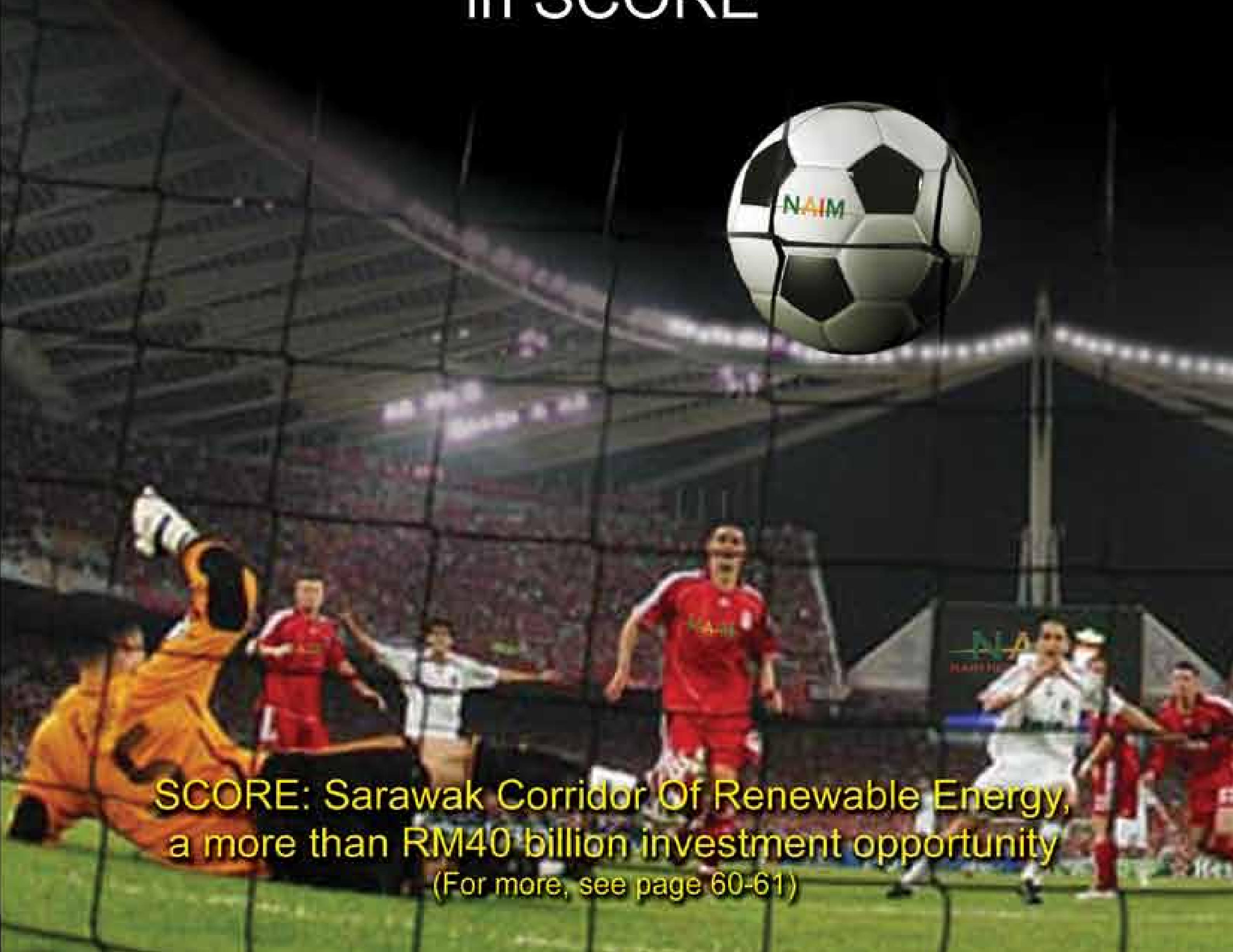
NAIM

NAIM HOLDINGS BERHAD

Company No. 585467-M

ANNUAL REPORT 2011

"Poised to Score" in SCORE



SCORE: Sarawak Corridor Of Renewable Energy,
a more than RM40 billion investment opportunity

(For more, see page 60-61)

Awards

2002
CIDB Builders Award Building Works Category
Institutional Building Project

2003
SCCI Annual Corporate Report Awards
Best Annual Report Award

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

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

2005
Malaysia Corporate & Social Environment Responsibility Award

2004
KPMG Shareholder Value Awards

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

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

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

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

2009
SHEDA 2009 Top Developer In Residential Development

2010
Sarawak Chief Minister Environmental Award

Contents

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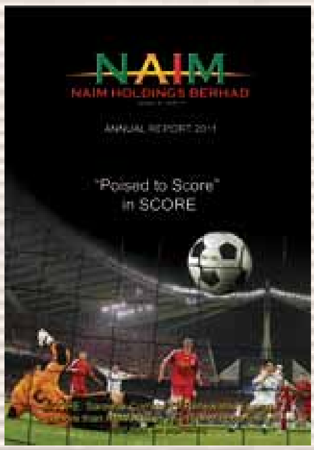
NAIM HOLDINGS BERHAD

Logo Rationale

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

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

Cover Rationale



Our cover design photo features an exciting goal-scoring scene from a top professional football game. This photo represents our CSR commitment to sports including the Football Association of Sarawak and Sarawak Junior Badminton Development Training, in the hope that our support will enable young Sarawakians to scale the highest peaks of Malaysian sports. It also represents our achievement in attaining our past corporate goals, and our unbending will to achieve all of our future goals and targets.

The cover tagline, Poised to Score in SCORE, represents Naim's perfect positioning to take advantage of the Sarawak Corridor of Renewable Energy (SCORE), with over RM40 billion of potential construction projects and housing developments. SCORE is located right on our doorstep, and we have the ideal set of skills and attributes to capitalize on its growth.

