3% in 2009, compared with a fall of 1.8% previously.
- Malaysia is expected to experience mild deflation in 2009 as domestic demand weakens and global prices for oil and industrial raw materials fall sharply.
- The merchandise trade surplus will fall to US\$33.7bn in 2009, from an estimated US\$44.2bn in 2008. Although the current-account surplus is also expected to narrow in 2009, it will remain sizeable.
- In February Bank Negara Malaysia (BNM, the central bank) announced a cut in the overnight policy rate, to 2% from 2.5%. It also cut the statutory reserve requirement, to 1% from 2%.

Malaysian Institute of Economic Research (MIER), March 2009

(<http://www.mier.org.my/surveys/index.php>)

Given the worsening external conditions, it is likely that Malaysia's growth would deteriorate in 2009, as it takes the hit from the knock-on effects of a flagging global economy. With limited room for policy flexibility, domestic demand can be propped up by fiscal pump-priming and easier monetary policy, providing a partial cushion to the uncertain global economy. Falling commodity prices are not helping either, but may help put a lid on inflationary pressures. The services sector will be the pillar of strength amidst a weak manufacturing sector.

In light of the deeper declines in macro indicators, the tumble in business and consumer confidence, and the dismal sectoral indices, we are compelled to adjust our estimated 2008 GDP growth to 5.1 per cent from 5.5 previously and to revise our forecast for 2009 downwards to 1.3 per cent from 3.4 per cent earlier. Provided that the global economy bottoms out, as projected by the World Bank with global growth recovering to 3.9 percent in 2010, a marginal improvement is foreseen for Malaysia's growth to inch up to 3.8 per cent in 2010.

Bank Negara Malaysia Annual Report 2008

The year 2009 will be challenging for most sectors in the economy, particularly industries directly exposed to the external demand

The construction sector is expected to expand by 3% in 2009, supported by the civil engineering segment due to the implementation of projects under the two economic stimulus packages. Meanwhile the residential sub-sector is expected to moderate as weakening consumer sentiments lead developers to reduce launches of new housing developments, thereby keeping the overhang at manageable levels. Nevertheless, the measure to provide tax relief on interest paid for housing loans will provide some support to demand for houses.

Malaysian Rating Corporation Berhad

Macro Viewpoint: Malaysia – How Bad Can It Get? (13th March 2009)

Due to a larger than expected stimulus package, our estimated budget deficit has increased to between 7% and 8% of GDP from 6% of GDP, in line with the government's projection. At the same time, we also foresee an increase in government debt to 46% of GDP in 2009 from an estimated 41% of GDP in 2008. Funding however, will not be an issue as the government can tap domestic bond market which is now the second biggest in Asia Pacific excluding Japan.

Notwithstanding the positive effects of the stimulus package, the extent of external negative forces that continue to ripple through the domestic economy would lead to economic activity decelerating at a pace sharply faster than anticipated. Combined with the fact that cash outlays for direct fiscal injection and tax incentives under the mini-budget was smaller than expected, we expect the Malaysian economy to experience a contraction of 1.5% in 2009 in our base case scenario.

Business Monitor International

– Malaysia Business Forecast Report Q2 2009

Political and Economic Challenges Await new Premier

The Malaysian economy showed significant signs of weakening in Q308 as headline growth slowed from 6.7% year-on-year (y-o-y) in Q208 to 4.7%, led by a slump in export growth. This marked a three-year low, but perhaps most worrying is the fact that it was only two quarters earlier that real GDP growth came in at a three-and-a-half year high of 7.4%. With recent data releases confirming that the sharp slowdown has extended into Q408, we have revised down our 2009 growth forecast for Malaysia from 3.1% to 1.4%. Moreover, with the global economy unlikely to pick up until the first half of 2010, we have revised down our 2010 growth forecast, from 4.6% to 3.2%.

OUTLOOK FOR THE SARAWAK ECONOMY

CH Williams, Talhar, Wong & Yeo – Sarawak Property Market Outlook 2009

With the general economy expected to slow down further in 2009 and poor export markets for major commodities (oil and gas, timber, crude palm oil) of Sarawak in 2009, we expect the Sarawak property market to worsen in 2009 due to deteriorating market confidence, consumer and business alike. Property market sentiments will be further dampened by rising business failures, rising unemployment, salary cuts, difficult business and employment environments and general uncertainty as to when the global recession would be over. With rising unsold inventory, declining building materials costs and increasing foreclosure sales, many prospective buyers have adopted a wait-and-see attitude, waiting to enter the market when the prices are reduced to more affordable levels.

- Housing demand which is a fundamental necessity will be deferred rather than decreased essentially, contributing to a pent-up demand.
- Buyers' confidence expected to return, at least by 2nd half.
- More construction activities expected to come on-stream with the decrease in material prices.
- Due to the economic recession affecting the mass market, developers are eyeing properties aimed at the higher income group and attracting more foreigners.
- Market sentiments would be clearer after the government transition in the 1st quarter 2009.

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

Oxford Business Group – Sarawak Country Report (sic) 2008

With a large availability of competitively priced land and an abundance of cheap renewable energy potential, Sarawak is looking to position itself as an attractive option for manufacturing-based investment. In February 2008, the state launched the Sarawak Corridor of Renewable Energy (SCORE). The objective of SCORE is to lift the population's standard of living through the optimal utilisation of natural energy resources to develop and attract energy-intensive industries to the region.

Overall, the corridor blueprint calls for \$104.5bn in capital investment over 23 years, of which \$62.5bn is required for the establishment of energy-intensive and related industries and \$21bn to develop energy resources, including the construction of hydropower dams and coal-fired power stations. Additionally, \$19bn will be directed to the funding of infrastructure projects, while \$1.9bn will be dedicated to human capital development.

Bernama (National News Agency), 25th Feb 2009

Economic Slowdown Not Affecting Long Term Investments

The current global economic slowdown will not affect long-term investments in Sarawak by multinational companies, Chief Minister Tan Sri Abdul Taib Mahmud said. Big companies that had made commitments to come to the state had long-term plans and the impact of the global sluggish economy would not change their decision to invest, especially in the heavy industries sector. "I think most of the big investments are not jeopardised by the economic recession because they have long-term plans," he told reporters after opening the Kuching branch of the Kuwait Finance House (Malaysia) Berhad on Wednesday.

With the high demand for heavy industries, Taib said Sarawak would continue to develop energy stations in the Sarawak Corridor Renewable Energy (Score), with enough capacity to supply power to the peninsula by 2015, he added. Kuwait Finance House (Malaysia) Berhad managing director Datuk K. Salman Younis said his company had already made inroads into the state with the transaction of two significant deals. The deals are the RM35 million Murabaha Tawaruq for Zecon Berhad's working capital and a syndicated Ijarah totalling RM305 million for Press Metal Sarawak to finance the construction of a smelting plant in Mukah.

He said Kuwait Finance House (KFH) was now able to expand its reach across all market sectors to provide more convenience and accessibility to their customers. "One of the reasons why we are in Sarawak is that the state has a business- friendly environment, making it attractive and conducive, for the overall business community," he said.

financial statements

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directors' report

FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008.

Principal activities

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

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	80,747	17,276
Minority interest	2,320	-
	83,067	17,276
	=====	=====

Dividends

Since the end of the previous financial year, the Company paid a first interim dividend of 8.0 sen per ordinary share totalling RM15,260,369 in respect of the year ended 31 December 2008 on 16 September 2008. The dividend comprised two portions:

- a) franked portion of 6.5 sen per ordinary share less tax at 26% totalling RM11,632,706 (equivalent to 4.81 sen net per share); and
- b) single-tier portion of 1.5 sen per ordinary share totalling RM3,627,663.

On 25 February 2009, the Directors declared a second interim single-tier dividend of 5.0 sen per ordinary share totalling RM11,896,200 in respect of the year ended 31 December 2008. The dividend was paid on 6 April 2009.

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

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Directors of the Company

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

Datuk Abdul Hamed Bin Haji Sepawi
 Datuk Hasmi Bin Hasnan
 Dr. Sharifuddin Bin Abdul Wahab
 Ir. Suyanto Bin Osman
 Ahmad Bin Abu Bakar
 Kueh Hoi Chuang
 Abang Hasni Bin Abang Hasnan
 Y.B. Tuan Haji Hamden Bin Haji Ahmad
 Ir. Abang Jemat Bin Abang Bujang
 Datu Dr. Haji Abdul Rashid Bin Mohd Azis
 Sylvester Ajah Subah @ Ajah Bin Subah
 Dato' Professor Abang Abdullah Bin Abang Mohamad Ali
 Leong Chin Chiew

directors' report

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' interests

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

	At 1.1.2008	Number of ordinary shares of RM1.00 each		At 31.12.2008
		Bought	Sold	
Shareholdings in the Company in which Directors have direct interests				
Datuk Abdul Hamed Bin Haji Sepawi	12,150,000	-	-	12,150,000
Datuk Hasmi Bin Hasnan	28,918,850	-	-	28,918,850
Dr. Sharifuddin Bin Abdul Wahab	151,700	-	-	151,700
Ir. Suyanto Bin Osman	135,000	-	-	135,000
Kueh Hoi Chuang	144,100	-	-	144,100
Ahmad Bin Abu Bakar	-	5,000	-	5,000
Leong Chin Chiew	24,000	-	-	24,000
Shareholdings in which Datuk Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,992,700	-	-	27,992,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd.	-	2,100,000	-	2,100,000
Aktif Majusama Sdn. Bhd.	-	7,000,000	-	7,000,000
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	40,480,500	-	-	40,480,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd.	-	2,100,000	-	2,100,000
Aktif Majusama Sdn. Bhd.	-	7,000,000	-	7,000,000

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

None of the other Directors in office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations either at the beginning and/or end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements of the Company or of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (see Note 30 to the financial statements).

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

Issue of shares

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

Options granted over unissued shares

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

Other statutory information

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

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

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

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

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

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

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

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 2008 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.

directors' report

FOR THE YEAR ENDED 31 DECEMBER 2008

CHANGE OF NAME

The Company changed its name from Naim Cendera Holdings Berhad to Naim Holdings Berhad on 13 March 2009.

SIGNIFICANT EVENT

On 29 February 2008, the Company completed the conditional share exchange agreements with Dayang Enterprise Holdings Berhad ("DEHB") to transfer all of its interests in Dayang Enterprise Sdn. Bhd., DESB Marine Services Sdn. Bhd. and Fortune Triumph Sdn. Bhd. to DEHB in exchange for 110,621,700 new ordinary shares of RM0.50 each in DEHB.

Concurrent with the completion of the share exchange, DEHB also issued a special renounceable rights issue of 20,300,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per ordinary share, out of which 9,135,000 shares were subscribed by the Company. Upon the completion of the share exchange and the rights issue on 29 February 2008, DEHB became a 45% owned associate of the Company.

The Company's shareholding in DEHB was reduced to 34.02% following a public issue of 85,874,000 new ordinary shares of RM0.50 each by DEHB on 17 April 2008. The dilution in the equity interest resulted in a gain of RM13,935,000 to the Group, which was recognised in the income statement for the year ended 31 December 2008 (see Note 21). DEHB was listed on the Main Board of Bursa Malaysia Securities Berhad on 24 April 2008.