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 34 to 41.

Our Vision

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

Our Mission

To provide the finest products and services to our customers.

To provide increasing value and superior returns for our shareholders.

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

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

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

Corporate Information

Board of Directors

Chairman
Datuk Abdul Hamed Bin Haji Sepawi

Managing Director
Datuk Hasmi Bin Hasnan

Executive Directors
Sulaihah Binti Maimunni
Kueh Hoi Chuang
Abang Hasni Bin Abang Hasnan

Senior Independent Non-Executive Director
Datuk Haji Hamden Bin Haji Ahmad

Independent Non-Executive Directors
Dato Ir. Abang Jemat Bin Abang Bujang
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Non-Executive Director
Haji Jeli Bohari Bin Biha @ Jeli Umik

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

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

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

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

Auditors
KPMG

Solicitors
Alvin Chong & Partners Advocates

Principal Bankers
CIMB Bank Berhad
HSBC Bank Malaysia Bhd
AmBank Bhd

2011 at a Glance

Financial Performance		% Change From 2010
Revenue (RM'000)	411,893	- 32.77
Profit Before Tax (RM'000)	57,158	- 56.71
Net Profit Attributable to Owners of the Company (RM'000)	46,628	- 52.30
Total Assets (RM'000)	1,289,060	+ 22.23
Shareholders' Equity (RM'000)	747,182	+ 3.20
Earnings Per Share (sen)	19.68	- 52.29
NA Per Share (sen)	298.87	+ 3.20
Return On Equity (%)	6.24	- 53.78
Gross Dividend (sen)	8.00	- 20.00
Gross Dividend Yield (%)	4.88	**

*** Gross Dividend Yield for 2010 was 2.97%. Effect of % change in yield is not presented.*

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:-

Senior Director, Corporate Services
Tel : +6082-411667
Fax : +6082-429869
E-mail : ricky.kho@naim.com.my

Financial Calendar

Financial Year End		31 Dec 2011
Announcement of Results	1st quarter	26 May 2011
	2nd quarter	25 Aug 2011
	3rd quarter	24 Nov 2011
	4th quarter	29 Feb 2012
Notice of Annual General Meeting		23 May 2011
Annual General Meeting		16 June 2011
First Interim Single-tier Dividend	Declaration	25 Aug 2011
	Book closure	15 Sept 2011
	Ex-date	13 Sept 2011
	Payment	12 Oct 2011
Second Interim Single-tier Dividend	Declaration	29 Feb 2012
	Book closure	19 March 2012
	Ex-date	15 March 2012
	Payment	16 April 2012

10-Year Financial Highlights (in RM'000)

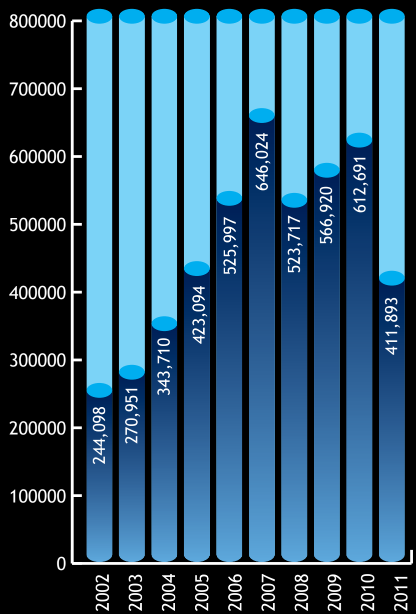
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenue	244,098	270,951	343,710	423,094	525,997	646,024	523,717	566,920	612,691	411,893
Profit before taxation	51,554	77,988	114,964	123,128	104,849	126,325	104,304	115,532	132,043	57,158
Net Profit Attributable to Owners of the Company	31,772	48,483	69,495	79,145	66,229	76,274	80,747	84,981	97,750	46,628
Total Assets	222,851	567,301	657,481	710,277	793,841	906,918	955,920	1,057,162	1,054,624	1,289,060
Net Tangible Assets	107,787	380,857	422,607	459,499	487,683	537,955	586,753	652,361	714,376	738,224
Shareholders' Equity	107,818	352,228	400,087	459,499	489,816	539,318	587,651	652,363	724,015	747,182
Total Number of Shares of RM1.00 each ('000)	203,425	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Earnings Per share (sen)	15.62	19.39	27.80	32.00	27.10	31.20	33.32	35.85	41.25	19.68
Gross Dividend Rate (%)	15.24%*	9.00%*	12.00%	12.00%	15.00%	15.00%	13.00%	8.00%	10.00%	8.00%
Net Tangible Assets Per Share (sen)	52.99	152.34	169.04	183.80	195.07	215.18	234.70	260.94	285.75	295.29
Gearing Ratio	0.07	0.006	0.002	0.001	0.003	0.094	0.098	0.216	0.173	0.464

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

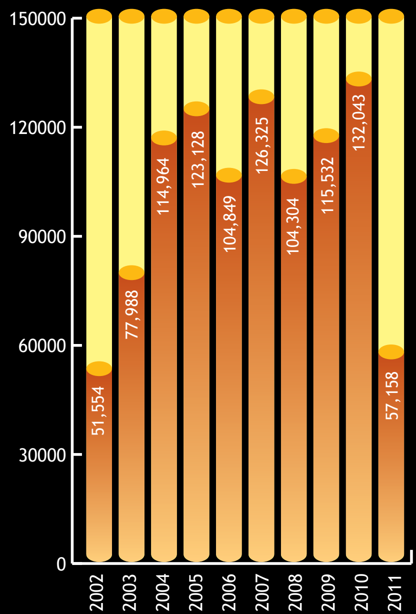
* based on the gross dividend declared and paid by Naim Land Sdn. Bhd. of RM6,000,000 in respect of financial year ended 31 December 2002 and the number of shares assumed in issue of 203,425,000 shares. In 2003 the gross dividend paid was RM22,500,000 based on the number of shares in issue, i.e. 250,000,000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

From 2004 onwards, gross dividends paid refer to dividends paid by Naim Holdings Berhad for each financial year.