The Company acquired an additional 6,930,000 shares of RM0.50 each in DEHB from the open market at an average price of RM1.60 per ordinary share subsequent to the listing of DEHB, increasing its equity interest in DEHB from 34.02% to 35.99%. The total consideration paid for the acquisition was RM11,073,000.

Auditors

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

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

Dr. Sharifuddin Bin Abdul Wahab

Ahmad Bin Abu Bakar

Kuching,

Date: 29 April 2009

balance sheets

AT 31 DECEMBER 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Property, plant and equipment	3	32,111	24,831	36	46
Prepaid lease payments	4	48,427	49,347	-	-
Investment in subsidiaries	5	-	-	279,962	279,962
Investment in associates	6	146,897	97,890	108,819	88,611
Investment in joint ventures	7	7,882	10,885	-	-
Intangible asset	8	898	1,363	-	-
Land held for property development	9	102,296	102,490	-	-
Other investments	10	450	434	-	-
Investment property	11	464	477	-	-
Deferred tax assets	12	832	1,193	-	-
Total non-current assets		340,257	288,910	388,817	368,619
Inventories	13	24,350	24,102	-	-
Property development costs	14	240,066	206,571	-	-
Trade and other receivables	15	281,610	286,266	13,162	14,149
Current tax assets		12,516	7,982	1,780	1,056
Cash and bank balances	16	57,121	93,087	9,144	29,462
Total current assets		615,663	618,008	24,086	44,667
Total assets		955,920	906,918	412,903	413,286
		=====	=====	=====	=====

balance sheets

AT 31 DECEMBER 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Equity					
Share capital	17	250,000	250,000	250,000	250,000
Reserves	18	337,651	289,318	55,432	70,570
Total equity attributable to equity holders of the Company		587,651	539,318	305,432	320,570
Minority interest	2(a)(v)	24,228	18,943	-	-
Total equity		611,879	558,261	305,432	320,570
Liabilities					
Loans and borrowings	19	3,436	529	-	-
Deferred tax liabilities	12	53,748	57,126	-	-
Total non-current liabilities		57,184	57,655	-	-
Trade and other payables	20	232,039	231,985	69,296	43,741
Loans and borrowings	19	54,054	49,963	38,175	48,975
Current tax liabilities		764	9,054	-	-
Total current liabilities		286,857	291,002	107,471	92,716
Total liabilities		344,041	348,657	107,471	92,716
Total equity and liabilities		955,920	906,918	412,903	413,286

The notes on pages 92 to 135 are an integral part of these financial statements.

income statements

FOR THE YEAR ENDED 31 DECEMBER 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	21	523,717	646,024	29,230	40,818
Cost of sales	21	(415,542)	(499,309)	-	-
Gross profit		108,175	146,715	29,230	40,818
Other income					
- Gain on deemed disposal of equity interest in an associate	33	13,935	-	-	-
- Other income		4,928	7,620	-	-
Selling and distribution expenses	(	4,963)	(4,498)	-	-
Administrative expenses	(	35,757)	(33,528)	(2,077)	(2,572)
Other expenses	(	915)	(21)	-	-
Interest expense	(	1,720)	(1,201)	(3,401)	(1,132)
Operating profit	21	83,683	115,087	23,752	37,114
Share of results of:					
- equity accounted associates		21,426	7,558	-	-
- joint ventures	7	(805)	3,680	-	-
Profit before taxation		104,304	126,325	23,752	37,114
Tax expense	23	(21,237)	(46,187)	(6,476)	(10,057)
Profit for the year		83,067	80,138	17,276	27,057
		=====	=====	=====	=====
Attributable to:					
Equity holders of the Company		80,747	76,274	17,276	27,057
Minority interest		2,320	3,864	-	-
Profit for the year		83,067	80,138	17,276	27,057
		=====	=====	=====	=====
Basic/Diluted earnings per ordinary share (sen)	24	33.32	31.20		
		=====	=====		
Dividends per ordinary share (sen)	25	11.31	10.95		
		=====	=====		

The notes on pages 92 to 135 are an integral part of these financial statements.

statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2008

Group	Note	Attributable to equity holders of the Company						Minority interest	Total equity
		Non-distributable			Distributable				
		Share capital	Share premium	Capital reserve	Treasury shares	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007		250,000	86,092	200 (	16,315)	169,839	489,816	39,890	529,706
Profit for the year		-	-	-	-	76,274	76,274	3,864	80,138
Dividends paid to:									
- shareholders of the Company	25	-	-	-	- (	26,772)	(26,772)	- (	26,772)
- minority shareholders		-	-	-	-	-	- (	24,811)	(24,811)
At 31 December 2007/ 1 January 2008		250,000	86,092	200 (	16,315)	219,341	539,318	18,943	558,261
Shares issued by a subsidiary		-	-	-	-	-	-	2,997	2,997
Treasury shares purchased		-	-	- (	17,154)	- (	17,154)	- (	17,154)
Profit for the year		-	-	-	-	80,747	80,747	2,320	83,067
Transfer of share of share premium of an associate to capital reserve	18	-	-	26,170	- (	26,170)	-	-	-
Dividends paid to shareholders of the Company	25	-	-	-	- (	15,260)	(15,260)	- (	15,260)
Acquisition of new subsidiaries	31	-	-	-	-	-	-	769	769
Acquisition of minority interest in an existing subsidiary	31	-	-	-	-	-	- (	801)	(801)
At 31 December 2008		250,000	86,092	26,370 (	33,469)	258,658	587,651	24,228	611,879
		=====	=====	=====	=====	=====	=====	=====	=====
		(Note 17)	(Note 18)	(Note 18)	(Note 18)				

Company	Note	Non-distributable		Distributable		Total
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	
At 1 January 2007		250,000	86,092	(16,315)	508	320,285
Profit for the year		-	-	-	27,057	27,057
Dividends paid to shareholders of the Company	25	-	-	-	(26,772)	(26,772)
At 31 December 2007/1 January 2008		250,000	86,092	(16,315)	793	320,570
Profit for the year		-	-	-	17,276	17,276
Dividends paid to shareholders of the Company	25	-	-	-	(15,260)	(15,260)
Treasury shares repurchased		-	-	(17,154)	-	(17,154)
At 31 December 2008		250,000	86,092	(33,469)	2,809	305,432
		=====	=====	=====	=====	=====
		(Note 17)	(Note 18)	(Note 18)	(Note 18)	

The notes on pages 92 to 135 are an integral part of these financial statements.

cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	104,304	126,325	23,752	37,114
Adjustments for:				
Allowance for diminution in value of other investments	-	100	-	-
Amortisation of:				
- intangible asset (Note 8)	465	770	-	-
- prepaid lease payments (Note 4)	920	611	-	-
Depreciation of:				
- property, plant and equipment (Note 3)	2,995	3,844	10	4
- investment property (Note 11)	13	13	-	-
Dividend income	(48)	(388)	(28,868)	(39,146)
Negative goodwill recognised (Note 31)	(601)	-	-	-
Goodwill written off (Note 31)	312	-	-	-
(Gain)/Loss on disposal of:				
- property plant and equipment	85	217	-	-
- equity interest in an associate (Notes 21 and 33)	(13,935)	-	-	-
- quoted investments	-	(89)	-	-
Interest expense	1,720	1,201	3,401	1,132
Interest income	(2,592)	(3,315)	(362)	(903)
Share of results of:				
- equity accounted associates	(21,426)	(7,558)	-	-
- joint ventures (Note 7)	805	(3,680)	-	-
Opening profit/(loss) before changes in working capital	73,017	118,051	(2,067)	(1,799)
Changes in working capital:				
Land held for property development	-	1,990	-	-
Inventories	(249)	964	-	-
Property development costs	25,156	9,589	-	-
Trade and other receivables	(51,173)	(56,800)	987	602
Trade and other payables	155	28,645	25,555	66,973
Cash generated from operations	46,906	102,439	24,475	65,776
Taxes (paid)/refunded	(38,412)	(39,753)	306	(212)
Interest paid	(65)	(185)	(1,848)	(118)
Interest received	450	1,210	362	903
Net cash from operating activities	8,879	63,711	23,295	66,349
	=====	=====	=====	=====

cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of:				
- minority interest in an existing subsidiary (Note 31)	(200)	-	-	-
- new subsidiaries, net of cash acquired	(630)	-	-	-
- new associates	-	(88,611)	-	(88,611)
- property, plant and equipment [Note (i)]	(7,766)	(5,695)	-	(50)
- other investments	(16)	-	-	-
Increase in investment in an associate	(20,208)	-	(20,208)	-
Additions to prepaid lease payments	-	(2,239)	-	-
Proceeds from disposal of:				
- other investments	-	4	-	-
- property, plant and equipment	262	230	-	-
Decrease/(Increase) in deposits pledged to banks	1,712	(60)	-	-
Dividends received	6,585	2,661	21,362	1,800
Distribution of profits by joint ventures	3,560	2,970	-	-
Interest received	2,142	1,915	-	-
Net cash (used in)/from investing activities	(14,559)	(88,825)	1,154	(86,861)
	=====	=====	=====	=====
Cash flows from financing activities				
Proceeds from issue of shares to minority shareholders	2,997	-	-	-
Repurchase of treasury shares	(17,154)	-	(17,154)	-
Repayment of finance lease liabilities	(1,290)	(163)	-	-
Net proceeds from/(repayment of) borrowings	3,788	48,975	(10,800)	48,975
Dividends paid to:				
- shareholders of the Company	(15,260)	(26,772)	(15,260)	(26,772)
- minority shareholders	-	(24,811)	-	-
Interest paid	(1,655)	(1,097)	(1,553)	(1,014)
Net cash (used in)/from financing activities	(28,574)	(3,868)	(44,767)	21,189
	=====	=====	=====	=====
Net (decrease)/increase in cash and cash equivalents	(34,254)	(28,982)	(20,318)	677
Cash and cash equivalents at beginning of year	91,375	120,357	29,462	28,785
Cash and cash equivalents at end of year [Note (ii)]	57,121	91,375	9,144	29,462
	=====	=====	=====	=====

Notes

i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment in the following manner:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Paid using internal funds	7,766	5,695	-	50
Financed via finance leases	4,500	-	-	-
Total (see Note 3)	12,266	5,695	-	50
	=====	=====	=====	=====

ii) Cash and cash equivalents

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	12,532	32,776	-	10,436
Short term cash funds	36,200	42,200	9,000	19,000
Cash and bank balances	8,389	18,111	144	26
Total (see Note 16)	57,121	93,087	9,144	29,462
Less: Deposits pledged	-	(1,712)	-	-
	57,121	91,375	9,144	29,462
	=====	=====	=====	=====

The notes on pages 92 to 135 are an integral part of these financial statements.

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates and joint ventures.

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

The financial statements were approved by the Board of Directors on 29 April 2009.

1. Basis of preparation

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Securities.

The Group and the Company adopted FRS 107, *Cash Flow Statements*; FRS 111, *Construction Contracts*; FRS 112, *Income Taxes*; FRS 118, *Revenue*; FRS 134, *Interim Reporting* and FRS 137, *Provisions, Contingent Liabilities and Contingent Assets* during the current financial year.

The initial application of FRS 107, FRS 111, FRS 112, FRS 118, FRS 134 and FRS 137 does not have any material impact on the financial statements of the Group and of the Company.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRS / Interpretation

Effective date

FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plan to adopt FRS 7, FRS 8, FRS 139 and IC Interpretation 10 from the annual period beginning on 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*, is not disclosed by virtue of the exemption given in the respective FRSs.

FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. As the Group's operating segments, namely Property Development, Construction and Others, are the same as the business segments on which the Group currently presents segment information (see Note 26), the adoption of FRS 8 is not expected to have a material impact on the Group.

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the Group and the Company first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively. The adoption of IC Interpretation 10 does not have any impact to the financial statements as no reversal of such impairment loss has been made in the current or previous periods.

FRS 4 and IC Interpretation 9 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

In August 2008, the MASB announced its plan to bring Malaysia to full convergence with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are currently still being assessed pending the issuance of such revised FRSs as necessary to effectuate the full convergence.

1. Basis of preparation (continued)

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) Construction activities

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

Significant judgement is required in determining the stage of completion of construction activities, accrual of costs incurred for which claims/billings have yet to be received, estimated total contract revenue and contract costs as well as the recoverability of the carrying amount of contract work-in-progress. Total contract revenue also includes an estimation of variations that are recoverable from contract customers. The Group relies when making the estimations and judgements on, inter alia, past experiences and the assessment of its experienced project team (comprising Budget Review Committee, project managers and quantity surveyors).

ii) Property development activities

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

Significant judgement is required in determining the stage of completion of development activities, extent of property development costs incurred, estimated total property development revenue and costs as well as the recoverability of the development projects. In making such estimations and judgements, the Group relies, as with the construction activities explained above on, inter alia, past experiences and the assessment of its experienced project team.

2. Significant accounting policies

The accounting policies set out below have been applied consistently by the Group entities to the periods presented in these financial statements. Certain comparative figures have been reclassified to conform to the current year's presentation and classification (see Note 35).

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Subsidiaries are consolidated using the purchase method of accounting where the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries is stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

2. Significant accounting policies (continued)**a) Basis of consolidation (continued)****ii) Associates**

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

The Group's proportionate share of changes in the equity of an equity accounted associate, including those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences, that have not been recognised in the associate's profit or loss, is recognised directly in group equity.

Investment in associates is stated in the Group/Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

iii) Joint ventures**Jointly-controlled entities**

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent, over strategic financial and operating decisions.

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

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

Investment in jointly controlled entities are stated in the Group's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Jointly-controlled operations

The interest of the Group in unincorporated joint ventures are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the construction activities of the joint venture.

iv) Changes in Group composition

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When the group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

a) Basis of consolidation (continued)

v) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses arising from intra-group transactions and transactions with equity accounted associates and joint ventures are eliminated in the same way as unrealised gains, unless cost cannot be recovered.

b) Property, plant and equipment

i) Recognition and measurement

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

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "administrative expenses" respectively in the income statements.

ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

iii) Subsequent costs

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

2. Significant accounting policies (continued)**b) Property, plant and equipment (continued)****iv) Depreciation**

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Save for the above, depreciation is recognised in the income statements on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Buildings	5, 10 and 50 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 and 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

c) Leased assets**i) Finance lease**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset [see Note 2(b)].

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) Operating lease

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets, other than prepaid lease payments, are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and the title of which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payments made on acquiring a leasehold interest on land are accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease.

d) Intangible assets**i) Goodwill**

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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

For business acquisitions beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

Goodwill with indefinite useful lives are tested for impairment annually and whenever there is an indication that it may be impaired.

2. Significant accounting policies (continued)

d) Intangible assets (continued)

ii) Other intangible asset - additional interest in construction contract

This comprises the additional interest in a construction contract acquired from a joint venture partner. It is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to the income statements based on the stage of completion of the contract.

e) Investment in equity securities

Investment in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investment in non-current equity securities other than investments in subsidiaries, associates and joint ventures, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities (other than investments in subsidiaries, associates and joint ventures), an allowance for diminution in value is made and recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is made and recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

f) Investment property

Investment property is a property which is owned to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(b).

Depreciation on buildings is charged to the income statements on a straight-line basis over their estimated useful life of 50 years.

Determination of fair value

The Directors estimate the fair values of the investment property without the involvement of independent valuers.

g) Land held for property development

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

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

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

h) Property development costs

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

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

2. Significant accounting policies (continued)**h) Property development costs** (continued)

The excess of revenue recognised in the income statements over billings to purchasers is shown as accrued billings under trade and other receivables (Note 15) while the excess of billings to purchasers over revenue recognised in the income statements is shown as progress billings under trade and other payables (Note 20).

i) Inventories**i) Developed properties held for sale**

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

ii) Other inventories

Raw materials, consumables, manufactured and trading inventories (comprising buildings and construction materials) are stated at the lower of cost and net realisable value with weighted average cost being the basis of cost.

The cost of inventories includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or other financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

k) Construction work-in-progress

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

Construction work-in-progress is presented as part of trade and other receivables in the balance sheet (Note 15). If payments received from customers exceed the income recognised, then the difference is shown in trade and other payables as amount due to contract customers (Note 20).

l) 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.

m) Impairment of assets

The carrying amounts of assets except for inventories [refer Note 2(i)], assets arising from construction contracts [refer Note 2(k)], deferred tax assets [refer Note 2(s)] and financial assets (excluding investments in subsidiaries, associates and joint ventures that are not classified as held for sale or included in a disposal group that is classified as held for sale), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

2. Significant accounting policies (continued)

m) Impairment of assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

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

n) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

i) Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of the shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

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

When treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

o) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method, other than borrowing costs capitalised in accordance with Note 2(u).

p) Employee benefits

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

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

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

q) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or other financial asset to another entity.

2. Significant accounting policies (continued)**r) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

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

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

s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (or tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

t) Revenue recognition**i) Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

ii) Property development

Revenue from property development activities is recognised based on the stage of completion of properties sold measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

2. Significant accounting policies (continued)

t) Revenue recognition (continued)

ii) Property development (continued)

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

iii) Sales of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

iv) Dividend income

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

v) Sand extraction and land filling services

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

vi) Hire of equipment

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

vii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease.

viii) Management fees

Management fees are based on services rendered.

u) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Outright purchase					Under finance lease			Total
	Buildings	Furniture and fittings	Motor vehicles	Office and factory equipment	Plant and machinery	Assets under construction	Motor vehicles	Plant and machinery	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2007	11,634	3,551	15,139	6,439	15,235	934	1,810	452	55,194
Additions	334	863	2,210	1,506	218	564	-	-	5,695
Disposals	(135)	(240)	(341)	(178)	(101)	-	(80)	-	(1,075)
Transfers	2	-	(48)	929	3	(934)	48	-	-
At 31 December 2007/									
1 January 2008	11,835	4,174	16,960	8,696	15,355	564	1,778	452	59,814
Additions	7	157	275	507	3,850	2,471	417	4,582	12,266
Disposals	-	(256)	(317)	(319)	(123)	-	-	-	(1,015)
Acquisition through business combination	61	-	17	1	806	-	-	-	885
At 31 December 2008	11,903	4,075	16,935	8,885	19,888	3,035	2,195	5,034	71,950
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation									
At 1 January 2007	942	2,119	9,066	4,416	12,760	-	317	32	29,652
Depreciation for the year	254	451	2,386	1,423	1,264	-	101	83	5,962
Disposals	(22)	(125)	(178)	(125)	(101)	-	(80)	-	(631)
Transfers	-	-	(3)	-	-	-	3	-	-
At 31 December 2007/									
1 January 2008	1,174	2,445	11,271	5,714	13,923	-	341	115	34,983
Depreciation for the year	255	456	2,270	1,313	788	-	367	75	5,524
Disposals	-	(86)	(251)	(212)	(119)	-	-	-	(668)
Transfers	21	-	(207)	(52)	(21)	-	259	-	-
At 31 December 2008	1,450	2,815	13,083	6,763	14,571	-	967	190	39,839
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Carrying amounts									
At 1 January 2007	10,692	1,432	6,073	2,023	2,475	934	1,493	420	25,542
	=====	=====	=====	=====	=====	=====	=====	=====	=====
At 31 December 2007/									
1 January 2008	10,661	1,729	5,689	2,982	1,432	564	1,437	337	24,831
	=====	=====	=====	=====	=====	=====	=====	=====	=====
At 31 December 2008	10,453	1,260	3,852	2,122	5,317	3,035	1,228	4,844	32,111
	=====	=====	=====	=====	=====	=====	=====	=====	=====

3. Property, plant and equipment (continued)

<u>Company</u>	Furniture and fittings RM'000
Cost	
Additions for 2007 and balances at 31 December 2007 and 31 December 2008	50 =====
Depreciation	
Depreciation for 2007 (Note 21) and balances at 31 December 2007/ 1 January 2008	4
Depreciation for the year (Note 21)	10
Balances at 31 December 2008	14 =====
Carrying amounts	
At 31 December 2007/1 January 2008	46 =====
At 31 December 2008	36 =====

3.1 Assets under construction

Assets under construction comprise a building being constructed for future use as investment property of RM1,215,000 (2007: RM564,000) as well as plant and machinery under installation and testing of RM1,820,000 (2007: Nil).

3.2 Title to a property

The strata title to one (2007: one) building costing RM101,000 (2007: RM101,000) is in the process of being obtained from the authorities.

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	2008 RM'000	Group 2007 RM'000
Income statements (Note 21)	2,995	3,844
Property development costs (Note 14)	805	892
Construction work-in-progress (Note 15.2)	1,724	1,226
	5,524 =====	5,962 =====

Depreciation of the Company for the year is charged to the income statement (see Note 21).

4. Prepaid lease payments – Group

	— Leasehold land —		
	Unexpired term less than 50 years RM'000	Unexpired term more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2007	3,092	17,144	20,236
Additions	32,889	5	32,894
Transfer to property development costs (Note 14)	-	(1,750)	(1,750)
Disposals	(10)	-	(10)
Reclassification	(1,434)	1,434	-
At 31 December 2007/1 January 2008	34,537	16,833	51,370
Reclassification	(30,634)	30,634	-
At 31 December 2008	3,903	47,467	51,370
	=====	=====	=====
Amortisation			
At 1 January 2007	398	1,188	1,586
Amortisation for the year (Note 21)	286	325	611
Transfer to property development costs (Note 14)	-	(173)	(173)
Disposals	(1)	-	(1)
Reclassification	(202)	202	-
At 31 December 2007/1 January 2008	481	1,542	2,023
Amortisation for the year (Note 21)	124	796	920
Reclassification	(192)	192	-
At 31 December 2008	413	2,530	2,943
	=====	=====	=====
Carrying amounts			
At 1 January 2007	2,694	15,956	18,650
	=====	=====	=====
At 31 December 2007/1 January 2008	34,056	15,291	49,347
	=====	=====	=====
At 31 December 2008	3,490	44,937	48,427
	=====	=====	=====

4. Prepaid lease payments – Group (continued)

4.1 Titles of land

The titles to three (2007: seven) parcels of prepaid lease payments costing RM1,473,000 (2007: RM3,359,000) have yet to be issued by the relevant authorities.

The titles to four (2007: four) parcels of prepaid lease payments costing RM25,000 (2007: RM25,000) belonging to a subsidiary are registered in the name of another subsidiary holding them in trust for the former.

4.2 Included in additions to prepaid lease payments as at 31 December 2007 was an amount of RM30,655,000 received as payment in-kind for the construction contract work carried out by a subsidiary.