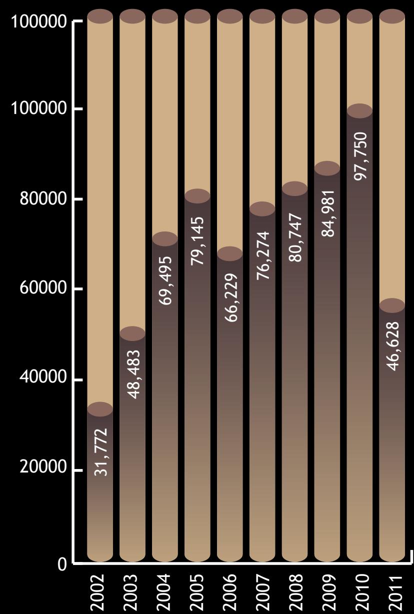
REVENUE (RM'000)



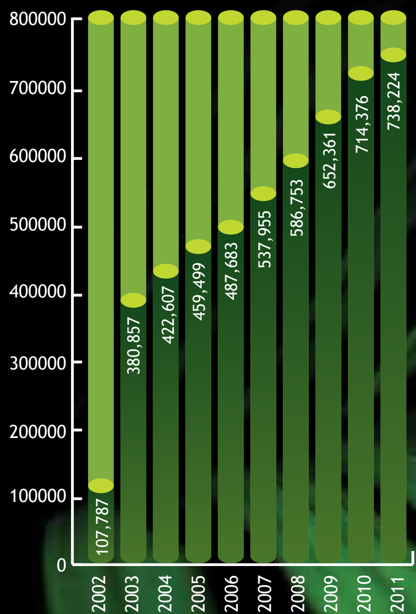
PROFIT BEFORE TAX (RM'000)



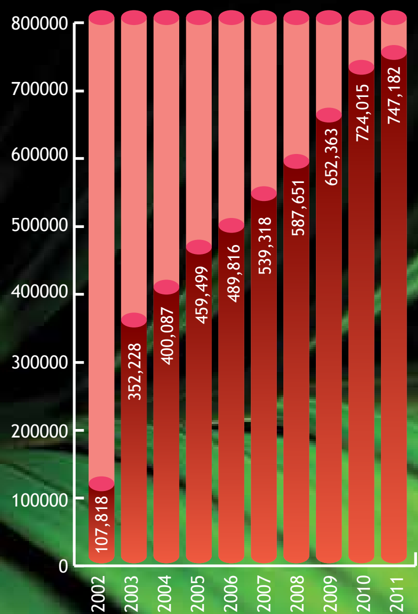
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



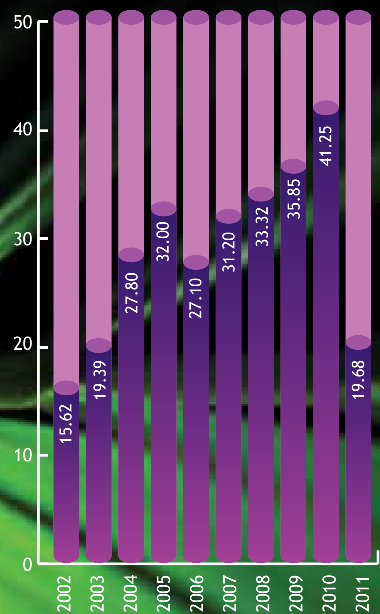
NET TANGIBLE ASSETS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)

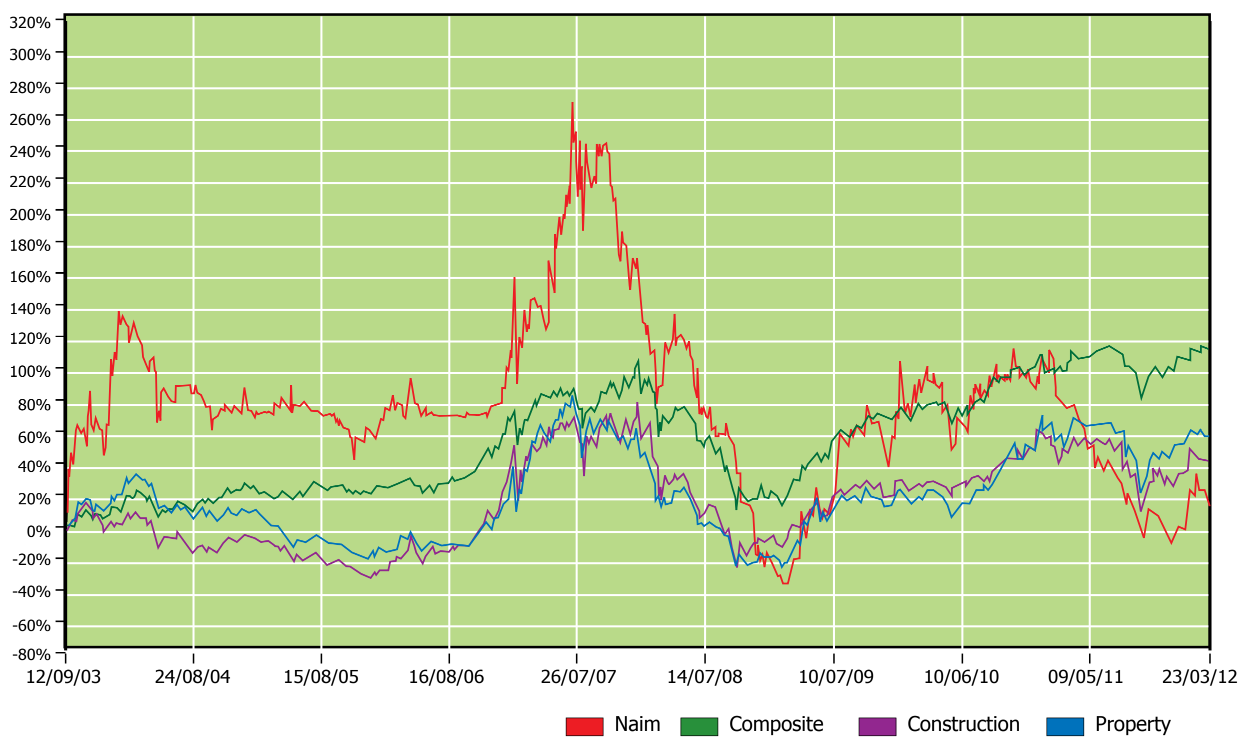


EARNINGS PER SHARE (sen)



Share Performance

NAIM HOLDINGS BERHAD Share Performance Chart from 12 September 2003 to 23 March 2012

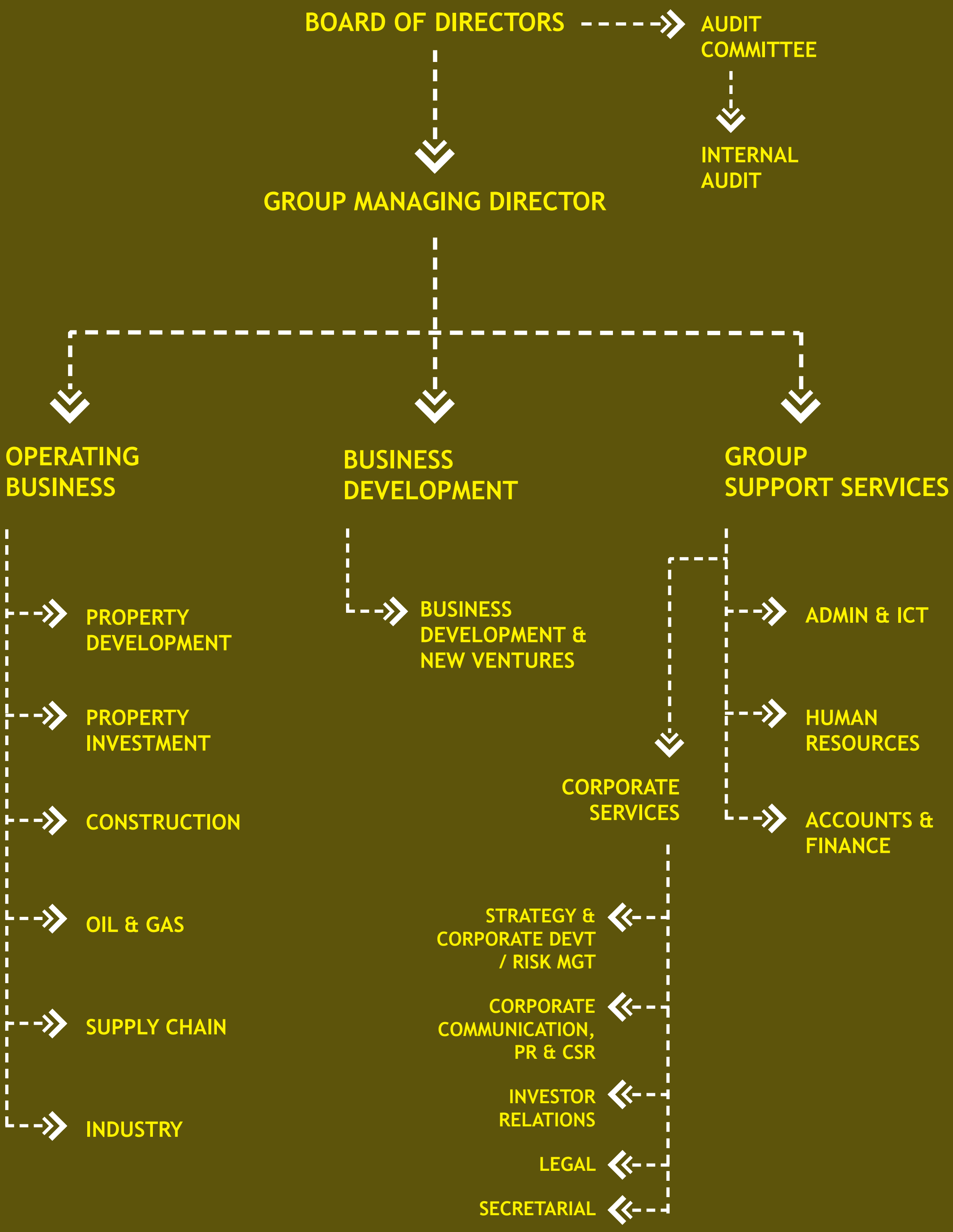


Corporate Structure (at date of Annual Report)