5. Investment in subsidiaries – Company

	2008 RM'000	2007 RM'000
Unquoted shares, at cost	279,962 =====	279,962 =====

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

Name of subsidiary	Principal activities	Effective ownership interest (%)	
		2008	2007
<u>Direct subsidiary</u>			
Naim Cendera Sdn. Bhd. ("NCSB")	Property developer and civil and building contractor	100.0	100.0
<u>Subsidiaries of NCSB</u>			
Total Reliability Sdn. Bhd. ("TRSB")	Civil and building contractor	51.0	51.0
NCSB Engineering Sdn. Bhd. ("NCE")	Civil and earthwork contractor and hire of machinery	100.0	100.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Citra Sdn. Bhd.	Civil contractor	100.0	100.0
TR Smart Piles Sdn. Bhd.	Manufacture and sale of reinforced concrete (RC) piles	51.0	51.0
TR Green Sdn. Bhd.	Contractor for landscaping services	100.0	100.0
Naim Cendera Dua Sdn. Bhd.	Trading of construction materials	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Management Sdn. Bhd.	Provision of project management services	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Provision of site clearing and earthwork	100.0	80.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Naim Equipment Sdn. Bhd.	Supply and installation of equipment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Peranan Makmur Sdn. Bhd.	Property investment	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry operation	100.0	100.0
Naim Realty Sdn. Bhd.	Dormant	100.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Dormant	100.0	100.0
Yakin Jelas Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Akademi Binaan Naim Sdn. Bhd.	Dormant	100.0	100.0
Jelas Kemuncak Resources Sdn. Bhd.	Dormant	100.0	100.0
Peranan Prima Sdn. Bhd.	Dormant	100.0	100.0

5. Investment in subsidiaries – Company (continued)

Name of subsidiary	Principal activities	Effective ownership interest (%)	
		2008	2007
Peranan Pakatan Sdn. Bhd.	Dormant	100.0	100.0
Simbol Warisan Sdn. Bhd.	Dormant	100.0	100.0
Warisan Makna Sdn. Bhd.	Dormant	100.0	100.0
<u>Subsidiaries of TRSB</u>			
TR Bricks Sdn. Bhd.	Manufacture and sale of bricks	45.0	45.0
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
<u>Subsidiaries of NCE</u>			
Plus Viable Sdn. Bhd.	Manufacture and sale of asphalt	70.0	-
Aktif Majusama Sdn. Bhd.	Manufacture of RC pile and ready mix, letting of equipment and civil contractor	70.0	-

6. Investment in associates

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost:				
Unquoted shares	2,472	91,083	-	88,611
Quoted shares in Malaysia	108,819	-	108,819	-
Share of share premium	26,170	-	-	-
Share of other post acquisition reserves	9,436	6,807	-	-
	146,897	97,890	108,819	88,611
	=====	=====	=====	=====

6. Investment in associates (continued)

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

2008	Effective equity interest %	Revenue (100%) RM'000	Profit/ (Loss) after tax (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Dayang Enterprise Holdings Berhad ("DEHB")	35.9%	181,128	71,444	377,588	61,312
Syarikat Usahasama Naim-RSB Sdn. Bhd	49.0^	*	(1)	*	6
TR Concrete Sdn. Bhd.	17.9#	11,855	1,106	10,770	1,823
SINOHYDRONAIM Sdn. Bhd.	49.0^	20,322	(2,044)	6,480	5,046
		=====	=====	=====	=====
2007					
Dayang Enterprise Sdn. Bhd.**	45.0	45,119 +	12,330 +	108,465	35,483
DESB Marine Services Sdn. Bhd.**	45.0	10,394 +	1,744 +	142,165	84,780
Fortune Triumph Sdn. Bhd.**	45.0	1,407 +	661 +	5,459	435
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	(1)	*	5
TR Concrete Sdn. Bhd.	17.9#	12,100	1,431	11,782	3,942
SINOHYDRONAIM Sdn. Bhd.	49.0^	24,251	865	12,072	8,585
		=====	=====	=====	=====
+ Representing post acquisition results of associates					
* Negligible					
^ Held through NCSB					
# Held through TRSB					
** These associates are now wholly owned subsidiaries of DEHB, after completion of share exchange between DEHB and the Company and other minority shareholders of the companies (see Note 33).					

7. Investment in joint ventures

The Group's interest in the assets and liabilities, revenue and expenses of joint ventures are as follows:

	Group 2008 RM'000	2007 RM'000
Non-current assets	41	82
Current assets	29,829	31,230
Current liabilities	(21,988)	(20,427)
Share of assets	7,882	10,885
	=====	=====
Income	67,914	67,801
Expenses	(69,002)	(62,760)
Share of (loss)/profit before taxation	(1,088)	5,041
Tax expense (Note 23)	283	(1,361)
Share of (loss)/profit after taxation	(805)	3,680
	=====	=====

7. Investment in joint ventures (continued)

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

Name	Principal activities	Proportion of ownership interest	
		2008 %	2007 %
Konsortium Javel Naim Cendera	Construction contractor	50.0	50.0
PPES Works – Naim Cendera JV	Construction contractor	45.0	45.0
Syarikat Usahasama Naim Cendera Sdn. Bhd. – RSB Management Services Sdn. Bhd. JV	Construction contractor	90.0	90.0
Naim-PW JV	Construction contractor	51.0	51.0

8. Intangible asset

	Additional interest in construction contract RM'000
Cost	
At 1 January 2007, 31 December 2007 and 31 December 2008	2,836 =====
Amortisation	
At 1 January 2007	703
Amortisation for the year (Note 21)	770
At 31 December 2007/1 January 2008	1,473
Amortisation for the year (Note 21)	465
At 31 December 2008	1,938 =====
Carrying amounts	
At 1 January 2007	2,133 =====
At 31 December 2007/ 1 January 2008	1,363 =====
At 31 December 2008	898 =====

This represents the cost incurred to acquire additional interest in a construction contract from a joint venture partner.

9. Land held for property development – Group

	RM'000
At 1 January 2007	136,614
Transfer to property development costs (Note 14)	(32,134)
Disposal	(1,990)
At 31 December 2007/1 January 2008, restated (Note 35)	102,490
Transfer to property development costs (Note 14)	(57,287)
Additions	57,093
At 31 December 2008	102,296 =====

Additions for the year represents the land received in-kind for the construction contract works carried out by a subsidiary.

10. Other investments

	Group	
	2008 RM'000	2007 RM'000
Non-current		
Quoted shares in Malaysia, at cost		
Less: Allowance for diminution in value	592 (312) 280	592 (312) 280
Unit trusts, at cost		
Less: Allowance for diminution in value	332 (162) 170	316 (162) 154
Total	450	434
	=====	=====
Market value of: - quoted shares (Note 27)	469	573
- unit trusts (Note 27)	215	317
	=====	=====

11. Investment property – Group

	Buildings RM'000
Cost	
At 1 January 2007, 31 December 2007/1 January 2008 and 31 December 2008	750
	=====
Depreciation	
At 1 January 2007	260
Depreciation for the year (Note 21)	13

At 31 December 2007/1 January 2008	273
Depreciation for the year (Note 21)	13

At 31 December 2008	286
	=====
Carrying amounts	
At 1 January 2007	490
	=====
At 31 December 2007/1 January 2008	477
	=====
At 31 December 2008	464
	=====
Estimated fair value	
At 1 January 2007	800
	=====
At 31 December 2007/1 January 2008	863
	=====
At 31 December 2008	863
	=====

12. Deferred tax assets and liabilities – Group**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	616	593	(1,372)	(1,346)	(756)	(753)
Capital allowance carry-forwards	-	-	-	-	-	-
Tax loss carry-forwards	125	139	-	-	125	139
Allowance for foreseeable loss	1,391	954	-	-	1,391	954
Fair value adjustment on acquisition of subsidiaries *	-	-	(53,676)	(56,273)	(53,676)	(56,273)
Tax assets/(liabilities)	2,132	1,686	(55,048)	(57,619)	(52,916)	(55,933)
Set off of tax	(1,300)	(493)	1,300	493	-	-
Net tax assets/(liabilities)	832	1,193	(53,748)	(57,126)	(52,916)	(55,933)
	=====	=====	=====	=====	=====	=====

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

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2008	2007
	RM'000	RM'000
Property, plant and equipment	(17)	(17)
Tax loss carry-forwards	13	4
Capital allowance carry-forwards	671	551
	667	538
	=====	=====

Deferred tax assets of RM167,000 (2007: RM135,000) have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

12. Deferred tax assets and liabilities – Group (continued)

Recognised deferred tax

Movements in deferred tax during the year are as follows:

Group	At 1.1.2007 RM'000	Recognised in income statement RM'000	At 31.12.2007/ 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008 RM'000
Property, plant and equipment	(463)	(290)	(753)	(3)	(756)
Capital allowance carry-forwards	21	(21)	-	-	-
Tax loss carry-forwards	139	-	139	(14)	125
Allowance for foreseeable loss	245	709	954	437	1,391
Fair value adjustment on acquisition of subsidiaries	(58,366)	2,093	(56,273)	2,597	(53,676)
	(58,424)	2,491	(55,933)	3,017	(52,916)
	=====	=====	=====	=====	=====
		(Note 23)		(Note 23)	

Unabsorbed capital allowance carry-forwards and unutilised tax loss carry-forwards do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

13. Inventories

	Group 2008 RM'000	2007 RM'000
At cost		
Developed properties held for sale	19,048	19,681
Manufactured/trading inventories (construction and building materials)	3,554	3,719
Raw materials	1,212	161
Consumables	536	541
	24,350	24,102
	=====	=====

14. Property development costs – Group

	RM'000
At 1 January 2007	
Property development costs	
Land	165,475
Development costs	357,767
	523,242
Accumulated costs charged to income statements	(331,454)
	191,788

14. Property development costs – Group (continued)

RM'000

Additions

Transfer from land held for property development (Note 9)	32,134
Transfer from prepaid lease payments (Note 4)	1,577
Development costs incurred during the year	140,663
	174,374

Recognised to income statements/inventories

Costs charged to income statements	(149,362)
Transfer of completed properties to inventories	(10,229)
	(159,591)

At 31 December 2007, restated (Note 35)

Property development costs	
Land	135,118
Development costs	380,520
	515,638
Accumulated costs charged to income statements	(309,067)
	206,571

At 1 January 2008, restated (Note 35)

Property development costs	
Land	135,118
Development costs	380,520
	515,638
Accumulated costs charged to income statements	(309,067)
	206,571

14. Property development costs – Group (continued)

	RM'000
Additions	
Transfer from land held for property development (Note 9)	57,287
Development costs incurred during the year	122,973
	180,260
Recognised to income statements/inventories	
Costs charged to income statements	(140,620)
Transfer of completed properties to inventories	(4,422)
Development costs written off (Note 21)	(1,723)
	(146,765)
At 31 December 2008	
Property development costs	
Land	176,842
Development costs	391,243
	568,085
Accumulated costs charged to income statements	(328,019)
	240,066

Property development costs incurred during the financial year include:

	2008 RM'000	Group 2007 RM'000
Depreciation of property, plant and equipment (Note 3)	805	892
Personnel expenses (including key management personnel):		
- contributions to the Employees Provident Fund	309	306
- wages, salaries and others	4,990	4,741
Rental of premises	53	-
	=====	=====

NOTES TO THE
financial statements

15. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade receivables	57,475	95,784	-	-
Less: Allowance for doubtful debts	(452)	(279)	-	-
	57,023	95,505	-	-
Contract progress billings receivable (Note 15.3)	144,479	148,005	-	-
Less: Allowance for doubtful debts	(460)	-	-	-
	144,019	148,005	-	-
Accrued billings	12,124	20,777	-	-
Amount due from contract customers (Note 15.2)	38,337	5,330	-	-
Amount due from:				
- associates	763	925	-	-
- joint ventures	16,340	10,919	-	-
	268,606	281,461	-	-
	-----	-----	-----	-----
Non-trade				
Deposits	4,844	2,559	-	-
Prepayments	164	30	30	30
Other receivables	5,093	1,847	34	37
Amount due from:				
- subsidiaries	-	-	13,089	14,082
- associates	12	3	9	-
- joint ventures	2,891	366	-	-
	13,004	4,805	13,162	14,149
	-----	-----	-----	-----
Total	281,610	286,266	13,162	14,149
	=====	=====	=====	=====

15.1 Deposits include an amount of RM2,375,000 (2007: Nil) paid for the acquisition of plant and equipment.

15. Trade and other receivables (continued)

15.2 Amount due from contract customers

	2008 RM'000	Group 2007 RM'000
Aggregate costs incurred to date	793,974	575,363
Attributable profits	133,008	107,733
	<u>926,982</u>	<u>683,096</u>
Progress billings	(956,307)	(738,547)
	<u>(29,325)</u>	<u>(55,451)</u>
Amount due to contract customers		
reclassified to trade and other payables (Note 20)	67,662	60,781
Amount due from contract customers	38,337	5,330
	=====	=====

Additions to aggregate costs incurred during the year include:

	2008 RM'000	Group 2007 RM'000
Depreciation of property, plant and equipment (Note 3)	1,724	1,226
Personnel expenses (including key management personnel):		
- contributions to the Employees Provident Fund	478	363
- wages, salaries and others	8,501	8,999
Hire of equipment	12	55
Rental of premises	421	29
	=====	=====

15.3 Contract progress billings receivable

Included in contract progress billings receivable of the Group are retention sums of RM5,294,000 (2007: RM2,327,000) relating to construction contracts. The retentions are unsecured, interest free and are expected to be collected as follows:

	2008 RM'000	Group 2007 RM'000
Within 1 year	580	1,440
1 – 2 years	-	286
2 – 3 years	4,714	601
	<u>5,294</u>	<u>2,327</u>
	=====	=====

15.4 Trade receivables as at 31 December 2007 included an amount of RM14,000 due from a Director of the Company. The amount has been fully settled during the year.

15.5 The amounts due from subsidiaries, associates and joint ventures are unsecured and interest free.

16. Cash and bank balances

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits placed with licensed banks	12,532	32,776	-	10,436
Short term cash funds	36,200	42,200	9,000	19,000
Cash and bank balances	8,389	18,111	144	26
	57,121	93,087	9,144	29,462
	=====	=====	=====	=====

Fixed deposits as at 31 December 2007 included an amount of RM1,712,000 pledged as security for bank guarantee facilities granted to a subsidiary. The deposit has been fully discharged during the current year.

17. Share capital

	Group and Company			
	Amount		Number of shares	
	2008 RM'000	2007 RM'000	2008 '000	2007 '000
Authorised				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
	=====	=====	=====	=====
Issued and fully paid				
Ordinary shares of RM1.00 each				
Opening and closing balances	250,000	250,000	250,000	250,000
	=====	=====	=====	=====

18. Reserves

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Share premium	86,092	86,092	86,092	86,092
Capital reserve	26,370	200	-	-
Treasury shares	(33,469)	(16,315)	(33,469)	(16,315)
Retained earnings	258,658	219,341	2,809	793
	337,651	289,318	55,432	70,570
	=====	=====	=====	=====

18. Reserves (continued)

Capital reserve

These consist of the Group's share of bonus issues by a subsidiary and of the share premium of an associate (see Note 6).

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 12 June 2008, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the current financial year, the Company repurchased 6,546,000 of its issued shares from the open market at an average price of RM2.62 per ordinary share. The total consideration paid was RM17,154,000 including transaction costs. The repurchase transactions were financed by internally generated funds and the shares repurchased are retained as treasury shares. The total number of shares repurchased as at 31 December 2008 is 12,055,000 (2007: 5,509,000).

Retained earnings – Section 108 tax credit

The Company has no Section 108 tax credit at 31 December 2008 with which to distribute its retained earnings as franked dividends. Nonetheless, the retained earnings are distributable as exempt dividends from 1 January 2008 under the single-tier company income tax system enacted via the Finance Act 2007.

19. Loans and borrowings

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-current				
Finance lease liabilities	3,436	529	-	-
	-----	-----	-----	-----
Current				
Unsecured bankers' acceptances	-	412	-	-
Unsecured revolving credits	53,175	48,975	38,175	48,975
Finance lease liabilities	879	576	-	-
	-----	-----	-----	-----
	54,054	49,963	38,175	48,975
	-----	-----	-----	-----
Total	57,490	50,492	38,175	48,975
	=====	=====	=====	=====

19.1 Security

The revolving credits facility of the Company is granted on a clean basis.

The revolving credits facility granted to a subsidiary during the current year is covered by a corporate guarantee from the Company.

The bankers' acceptances as well as overdraft facilities of another subsidiary (not utilised) are secured by a corporate guarantee of another subsidiary as well as guaranteed by its directors.

The finance lease liabilities are secured on the respective finance lease assets of the Group. The finance lease liabilities granted to a subsidiary are also guaranteed by another subsidiary. The total outstanding finance lease of the said subsidiary is RM3,850,000 (2007: Nil).

19. Loans and borrowings (continued)**19.2 Significant covenants for revolving credits facility granted to the Company**

The Company is required at all times to maintain an equity interest (direct or indirect via its subsidiaries) in Dayang Group comprising Dayang Enterprise Holdings Berhad (see Note 6) and its subsidiaries of:

Prior to the listing of the Dayang Group	:	not less than 45%
Upon and subsequent to the listing of the Dayang Group	:	not less than 33%.

19.3 Terms and debts repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2008					
Finance lease liabilities	2009, 2011 and 2013	4,315	879	1,676	1,760
Unsecured revolving credits	2009	53,175	53,175	-	-
		57,490	54,054	1,676	1,760
		=====	=====	=====	=====
2007					
Finance lease liabilities	2009 and 2011	1,105	576	402	127
Unsecured bankers' acceptances	2008	412	412	-	-
Unsecured revolving credits	2008	48,975	48,975	-	-
		50,492	49,963	402	127
		=====	=====	=====	=====
Company					
Unsecured revolving credits					
- 2008	2009	38,175	38,175	-	-
- 2007	2008	48,975	48,975	-	-
		=====	=====	=====	=====

19.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2008			2007		
	Minimum lease payments RM'000	Interest RM'000	Principal RM'000	Minimum lease payments RM'000	Interest RM'000	Principal RM'000
Less than one year	1,127	248	879	625	49	576
Between one and two years	1,988	312	1,676	440	38	402
Between two and five years	1,866	106	1,760	130	3	127
	4,981	666	4,315	1,195	90	1,105
	=====	=====	=====	=====	=====	=====

20. Trade and other payables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade				
Trade payables	101,706	105,151	-	-
Progress billings	9,451	14,900	-	-
Amount due to contract customers (Note 15.2)	67,662	60,781	-	-
Amount due to associates	5,842	8,286	-	-
	184,661	189,118	-	-
Non-trade				
Accruals	9,486	9,572	902	1,188
Other payables	29,179	24,881	276	92
Amount due to subsidiaries	-	-	68,118	42,461
Advance payments received from property buyers and contract customers	7,511	7,212	-	-
Land usage conversion premium payable	1,202	1,202	-	-
	47,378	42,867	69,296	43,741
Total	232,039	231,985	69,296	43,741

20.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM26,841,000 (2007: RM31,999,000).

20.2 Other payables of the Group includes an amount owing to a minority shareholder of a subsidiary of RM144,000 (2007: RM144,000) for the acquisition of land in prior years.

20.3 The amounts due to subsidiaries are unsecured. Except for an amount of RM35,200,000 (2007: RM30,000,000) bearing interest at 4.20% (2007: 4.20%) per annum, the remaining balance is interest free.

21. Revenue and operating profit

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Revenue				
Contract revenue	279,745	372,715	-	-
Sale of development properties and vacant land	209,774	229,224	-	-
Sale of goods	33,448	43,842	-	-
Hire of equipment	266	228	-	-
Sand extraction and land filling	-	15	-	-
Interest on short-term funds	-	-	258	557
Interest income	-	-	104	346
Dividend income from:				
- subsidiaries (unquoted)	-	-	20,000	36,680
- associate (unquoted)	-	-	-	2,466
- associate (quoted)	-	-	8,868	-
Management fees	10	-	-	769
Sales of earth	474	-	-	-
	523,717	646,024	29,230	40,818
	=====	=====	=====	=====
Cost of sales				
Cost of development properties and vacant land sold	148,549	142,335	-	-
Contract costs recognised as an expense	236,646	321,901	-	-
Cost of goods sold	30,347	35,073	-	-
	415,542	499,309	-	-
	=====	=====	=====	=====
Operating profit is arrived at after crediting:				
Dividend income from:				
- quoted shares in Malaysia	48	342	-	-
- unit trusts	-	46	-	-
Gain on disposal of:				
- quoted investments	-	89	-	-
- equity interest in an associate (Note 33)	13,935	-	-	-
Hire of machineries	48	42	-	-
Interest received from:				
- fixed deposits	2,143	2,643	-	-
- others	449	672	-	-
Negative goodwill recognised (Note 31)	601	-	-	-
Rental income from property lease	122	905	-	-
Realised foreign exchange gain	-	175	-	-
	=====	=====	=====	=====

21. Revenue and operating profit (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
and after charging:				
Allowance for diminution in value of other investments	-	100	-	-
Allowance for doubtful debts	633	231	-	-
Amortisation of intangible asset (Note 8)	465	770	-	-
Amortisation of prepaid lease payments (Note 4)	920	611	-	-
Auditors' remuneration:				
- statutory audit	253	240	25	20
- other services	56	423	-	-
Depreciation of property, plant and equipment (Note 3)	2,995	3,844	10	4
Depreciation of investment property (Note 11)	13	13	-	-
Goodwill written off (Note 31)	312	-	-	-
	=====	=====	=====	=====
Interest expense on:				
- revolving credits	1,553	1,014	1,553	1,014
- bankers' acceptances	3	80	-	-
- bank overdraft	1	2	-	-
- finance lease liabilities	102	84	-	-
- others	61	21	1,848	118
Inventories written off	7	135	-	-
Loss on disposal of property, plant and equipment	85	217	-	-
Property development cost written off (Note 14)	1,723	-	-	-
Pre-contract costs written off	889	-	-	-
Personnel expenses (including key management personnel):				
- contributions to the Employees Provident Fund	1,462	1,433	-	87
- wages, salaries and others	22,471	15,470	1,033	822
Rental of equipment	141	305	-	2
Rental of premises	511	421	-	-
	=====	=====	=====	=====

22. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	405	354	402	344
- Short term employee benefits (including estimated benefits-in-kind)	7,153	6,032	148	115
	7,558	6,386	550	459
Other key management personnel				
- Fees	40	154	-	-
- Short term employee benefits (including estimated benefits-in-kind)	6,094	6,246	483	394
	6,134	6,400	483	394
Total	13,692	12,786	1,033	853
	=====	=====	=====	=====

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

23. Tax expense

Recognised in the income statements

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	27,796	37,908	6,555	10,106
- prior years	(3,042)	3,391	(79)	(49)
	24,754	41,299	6,476	10,057
Deferred tax (income)/expense (Note 12)				
- current year	(5,156)	(2,844)	-	-
- prior year	2,139	353	-	-
	(3,017)	(2,491)	-	-
Back duty tax	(500)	7,379	-	-
Total tax expense	21,237	46,187	6,476	10,057
	=====	=====	=====	=====

23. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit for the year	83,067	80,138	17,276	27,057
Total tax expense	21,237	46,187	6,476	10,057
Profit excluding tax	104,304	126,325	23,752	37,114
Share of tax of:				
- equity accounted associates	7,804	2,545	-	-
- joint ventures (Note 7)	(283)	1,361	-	-
	111,825	130,231	23,752	37,114
	=====	=====	=====	=====
Tax calculated using Malaysian tax rate of 26% (2007: 27%)	29,075	35,162	6,175	10,021
Effect of lower tax rate for certain subsidiaries and associates ^	(310)	(362)	-	-
Effect of change in tax rate *	80	(1,642)	-	-
Non-deductible expenses	1,284	5,837	380	85
Movement in unrecognised deferred tax assets	32	(25)	-	-
	30,161	38,970	6,555	10,106
(Over-)/Under-provision in prior years	(903)	3,744	(79)	(49)
Back duty tax #	(500)	7,379	-	-
	(1,403)	11,123	(79)	(49)
Tax expense recognised in the income statements	28,758	50,093	6,476	10,057
Share of tax of equity accounted associates and joint ventures	(7,521)	(3,906)	-	-
Total tax expense	21,237	46,187	6,476	10,057
	=====	=====	=====	=====

The back duty tax provision of RM7,379,000 was recognised in respect of years of assessment 1999 to 2004.

^ With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. The remaining chargeable income is subject to corporate tax at 26% (2007: 27%).

* The Malaysian corporate tax rate is 26% for year of assessment 2008 and will be reduced to 25% for year of assessment 2009, based on the announcements in the 2008 Budget. The Group and the Company provide deferred tax at 25% (2007: 25%).

24. Earnings per ordinary share – Group**Basic/Diluted earnings per ordinary share**

The calculation of basic/diluted earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary shareholders of RM80,747,000 (2007: RM76,274,000) and the weighted average number of ordinary shares outstanding of 242,310,000 (2007: 244,491,000).

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares, net of shares bought back at beginning of year	244,491	244,491
Effect of ordinary shares repurchased	(2,181)	-
Weighted average number of ordinary shares at end of year	<u>242,310</u> =====	<u>244,491</u> =====

25. Dividends

Dividends recognised in the current year by the Company comprise:

<u>2008</u>	Sen per share RM'000	Total amount payment	Date of
First interim 2008 ordinary	4.81 net of tax and 1.50 single-tier tax exempt	<u>15,260</u> =====	16 September 2008
Dividends recognised in the current year by the Company comprise:			
<u>2007</u>			
First interim 2008 ordinary	5.11	12,494	12 June 2007
Second interim 2008 ordinary	5.84	14,278	21 December 2007
Total amount		<u>26,772</u> =====	

On 25 February 2009, the Directors declared a second interim single-tier dividend of 5.0 sen per ordinary share totalling RM11,896,200 in respect of the year ended 31 December 2008. The dividend was subsequently paid on 6 April 2009 and will be recognised in the financial statements for the year ending 31 December 2009.

The dividend per ordinary share as disclosed in the income statements relates to the total dividends declared or proposed for the financial year.

26. Segmental information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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 investment income, interest expense, share of profit after tax of equity accounted associates and joint ventures and corporate taxes.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, prepaid lease payments and intangible asset other than goodwill.

Business segments

The Group comprises the following three main business segments:

Property development	-	Development of residential and commercial properties.
Construction	-	Construction of buildings, roads, bridges and others.
Others	-	Manufacture and sale of construction materials, provision of sand extraction and land filling services, property investment holdings.

All the business segments are operated solely in Malaysia, and as such, segmental reporting by geographical locations is not presented.

	Property development		Construction		Others		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total external revenue	209,774	229,224	279,745	372,715	34,198	44,085	-	-	523,717	646,024
Inter segment revenue	-	-	-	-	16,107	20,110	(16,107)	(20,110)	-	-
Total segment revenue	209,774	229,224	279,745	372,715	50,305	64,195	(16,107)	(20,110)	523,717	646,024
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment results	47,615	78,562	19,907	35,506	2,999	4,789	(1,435)	(5,312)	69,086	113,545
	=====	=====	=====	=====	=====	=====	=====	=====		
Unallocated expenses									(210)	(572)
Results from operating activities									68,876	112,973
Investment income									2,592	3,315
Gain on deemed disposal of equity interest in an associate (Note 33)									13,935	-
Interest expense									(1,720)	(1,201)
Share of results of:										
- equity accounted associates:										
DEHB – oil and gas									22,040	4,830
Other associates									(614)	2,728
- joint ventures									(805)	3,680
Tax expense									(21,237)	(46,187)
Profit for the year									83,067	80,138
									=====	=====

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26.Segmental information (continued)

	Property development		Construction		Others		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
						(restated)		(restated)
Segment assets	447,818	435,842	296,052	295,447	56,821	66,420	800,691	797,709
Investment in associates, other than DEHB	-	-	702	1,703	3,132	2,744	3,834	4,447
Investment in joint ventures	-	-	7,882	10,885	-	-	7,882	10,885
	447,818	435,842	304,636	308,035	59,953	69,164	812,407	813,041
Investment in an associate, DEHB - oil and gas							143,063	93,443
Other investments							450	434
Total assets							955,920	906,918
							=====	=====
Segment liabilities	168,662	139,208	18,498	145,792	156,881	63,657	344,041	348,657
	=====	=====	=====	=====	=====	=====	=====	=====
Capital expenditure	947	32,429	10,308	3,491	1,011	2,669	12,266	38,589
	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation and amortisation of tangible assets	2,741	1,894	2,786	4,108	930	584	6,457	6,586
	=====	=====	=====	=====	=====	=====	=====	=====
Amortisation of intangible asset	-	-	465	770	-	-	465	770
	=====	=====	=====	=====	=====	=====	=====	=====

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

27. Financial instruments

The Board of Directors undertakes on-going reviews to identify, assess and manage key financial risks to which Group activities are exposed.

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. On the other hand, the Group's exposure to credit risk for property development is low as titles to properties are only transferred to purchasers upon full settlement of the purchase consideration.

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

At balance sheet date, there are no significant concentrations of credit risk other than the following:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	10,856	11,106
Trade receivables from:				
Syarikat Perumahan				
Negara Berhad				
- sales of land	-	23,094	-	-
- contract progress billings	103,820	74,840	-	-
	103,820	97,934	-	-
Jabatan Kerja Raya				
- contract progress billings	24,981	41,408	-	-
	128,801	139,342	10,856	11,106
	=====	=====	=====	=====

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

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 banking facilities and cash and cash equivalents.

Foreign currency risk

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

Interest rate risk

The Group finances its daily operations through a mixture of internally generated funds and bank borrowings. Borrowings with floating interest rates expose the Group to certain elements of risk when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk on an on-going basis, working within an agreed framework, to ensure that there are no undue exposures to this risk. The management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

The investment in interest-bearing assets is mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

Interest rates are trending downwards in the face of the current worldwide financial and economic crisis which, in the context of the Group, will bring about lower borrowing costs to its existing borrowings as well as lower interest income, as the case may be.

27. Financial instruments (continued)**Effective interest rates and repricing analysis**

In respect of interest bearing financial instruments, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

<u>Group</u>	Effective interest rate per annum %	Total RM'000	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2008					
Fixed rate instrument					
Finance lease liabilities	4.60 - 8.99	4,315	879	1,676	1,760
		=====	=====	=====	=====
Floating rate instruments					
Fixed deposits with banks	2.80 - 3.70	12,532	12,532	-	-
Short term cash funds	2.88 - 3.63	36,200	36,200	-	-
Unsecured revolving credits	4.20 - 4.27	53,175	53,175	-	-
		=====	=====	=====	=====
2007					
Fixed rate instrument					
Finance lease liabilities	4.94 – 8.00	1,105	576	402	127
		=====	=====	=====	=====
Floating rate instruments					
Fixed deposits with banks	3.00 – 3.67	32,776	32,776	-	-
Short term cash funds	2.50 – 3.83	42,200	42,200	-	-
Unsecured bankers' acceptances	3.82 – 3.83	412	412	-	-
Unsecured revolving credits	4.20	48,975	48,975	-	-
		=====	=====	=====	=====
Company					
2008					
Floating rate instruments					
Short term cash funds	2.93 – 3.63	9,000	9,000	-	-
Unsecured revolving credits	4.20	38,175	38,175	-	-
		=====	=====	=====	=====
2007					
Floating rate instruments					
Fixed deposits with banks	3.15 – 3.25	10,436	10,436	-	-
Short term cash funds	2.50 – 3.83	19,000	19,000	-	-
Unsecured revolving credits	4.20	48,975	48,975	-	-
		=====	=====	=====	=====

27. Financial instruments (continued)

Fair values

Recognised financial instruments

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

It is impracticable to estimate the fair value of the balances with subsidiaries, principally due to the absence of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The Company provides financial guarantees of RM439 million (2007: RM379 million) to banks for credit facilities extended to certain subsidiaries (Note 29). The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair value of other financial assets, together with the carrying amount shown in the balance sheets, is as follows:

Group	2008		2007	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Other investments (Note 10)				
Quoted shares in Malaysia	280	469	280	573
Unit trusts	170	215	154	317
	=====	=====	=====	=====

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2008 and 31 December 2007.

28. Capital expenditure commitments

	Group	
	2008 RM'000	2007 RM'000
Property, plant and equipment		
- Authorised but not contracted for	5,761	10,943
- Contracted for and expected to be payable within one year	4,103	-
	<u>9,864</u>	<u>10,943</u>
	=====	=====

29. Contingencies - unsecured

The Directors are of the opinion that provision is not required in respect of the following corporate guarantees, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Company	
	2008	2007
	RM'000	RM'000
Corporate guarantees granted for banking facilities of certain subsidiaries	439,000	379,000
	=====	=====

30. Related parties**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Company has a related party relationship with:

- i) its subsidiaries;
- ii) its associates;
- iii) its joint ventures;
- iv) key management personnel; and
- v) companies/organisation connected to certain major shareholders and Directors of the Company and/or of its subsidiaries.