NAIM
NAIM HOLDINGS BERHAD

- **PROPERTY**
  Naim Land Sdn Bhd
  - **PROPERTY DEVELOPMENT**
    Total Reliability Sdn Bhd
    Khidmat Mantap Sdn Bhd
    Desa Ilmu Sdn Bhd
    Naim Commercial Sdn Bhd
  - **PROPERTY INVESTMENT**
    Yakin Pelita Sdn Bhd
    Naim Realty Sdn Bhd
    Peranan Makmur Sdn Bhd
    Samalaju Property Development Sdn Bhd
- **ENGINEERING/CONSTRUCTION**
  Naim Engineering Sdn Bhd
  Naim Binaan Sdn Bhd
  - **MANUFACTURING**
    Naim Premix Sdn Bhd
    TR Concrete Sdn Bhd
    TR Bricks Sdn Bhd
    TR Smart Piles Sdn Bhd
  - **TRADING / SERVICES**
    Naim Supply & Logistic Sdn Bhd
    Naim Equipment Sdn Bhd
  - **QUARRY OPERATIONS**
    Naim Cendera Lapan Sdn Bhd
    Jelas Kemuncak Resources Sdn Bhd
    Simbol Warisan Sdn Bhd
  - **OVERSEAS INVESTMENT**
    Naim Overseas Sdn Bhd
    - **FIJI COMPANIES**
      Naim Engineering Construction (Fiji) Limited
      Naim Quarry (Fiji) Limited
      Naim Premix (Fiji) Limited
      Naim Vanua Levu (Fiji) Limited
    - **BRUNEI COMPANY**
      Naimcendera Engineering & Construction Sendirian Berhad
- **OIL & GAS**
  Dayang Enterprise Holdings Bhd.
- **FIFTEEN OTHER DORMANT COMPANIES**

Organisational Structure



Corporate Profile

Naim Holdings Berhad is an investment holding company. Its two main subsidiaries are Naim Land Sdn. Bhd. (NLSB) and Naim Engineering Sdn. Bhd. (NESB) which are primarily involved in property development and construction activities.

It focuses its business efforts on three principal areas: integrated property developments combining residential, commercial and industrial properties with infrastructure and public amenities; contracting of construction, civil engineering, oil and gas and infrastructure projects; and oil and gas services through its investment in Dayang Enterprise Holdings Bhd.

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.

Naim is also a Class A Contractor with ISO 9001 certification and has recently emerged as one of Malaysia's largest Bumiputera contractors. Including implementing NLSB's own development projects, it has carried out more than RM5 billion worth of works. It focuses on excellent quality and timely delivery, a philosophy that has earned Naim a host of industry awards.

Naim Holdings Berhad was listed on the Main Board of Bursa Malaysia Berhad on 12 September 2003.

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 2011, our 16th full year of operation.

Note: For ease of reading, all financial sums and other quantities shown in this message are rounded up or down to three or occasionally two significant figures. Precise sums are shown in the financial report on page 64 onwards.

OPENING STATEMENT

2011 was a difficult year for our Group. Both our revenues and profits were down compared to 2010. **This is only the second time in our 16-year history that the Group has performed below expectations. We are confident that these results were only a temporary setback, effected by a variety of factors, some of which are outside our spheres of control and/or influence.** These included, the slowdown of Federal Government funding for major infrastructure projects in Sarawak, and the nationwide decline in construction margins. Nevertheless, the Sarawak property market has remained relatively buoyant, and our performance in this area, while not as good as we had expected, was largely dampened by legacy effects from previous years. We are optimistic that our property performance will rebound favourably in 2012.

FINANCIAL PERFORMANCE

Overall Results

The Group recorded a drop in revenue of 33% from RM613 million in 2010 to RM412 million for the period under review. Profit before tax was down by 56.7% at RM57.2 million, compared to RM132 million for 2010, and profit attributable to shareholders was down by 52.3% to RM46.6 million compared to RM97.8 million for 2010. Therefore the financial results for 2011 are considerably lower than those for 2010, with basic earnings down by 52.3% to 19.68 sen per ordinary share compared to 41.25 sen in 2010.

Contributions to Results

Contributions to overall revenue of RM412 million were as follows: Property Division 28%; Construction Division 63%; Others Division 9%. Apart from revenue, other contributions to profit included a share of results of our associate amounting to RM32.7 million, compared to RM26.4 million in 2010, and share of results of joint venture of RM12.8 million, up from only RM62,000 in the previous year.

Dividends

Since its listing, the Naim Group has never pursued a dividend policy. Nevertheless, we have been paying dividends as follows:-

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Gross Dividend rate	9%	12%	12%	15%	15%	13%	8%	10%	8%	102%
Total dividend payout (in million)	RM22.5	RM30.0	RM30.0	RM37.5	RM37.5	RM32.5	RM20.0	RM25.0	RM20.0	RM255

During the year under review, a total of two interim single-tier dividends (totalling 8.0 sen per share tax exempt) were declared and paid and they represent a distribution to Shareholders of 41% of the Group's profits for the year ended 31 December 2011. **The dividend yield is 4.88% based on the year-end share price of RM1.64** and in the Board's opinion offers adequate short term financial returns to our investors whilst maintaining reasonable cash reserves for future growth, expansion of the land bank, expansion and upgrading of plant, and other investments outlined in Prospects(Page 15 to 16).

Message to our Shareholders

Since its listing in 2003, the Naim Group has paid a total of RM255 million in gross dividends, more than its paid-up capital of RM250 million.

Review of Financial Performance

Property Division

The Property Division's contribution to revenue was down RM45 million from RM163 million in 2010 to RM117 million in 2011. This was due principally to lower sales of property in the previous year, resulting in a lower quantum of progressive billings recognized. However, during 2011 property sales increased by RM42 million to RM184 million, so the resulting higher revenues will contribute positively to group profits over the next 24 months. We also experienced delays in approvals for projects from the relevant authorities, especially where we introduced alternative designs to cater for changing market conditions. We believe we have now resolved the approval process problems and expect to obtain prompt approvals for future applications.

Construction Division

The Construction Division's contribution was down RM160 million from RM419 million in 2010 to RM259 million in 2011. This was due to substantial completion of high-margin projects ahead of schedule in 2010, as well as lower stage of completion on certain on-going projects due to adverse weather conditions and design modifications for some contracts. Other contributing factors were: lack of major new contracts secured; a slowdown in contract allocation by Government agencies; and increased competition and increased costs impacting overall margins. On a more positive note, the Group secured an overseas contract worth RM12 million, for which works are at the initial stage.