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 22) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
<u>Nature of transaction</u>		
Dividend income	(20,000)	(36,680)
Management fee income	-	(769)
Management fee expenses	(28)	380
Interest expenses	1,848	118
	=====	=====

Transactions with joint ventures

	Group	
	2008	2007
	RM'000	RM'000
<u>Nature of transaction</u>		
Construction contract revenue	(33,249)	(43,681)
Interest income	-	(5)
	=====	=====

30. Related parties (continued)

Transactions with associates

	Group	
	2008 RM'000	2007 RM'000
<u>Nature of transaction</u>		
Dividend income	(8,868)	(2,466)
Construction costs payable	17,441	22,206
Purchase of construction materials	827	1,304
Sales of construction materials	(3,187)	(4,218)
Rental of machinery and equipment	(42)	(237)
Rental of premises	(2)	-
Transportation charges	3	8
	=====	=====

Transactions with companies/organisations connected to certain major shareholders and Directors of the Company and of its subsidiaries

	Group	
	2008 RM'000	2007 RM'000
<u>Nature of transaction</u>		
Advertisement charges	1	54
Advisory fee paid	-	14
Construction costs payable	213	4,555
Management service fee	-	126
Purchase of construction materials	619	226
Rental of premises	82	48
Rental of machinery and equipment	232	-
Purchase of plant and equipment	1	-
Sales of construction materials	(533)	(360)
Supply of information technology services	-	379
Supply of training equipment	72	7,126
	=====	=====

30. Related parties (continued)**Transaction with certain members of the key management personnel of the Company**

	Group	
	2008	2007
	RM'000	RM'000
<u>Nature of transaction</u>		
Sales of developed properties	-	286
Consultant fee paid	120	-
	=====	=====

The amounts due from/to subsidiaries, associates, joint ventures and directors are disclosed in Notes 15 and 20 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Amount due therefrom	77	19
Amount due thereto	(957)	(1,780)
	=====	=====

The above transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled in cash.

31. Acquisitions of subsidiaries**i) Acquisition of new subsidiaries**

One of its indirect subsidiaries, NCSB Engineering Sdn. Bhd. ("NCE"), acquired the following subsidiaries for a total consideration of RM2,107,000, satisfied in cash:

Subsidiaries	Date of acquisition	Equity interest acquired (%)	Purchase consideration RM'000
Plus Viable Sdn. Bhd. ("PVSB")	8 August 2008	70.00	2,100
Aktif Majusama Sdn. Bhd. ("AMSB")	22 May 2008	70.00	7
			<u>2,107</u>
			=====

31. Acquisitions of subsidiaries (continued)

i) Acquisition of new subsidiaries (continued)

The effects of the acquisition of PVSB and AMSB on the Group's assets and liabilities on the date of acquisition are as follows:

	2008 Pre-acquisition carrying amounts RM'000
Property, plant and equipment	621
Current assets	2,154
Current liabilities	(980)
Net identifiable assets acquired	1,795
Goodwill on consolidation (Note 21)	312
Consideration paid, satisfied in cash	2,107
Cash acquired	(1,477)
Net cash outflow on acquisition	630 =====

The goodwill of RM312,000 arising from the acquisitions, not identifiable to any cash-generating unit, is written off to the income statement (Note 21).

If the above acquisitions had occurred on 1 January 2008, management estimates that the consolidated profit for the financial year ended 31 December 2008 would have been RM83,380,000.

During the previous financial year, its direct subsidiary, Naim Cendera Sdn. Bhd. ("NCSB") acquired the entire equity interests in Peranan Pakatan Sdn. Bhd., Simbol Warisan Sdn. Bhd., Jelas Kemuncak Resources Sdn. Bhd., Peranan Makmur Sdn. Bhd., Warisan Makna Sdn. Bhd., Peranan Prima Sdn. Bhd. and Akademi Binaan Naim Sdn. Bhd., each for a consideration of RM2.00, satisfied by cash. These new subsidiaries are presently dormant.

ii) Increased investment in existing subsidiaries

On 6 August 2008, NCE subscribed for an additional 6,993,000 shares of RM1.00 each at par in AMSB, of which RM4,639,000 was satisfied in cash and the remaining balance via injection of plant and machinery into AMSB.

NCSB acquired the remaining 20% equity interest in Naim Ready Mix Sdn. Bhd. ("NRM") it did not already own from the minority shareholders on 28 August 2008 for a cash consideration of RM200,000. Following the acquisition, NRM became a wholly owned subsidiary of the Group. The acquisition of the additional interest in NRM had the following effect on the Group's assets and liabilities on the acquisition date:

	2008 RM'000
Net assets acquired	801
Negative goodwill on consolidation (Note 21)	(601)
Cash outflow on acquisition	200 =====

The negative goodwill of RM601,000 is immediately recognised in the income statement for the year ended 31 December 2008 (see Note 21). The Group also recognised a decrease in minority interest of RM801,000.

32. Material litigation

Suit over land

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), an indirect subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have native customary rights ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs.

The said land was previously alienated by the State Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the Court ruled in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land. The suit therefore does not have any material impact to the Group.

On 24 June 2008, another indirect subsidiary, Khidmat Mantap Sdn. Bhd. as the First Defendant ("KMSB"), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land alienated to KMSB described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak. The Second and Third Defendants are Superintendent of Land & Surveys, Samarahan Division and the State of Government of Sarawak respectively. KMSB's solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB. On 23 February 2009, the High Court ruled to allow KMSB's application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed the Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. No date has been fixed for the hearing of the appeal to date. The Directors, in consultation with KMSB's solicitors, are of the opinion that KMSB has a strong defence in the case.

On 27 June 2008, another indirect subsidiary, Naim Cendera Lapan Sdn. Bhd. ("NC8") was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged Sarawak over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its Defence on 22 July 2008 stating, inter alia, that it had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court's decision, which was subsequently withdrawn by consent on 25 March 2009.

33. Significant event

On 29 February 2008, the Company completed the conditional share exchange agreements with Dayang Enterprise Holdings Berhad ("DEHB") to transfer all of its interests in Dayang Enterprise Sdn. Bhd., DESB Marine Services Sdn. Bhd. and Fortune Triumph Sdn. Bhd. to DEHB in exchange for 110,621,700 new ordinary shares of RM0.50 each in DEHB.

Concurrent with the completion of the share exchange, DEHB also issued a special renounceable rights issue of 20,300,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per ordinary share, out of which 9,135,000 shares were subscribed by the Company. Upon the completion of the share exchange and the rights issue on 29 February 2008, DEHB became a 45% owned associate of the Company.

The Company's shareholding in DEHB was reduced to 34.02% following a public issue of 85,874,000 new ordinary shares of RM0.50 each by DEHB on 17 April 2008. The dilution in the equity interest resulted in a gain of RM13,935,000 to the Group, which was recognised in the income statement for the year ended 31 December 2008 (see Note 21). DEHB was listed on the Main Board of Bursa Malaysia Securities Berhad on 24 April 2008.

The Company acquired an additional 6,930,000 shares of RM0.50 each in DEHB from the open market at an average price of RM1.60 per ordinary share subsequent to the listing of DEHB, increasing its equity interest in DEHB from 34.02% to 35.99%. The total consideration paid for the acquisition was RM11,073,000.

34. Events subsequent to balance sheet date

34.1 Change of name

The Company changed its name from Naim Cendera Holdings Berhad to Naim Holdings Berhad on 13 March 2009.

34.2 Purchase of own shares

Subsequent to the year end and up to the date of this report, the Company repurchased 1,000,000 of its issued shares from the open market at an average price of RM1.28 per ordinary share. The repurchase transactions were financed by internally generated funds.

34.3 Litigation over land

On 20 March 2009, NCSB received two Writ of Summons and Statement of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 4281, Block 10 Kuala Baram Land District, Miri Sarawak, which is within NCSB's existing township areas of over 2,700 acres. NCSB's solicitors have filed an Appearance on 27 March 2009. NCSB, with consent of the Plaintiffs, has been given extension of time to 4 May 2009 to file and serve its Statement of Defence and Counterclaim. The next mention date is fixed on 6 July 2009.

The Directors, in consultation with NCSB's solicitors, are of the view that NCSB has strong merits in the case. The suits do not have any material impact to the Group as the affected land area does not fall within the Group's development plans for the next three years.

35. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation and classification.

	Group	
	As restated RM'000	As previously stated RM'000
Balance sheets		
Land held for property development	102,490	133,912
Property development costs	206,571	175,149
	=====	=====
Income statements		
Cost of sales	499,309	506,245
Selling and distribution costs	4,498	4,147
Administrative expense	33,528	26,943
	=====	=====

In addition, certain information in the segment reporting has been reclassified to conform to the current year's presentation.

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 85 to 135 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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

Dr. Sharifuddin Bin Abdul Wahab

Ahmad Bin Abu Bakar

Kuching,

Date: 29 April 2009

statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Ahmad Bin Abu Bakar**, the Director primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

in Kuching in the State of Sarawak

on 29 April 2009

Ahmad Bin Abu Bakar

Before me: CHUA HIAN CHONG
Commissioner For Oaths
7H, Lot 303 (1st Floor)
Lorong 1, Off Rubber Road,
93400 Kuching, Sarawak

independent auditor's report

TO THE MEMBERS OF NAIM HOLDINGS BERHAD

We have audited the financial statements of Naim Holdings Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 135.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758

Chartered Accountants

Kuching,

Date: 29 April 2009

Wee Beng Chuan

Approval Number: 2677/12/10 (J)

Chartered Accountant

analysis of shareholdings

AS AT 30 APRIL 2009

Authorised Share Capital : RM500,000,000 comprising RM500,000,000 shares of RM1.00 each
 Issued and Paid-up Share Capital : RM250,000,000 comprising RM250,000,000 shares of RM1.00 each
 Class of Shares : Ordinary Shares of RM1.00 each
 Voting rights : 1 vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	6	0.4051	238	0.0001
100 – 1,000	412	27.8190	336,442	0.1420
1,001 – 10,000	722	48.7508	3,413,900	1.4408
10,001 – 100,000	239	16.1377	7,821,387	3.3009
100,001 – 11,847,199	97	6.5496	111,693,783	47.1393
11,847,200 and above	5	0.3376	113,678,250	47.9768
Total	1,481	100.000	236,944,000	100.000

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.9227
2	TAPAK BERINGIN SDN. BHD.	27,000,000	11.3951
3	HASMI BIN HASNAN	25,918,850	10.9388
4	LEMBAGA TABUNG HAJI	17,150,900	7.2384
5	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	12,988,900	5.4818
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. CMS TRUST MANAGEMENT BERHAD FOR EMPLOYEES PROVIDENT FUND	10,000,000	4.2204
7	HASMI & ASSOCIATES MANAGEMENT SDN. BHD.	9,672,750	4.0823
8	ABDUL HAMED BIN SEPAWI	7,150,000	3.0176
9	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	5,531,600	2.3346
10	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL HAMED BIN SEPAWI (51401139418A)	5,000,000	2.1102
11	EMPLOYEES PROVIDENT FUND BOARD	4,751,200	2.0052
12	VALUECAP SDN. BHD.	4,715,100	1.9900
13	AMSEC NOMINEES (TEMPATAN) SDN. BHD. CMS TRUST MANAGEMENT BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (RB-TNB-CMS)	4,685,900	1.9776
14	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR CMS PREMIER FUND (4959)	4,625,000	1.9519
15	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)	4,277,000	1.8051
16	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	4,234,100	1.7870
17	HWS PROPERTIES SDN. BHD.	4,182,250	1.7651
18	CITIGROUP NOMINEES (ASING) SDN. BHD. CB SGP FOR AIG INTERNATIONAL FUNDS-ACORNS OF ASIA BALANCED FUND	3,950,000	1.6671
19	OSK NOMINEES (TEMPATAN) SDN. BERHAD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.3716
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	2,168,600	0.9152
21	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,493,700	0.6304
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR EMPLOYEES PROVIDENT FUND	1,476,000	0.6229

TOP 30 SHAREHOLDERS (continued)

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
23	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR 1)	1,373,400	0.5796
24	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. PUBLIC ISLAMIC DIVIDEND FUND	1,303,200	0.5500
25	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)	1,117,100	0.4715
26	AMSEC NOMINEES (TEMPATAN) SDN. BHD. ASSAR ASSET MANAGEMENT SDN. BHD. FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	1,080,000	0.4558
27	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND J728 FOR SPDR S&P EMERGING ASIA PACIFIC ETF	1,065,613	0.4497
28	PELITA DINAMIK SDN. BHD.	1,000,000	0.4220
29	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	1,000,000	0.4220
30	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN LIFE ASSURANCE BERHAD (NON-PAR-FUND)	986,200	0.4162
Total		203,766,963	86.00

SUBSTANTIAL SHAREHOLDER

NAME OF SUBSTANTIAL SHAREHOLDERS		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.92	-	-
2	DATUK HASMI BIN HASNAN	29,168,850	12.31	40,480,500	17.08
3	TAPAK BERINGIN SDN. BHD.	27,406,900	11.57	-	-
4	DATUK ABDUL HAMED BIN SEPAWI	12,150,000	5.13	27,992,700	11.81
5	EMPLOYEES PROVIDENT FUND BOARD	5,251,200	2.22	11,476,000	4.84
6	LEMBAGA TABUNG HAJI	17,150,900	7.24	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

NAME OF SUBSTANTIAL SHAREHOLDERS		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	DATUK ABDUL HAMED BIN SEPAWI	12,150,000	5.130	27,992,700	11.810
2	DATUK HASMI BIN HASNAN	29,168,850	12.310	40,480,500	17.080
3	DR. SHARIFUDDIN BIN ABDUL WAHAB	151,700	0.064	-	-
4	AHMAD BIN ABU BAKAR	5,000	0.002	-	-
5	IR. SUYANTO BIN OSMAN	135,000	0.057	-	-
6	KUEH HOI CHUANG	144,100	0.060	-	-
7	ABANG HASNI BIN ABANG HASNAN	-	-	-	-
8	LEONG CHIN CHIEW	24,000	0.010	1,000	0.000
9	YB TUAN HAJI HAMDEN BIN HAJI AHMAD	-	-	-	-
10	IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
11	DATU' (DR) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
12	SYLVESTER AJAH SUBAH @ AJAH BIN SUBAH	34,000	0.014	-	-
13	DATO' PROFESSOR ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-

top 10 properties

AS AT 31 DECEMBER 2008

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold				
Lot 4172 and Lot 4173, Bintulu Land District	Land For Development	26.09.2008 Expiring 05.11.2068	146,930	33,153,683
Lot 3247, Block 11, Kuala Baram Land District, Miri (Old lot = 4281, Block 10)	Land For Development	20.07.1995 Expiring 19.07.2094	679,006	28,618,210
Lot 1748, Muara Tuang Land District	Land For Development	29.05.2008 Expiring 28.05.2068	2,066,780	23,185,350
Lot 819, Block 13, Kuala Baram Land District, Miri (Old lot = Lot 772)	Land For Development	21.08.1997 Expiring 20.08.2096	314,360	11,052,441
Lot 4711, Block 14, Salak Land District, (Old lot = Lot 3625, Block 14)	Land For Development	22.6.2004 Expiring 21.06.2064	335,990	4,895,188
PROPERTIES UNDER PREPAID LEASE PAYMENTS				
Long Term Leasehold				
Lot 3287, Block 10, Kuching Central Land District	Town Land	03.08.2007 Expiring 02.08.2067	135,970	29,931,383
Lot 30 & 31, Block 34, Kemena Land District, Bintulu (Old lot = Lot 23, Block 34)	Vacant Land	13.02.2001 Expiring 05.09.2061	4,010,000	13,472,442
PROPERTIES UNDER PROPERTY, PLANT & EQUIPMENT				
Building				
Lot 3064-10-1, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District. Kuching	Office Building (Age : 13 years)	31.07.2000 Expiring 11.04.2055	(585)	1,724,843
Lot 3064-1-2, Ground Floor Wisma Naim	Office Floor	12.4.1995 Expiring 11.04.2055	(309)	1,455,231
Lot 3064-11-1, Tenth Floor Wisma Naim	Office Floor	12.4.1995 Expiring 11.04.2055	(521)	1,444,160

annual general meeting

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Thursday, 18 June 2009 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2008.

ORDINARY RESOLUTION 1

2. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31 December 2008.

ORDINARY RESOLUTION 2

3. 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.

Encik Ahmad Bin Abu Bakar
Abang Hasni Bin Abang Hasnan
YB Tuan Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Bin Abang Bujang

ORDINARY RESOLUTION 3 ORDINARY RESOLUTION 4 ORDINARY RESOLUTION 5 ORDINARY RESOLUTION 6

4. Re-Appointment of Auditors

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

ORDINARY RESOLUTION 7

SPECIAL BUSINESSES

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

5. ORDINARY RESOLUTION 8 - AUTHORITY TO ALLOT AND ISSUE SHARES

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

ORDINARY RESOLUTION 8

6. ORDINARY RESOLUTION 9 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES ("PROPOSED SHARE BUY-BACK")

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

- i) the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company;
- ii) an amount not exceeding the Company's audited retained profit and/or share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- iii) the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares or to cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

annual general meeting

AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

ORDINARY RESOLUTION 9

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

BY ORDER OF THE BOARD

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

Kuching, Sarawak
 Dated this 26 May 2009

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid the Proxy form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanatory Notes on Special Business

a) Ordinary Resolution 8 – Authority to Allot and Issue Share

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

b) Ordinary Resolution 9 – Proposed Renewal of Authority to Purchase Own Shares

Please refer to the Statement to Shareholders in relation to The Proposed Renewal of Authority for Purchase of Own Shares dated 26 May 2009 for further information.

Statement accompanying Notice of Annual General Meeting

Directors Standing for Re-election

- a) The Directors who are standing for re-election at the 7th Annual General Meeting of the Company are as follows:-

Encik Ahmad Bin Abu Bakar
 Abang Hasni Bin Abang Hasnan
 YB Tuan Haji Hamden Bin Haji Ahmad
 Ir. Abang Jemat Bin Abang Bujang

- b) Further details of the above named Directors are available on pages 28 to 35 and their securities holdings on page 141 of the 2008 Annual Report.



CDS account no.
of authorized nominee

FORM OF PROXY

I/We _____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. _____ (new) _____ (old)

of _____
(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint _____

(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

NRIC NO./Passport No _____ (new) _____ (old) of

(FULL ADDRESS)

or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak, Malaysia on Thursday, 18 June 2009 at 11.00 a.m. and at any adjournment thereof, in the manner indicated below:-

Resolutions	FOR	AGAINST
Ordinary Resolution 1 Adoption of the audited financial statements and reports thereto		
Ordinary Resolution 2 Approve payment of Directors' fee		
Ordinary Resolution 3 Re-election of Director : Encik Ahmad Bin Abu Bakar		
Ordinary Resolution 4 Re-election of Director : Abang Hasni Bin Abang Hasnan		
Ordinary Resolution 5 Re-election of Director : YB Tuan Haji Hamden Bin Haji Ahmad		
Ordinary Resolution 6 Re-election of Director : Ir. Abang Jemat Bin Abang Bujang		
Ordinary Resolution 7 Re-appointment of Auditors : Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
Special Businesses		
Ordinary Resolution 8 Authority to allot and issue shares		
Ordinary Resolution 9 Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)
Number of shares held:

Dated this _____ day of _____ 2009.

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, 2½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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STAMP

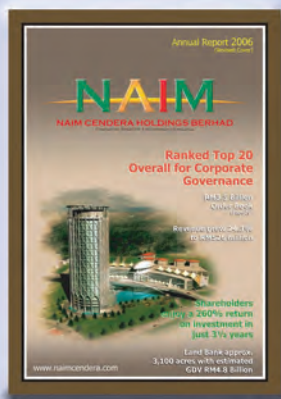
The Company Secretary

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

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

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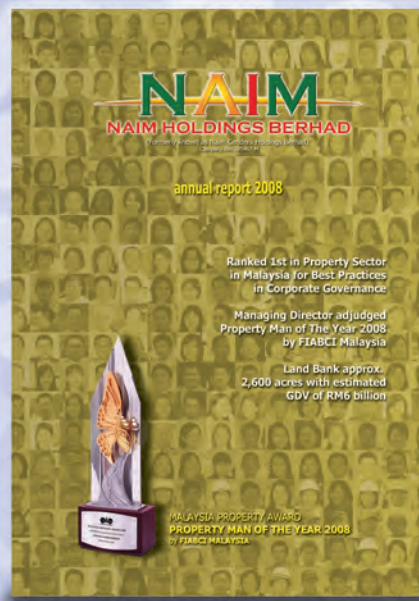
from where we began . . .



Annual Report 2006
NAIM CENDERA HOLDINGS BERHAD



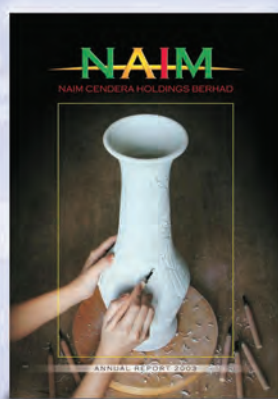
Annual Report 2007
NAIM CENDERA HOLDINGS BERHAD



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



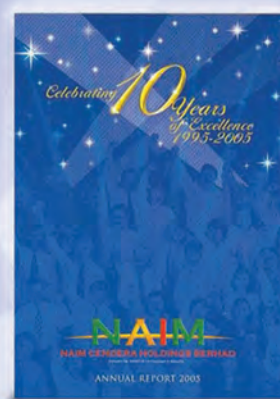
Annual Report 2002
NAIM CENDERA SDN BHD



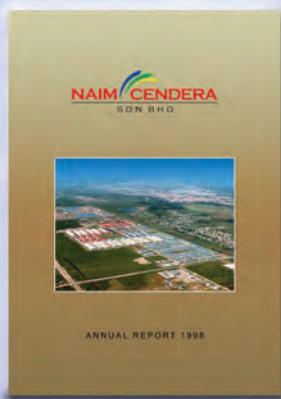
Annual Report 2003
NAIM CENDERA HOLDINGS BERHAD



Annual Report 2004
NAIM CENDERA HOLDINGS BERHAD



Annual Report 2005
NAIM CENDERA HOLDINGS BERHAD



Annual Report 1998
NAIM CENDERA SDN BHD



Annual Report 1999
NAIM CENDERA SDN BHD



Annual Report 2000
NAIM CENDERA SDN BHD



Annual Report 2001
NAIM CENDERA SDN BHD



NAIM HOLDINGS BERHAD

(Formerly known as Naim Cendera Holdings Berhad)
Company No. 585467-M

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road
93200 Kuching, Sarawak, Malaysia.
Tel: 6 082 411667 Fax: 6 082 233667
E-mail: enquiries@naimcendera.com
Website: www.naim.com.my