Other Division

The Other Division's contribution was up RM4 million from RM31 million in 2010 to RM35 million in 2011. One of the contributors is from the rental of properties completed during 2011, including our newly completed Permy Mall in Miri with net lettable area of about 153,000 sq. ft, which is over 90% tenanted with GIANT as our anchor tenant. This segment managed to generate a modest profit of RM700,000 for 2011, a turnaround from the loss of RM 2 million reported in 2010.

Associate Company
- Dayang Enterprise Holdings Bhd.

Dayang Enterprise Holdings Bhd. performed very well throughout 2011, registering a profit after tax of RM83 million, an increase of 23% compared to 2010. With its on-going contracts exceeding RM1.4 billion to last at least until 2016, we expect this investment to contribute positively to our group results in the near future.

Other Oil and Gas Project

During 2010 we ventured into oil and gas construction via an alliance contract with Samsung and Petronas to construct the Sabah Onshore Gas Terminal. This

project contributed positively to our Group's results during the year and has achieved 60% completion as at 31 March 2012.

PROSPECTS

Economic Situation

2011 was a turbulent year, which witnessed the devastating earthquake in Japan, the financial crisis in the United States, and the Eurozone sovereign debt crisis. The Financial Times Stock Exchange (FTSE) hit an annual low of 4944.4 in October when the Eurozone debt crisis triggered a global stock market sell-off. This Economic uncertainty continues into year 2012. The ongoing Eurozone crisis, and the question as to whether it can be brought under control, will dictate the direction of the world economy in 2012. Although the Malaysian economy has frequently shown great resilience in the face of global economic problems, this resilience should not be taken for granted, and therefore 2012 is anticipated to be a challenging year.

We believe the results achieved during 2011 do not foreshadow a trend, despite the many challenges ahead, and while we remain cautious we feel that our group is very well positioned to resume its successful growth over the medium and long terms, for a variety of reasons outlined below.

Property

The property sector still poses many challenges, with increased competition, higher construction costs and stricter bank lending limits. Nevertheless, we have now finalised plans to aggressively launch new products which precisely fit market needs. We are poised to make inroads into Bintulu, Sarawak's fastest growing property market, with our new Bintulu City Centre development at the site of the former airport. The first phase is expected to be launched by Q42012. In Sabah, an office has been set up in Kota Kinabalu to enable our expansion into the state, and we will continue to launch new products in the Kuching and Miri markets during the coming year. For the longer term, we expect great things of the Bintulu City Centre project and our Batu Lintang development in the centre of Kuching. Our vast land bank, with an estimated potential total GDV of some RM9 billion, is perfectly located to leverage on the development of the Sarawak Corridor of Renewable Energy (SCORE - see feature on page 60-61).

Construction

Short term earnings growth should be adequately sustained by our existing order book. For the short-to-medium term, we have submitted tenders for a number of sizeable projects, and are already shortlisted for a number of them. We also expect more government funds to become available for infrastructure development in Sarawak after the upcoming General Election, which must be

held by early 2013. We are also seeking further opportunities overseas, encouraged by the success of our road construction projects in Fiji, for which we have received the warmest compliments from that country's Government.

For the longer term, we have our eyes firmly on SCORE, with approximately RM40 billion of investments, some of which will be translated into construction contracts and material supplies over the next decade. We are uniquely well positioned as a local contractor who has always delivered on or ahead of time, to the quality expected by our clients and within budget.

Other

Our successful venture into retail property, Permy Mall, has already exceeded our expectations, and therefore, spurred by this successful venture, we are currently making plans for similar projects in Miri, Bintulu and Kuching.

Associate Company

Our associate, Dayang Enterprise Holdings Bhd., has over RM1.4 billion of on-going contracts lasting to at least 2016, and thus we are confident of Dayang's positive contribution to our performance in the near future.

Oil and Gas

Sabah Oil & Gas Terminal (SOGT), our alliance Joint Venture with Samsung and Petronas, still has 40% to run, with our profit share effectively fixed over the contract's duration, so we expect a major contribution over the next two years. We are also hopeful that this project will provide us with a strong foothold in this specialised but highly lucrative sector.

CORPORATE AFFAIRS

Corporate Governance

As an acknowledged leader in the field, we have continued to pursue the highest standards of corporate governance in every area of our activities.

Human Resources

During 2011 we successfully implemented Key Performance Indicators (KPI) throughout the group, a major milestone in our Corporate Transformation Plan for which we have allocated some RM50 million. We have also embarked on a number initiatives to reform our Human Resource management processes in order to fully leverage our human capital to drive performance and change towards achieving our longer term ambitions and sustainable growth.

Corporate Social Responsibility

We will continue to strive to be an ethical and responsible corporate citizen and have strengthened our efforts in a number of key areas as testimony to our enduring commitments to our corporate social responsibilities.

ANTICIPATED RESULTS

Based on the number of planned activities, initiatives and positive market conditions outlined above, and barring any unforeseen circumstances, the Group is confident of achieving favourable results for 2012 and beyond.

ACKNOWLEDGEMENTS

We would like to convey our sincerest thanks to our fellow directors and all the employees of Naim Group and our associate company for their hard work, commitment and professionalism. We would also like to thank all the Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us their cooperation and support during 2011. Heartfelt thanks are also due to our joint venture partners, sub-contractors, consultants, professional advisors and service providers. However and as always, the warmest thanks of all are due to you, our fellow shareholders. We sincerely hope that you will continue to give us the opportunity to reward your strong faith in our abilities.

Thank you

Datuk Abdul Hamed Bin Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Review of Operations

CONSTRUCTION DIVISION

Completed Projects

During the year, the Construction Division successfully completed two projects in Sarawak; the **Selangau - Matadeng Road** and the **ASSAR Senari Industrial Complex Jetty for Oil & Gas**. During Q1 2012 we also completed our first overseas project, the upgrading of Kings Road from Waito to Wailotua, Republic of Fiji.

The 52km **Selangau - Matadeng Road** links Sibu and Bintulu to Mukah, which is the centre of the Sarawak Corridor of Renewable Energy (SCORE). The road will provide fast and direct access to one of Sarawak's fastest growing regions and release the economic potential of Sarawak's coastal heartland.

The **ASSAR Senari Industrial Complex Jetty for Oil & Gas** is located in Tanjung Manis, Sarawak.It is part of the Central Oil Distribution Terminal (CODT) and will distribute oil from Petronas and Shell to the central region of Sarawak, including SCORE.

Flying the Malaysian Flag High

The **Upgrading Works for Kings Road from Waito to Wailotua** have brought an important stretch of Fiji's main traffic artery up to international standards of road quality and safety. As our first international project, we are delighted that this project proceeded smoothly and was completed ahead of schedule. However, we are not the only ones who are delighted; the Right Honourable Minister of Works, Transport and Public Utilities, Mr. Timoci L. Natuva, has kindly written to us confirming that he is very satisfied with Naim's performance, quality and eye for detail, and that his government will use this project as the benchmark for future works in Fiji.

OFFICE OF THE MINISTER FOR WORKS, TRANSPORT & PUBLIC UTILITIES

Datuk Hasmi Bin Hasnan
Managing Director
Naim Holdings Berhad
Sublot 12, Rock Commercial Centre
Jalan Green
93150 Kuching
MALAYSIA

Re: Completion of the Upgrading of Kings Road from Waito to Wailotua

I, on behalf of the Ministry of Works, Transport and Public Utilities, Fiji, would like to congratulate your Company on the successful upgrading of the Kings Road from Waito to Wailotua to international standards, within the contracted timeframe and budget.

I am very satisfied with the company's performance and quality of work in completing the task despite the difficult conditions. I am impressed with your company's workmanship and eye for detail.

The Kings Road upgrading project is one of the best road-upgrading works to be completed and will be used by my Government as a benchmark for future works in our country.

Thank you.

With Warmest Regards,

Mr. Timoci L. Natuva
Minister for Works, Transport and Public Utilities

Ongoing Projects

The **Bau-Semadang Road Project,** which comprises a 12.4km access road into the mountainous hinterland to Kpg Puruh Semadang/ Kpg Puruh Garung in the Padawan District, Kuching, as well as concrete bridges over Sg. Krokong, Sg. Raden and Sg. Sarawak Kiri, proceeded according to schedule. When completed in September 2012, the road will provide easy vehicular access to the Bengoh resettlement scheme.

Another project associated with the Bengoh Dam, the construction of the **Bengoh Resettlement Scheme**, is on schedule and expected to complete by mid-2012.The project will benefit the residents affected by the construction of the Bengoh Dam, and provide them with housing and agricultural plots, as well as infrastructure facilities including community halls, chapels, access roads, water supply system, telecommunications and electrical services.

Other ongoing projects include the **Sarawak Islamic Complex, Kuching**, and the **Fiji National Highway Rehabilitation Project**, both of which should complete during the year.

Future Projects

We are continuously seeking further business for the medium and long term, and during the year we were shortlisted as one of the 28 individual and JV companies eligible to bid for various elevated civil works, stations and depot packages under the multi-billion ringgit **Klang Valley Mass Rapid Transit (KVMRT) Project**. Our tender for the first stage, which involves the elevated civil works package, was submitted in the fourth quarter of 2011.

PROPERTY DIVISION

Property Sales

As mentioned in the Message to Shareholders (see page 13), lower property sales in 2010 led to substantially reduced revenue and profit from the Property Division in 2011. Nevertheless, we carried out a number of successful launches in **Kota Samarahan (Kuching)** and **Miri** during the year and sold 549 units of residential and commercial property for a total value of RM184 million, our best sales performance since 2007. Over 70% of sales took place in the second half of the year as we held back a number of product launches to take advantage of improving buyer sentiment.

New Property Developments

Our proposed mixed development at **Batu Lintang, Kuching**, has now passed the planning approval stage and we will begin marketing the project soon. The **Bintulu Old Airport** project is slated to create a new City Centre for Sarawak's fastest growing town, with a GDV exceeding RM1 billion. We are planning to launch the first phase of the project, by the end of 2012. A number of other projects are still undergoing planning or awaiting official approval. Our strategic land bank currently stands at over 2,600 acres located in and around Sarawak's three fastest growing urban centres, namely Kuching, Bintulu and Miri. We are looking at further expanding this land bank through direct purchase of suitable land, and through joint ventures with a number of potential partners. With this land bank, the future of the property development and investment look assured.

PROPERTY INVESTMENT DIVISION

Permy Mall, our first property investment project, was launched in December 201l. Thanks to its strategic location, strong anchor tenant (Giant Hypermarket) and ideal mix of tenantable units, it has become a resounding success. The mall is now over 90% tenanted, a better start-up performance than any other mall developed recently in Sarawak, and is yielding a gross return on investment of 8%. **Permy Mall's** success has encouraged us to expand our retail property investments, and we are targeting further malls in Miri, Bintulu and Kuching, leveraging on the strategic locations of our housing and commercial developments.

OIL & GAS DIVISION

The Oil and Gas Division's first major project, the **Sabah Oil & Gas Terminal (SOGT)** is an Alliance Contract with Samsung of Korea and Petronas. The project achieved 60% completion by 31 March 2012. As well as the revenue derived from SOGT, we have also gained valuable experience and exposure in this highly competitive yet valuable sector.

ASSOCIATE COMPANY

Dayang Enterprise Holdings Bhd. (Dayang) enjoyed an excellent year, recording a record profit after tax of RM83 million. All business segments, which include offshore topside maintenance, hook-up and commissioning, chartering of marine vessels and minor fabrication, recorded improved performance. However, the Health & Safety performance was truly world-class; 25 million man hours without loss of work time to injury since 2004. Dayang also expanded its order book to over RM1.4 billion, with contracts running to 2016. In January 2012, Dayang also launched its seventh vessel, the maintenance workboat *MV Dayang Topaz*, and also secured a RM80 million contract for *MV Dayang Zamrud* from Brunei Shell.

Board of Directors

Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Abdul Hamed Bin Haji Sepawi, aged 63, was appointed as Chairman of Naim Holdings Berhad on 25th July 2003. Prior to the Naim Group's listing he was Non-Executive Chairman of Naim Land 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 is currently the Executive Chairman of Ta Ann Holdings Berhad, and Chairman of Sarawak Plantation Berhad and Smartag Solutions Berhad, companies listed on Bursa Malaysia.

He is also the Chairman of non-listed company, Sarawak Energy Berhad.

Board of Directors

Managing Director

Datuk Hasmi Bin Hasnan

Datuk Hasmi Bin Hasnan, aged 59, is the founder of Naim Land Sdn. Bhd., a wholly-owned subsidiary of Naim Holdings Berhad. He was appointed Managing Director of Naim Holdings Berhad on 25th 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 Land Sdn. Bhd. and has since been the main driving force behind the company's growth and expansion.

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

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

Executive Director

Sulaihah Binti Maimunni

Ms Sulaihah Maimunni, aged 55 was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

A civil engineering graduate from Swansea University, United Kingdom, Ms Sulaihah has more than 27 years of engineering and project management, and is one of the highest profile women in the regional construction sector. She started her career with consulting firm, Minconsult Sdn Bhd, and then moved to UEM Group, where she rose through management ranks to become Executive Director/Chief Executive Officer of UEM Construction Sdn. Bhd. She also spent two years as Managing Director of Sarawak Hidro Sdn Bhd, developer of the Bakun Hydro project, on secondment from UEM. Along with her career achievements, Ms. Sulaihah has vast overseas experience in countries like Vietnam, Indonesia, Qatar, UAE and India.

She joined the Naim Group in October 2009 and since has been holding the position of Senior Director at the Managing Director's Office undertaking several management and technical functions.

She is also Director of Dayang Enterprise Holdings Bhd., a company listed on Bursa Malaysia.

Executive Director

Kueh Hoi Chuang

Mr. Kueh Hoi Chuang, aged 56, was appointed Executive Director of Naim Holdings Berhad on 25th 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 ever 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 Land Sdn. Bhd. in 1993 and rapidly rose through the ranks to his current position as the Naim Group Head of Property Division. Throughout his 19 years service with Naim he has achieved a commendable property sales volume and is responsible for the successful development of the Group's flagship projects at Bandar Baru Permyjaya in Miri and Desa Ilmu and Riveria in Kota Samarahan.

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

Board of Directors

Executive Director

Abang Hasni Bin Abang Hasnan

Encik Abang Hasni Bin Abang Hasnan, aged 61, was appointed Executive Director of Naim Holdings Berhad on 25th 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 Land Sdn. Bhd. as Executive Director incharge of QA/QC and HSE for the Group.

Senior Independent Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad

Datuk Haji Hamden Bin Haji Ahmad, aged 64, was appointed Independent Non-Executive Director on 25th 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. He holds directorships in several private limited companies. He was the former Assistant Minister of Youth Affairs of the Ministry of Social Development and Urbanisation and former Assistant Minister of the Ministry of Urban Development and Tourism.

He is the Managing Director of Sarawak Plantation Berhad and a Director of BLD Plantation Berhad, companies listed on Bursa Malaysia.

Independent Non-Executive Director

Dato Ir. Abang Jemat Abang Bujang

Dato Ir. Abang Jemat Abang Bujang, aged 59, was appointed Independent Non-Executive Director on 25th July 2003 and he was redesignated as Non-Executive Director on 14 March 2005. On 21 March 2011 he was reinstated as Independent 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 of Telecom Department Sarawak from 1987 to 1990. He was the General Manager of Syarikat Telekom Malaysia Sarawak Region from 1995 to 1998. Subsequently from 1999 to 2000, he served as Chief Executive Officer of TM Cellular Sdn Bhd, a wholly owned subsidiary company of Syarikat Telekom Malaysia. He is currently the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd.

Independent Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis, aged 66, was appointed Independent Non-Executive Director on 16th February 2005. He was awarded a degree of Doctor (honoris causa) by Swinburne University of Technology Australia in 2008 in recognition of his 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 41 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 Charitable Trust. He is also a Council and Board Member of Swinburne University of Technology Sarawak Campus.

Board of Directors

Non-Executive Director

Haji Jeli Bohari Bin Biha @ Jeli Umik

Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik, aged 61, was appointed Independent Non-Executive Director of Naim Holdings Berhad on 28 April 2011. He was redesignated as Non-Executive Director on 24 November 2011.

He graduated with a Bachelor in Social Science (Hons) in 1982 from the University of Science Malaysia, Pulau Pinang and a MBA (with Distinction) from University of Hull, England, in 1995.

He started his career as a secondary school teacher in Kuching from 1972 to 1975. In year 1975 he joined Sarawak Shell Berhad as Editor and Information Officer and rose through the ranks, to be General Manager of Human Resource and member of Board of Directors of Sarawak Shell Berhad/Sabah Shell Petroleum Co Ltd and Shell Timur.

Throughout his 30-year career in Shell, he had been on short to medium-term assignments holding senior positions at various Shell operating companies around the world including U.K., USA and Thailand.

In 2002 he held various portfolios in the Chief Minister's Office, Kuching as Director, State Human Resource Planning and as Director of Human Resource Development & Quality until his retirement in August 2008.

He is currently Board member of Yayasan Sarawak and holds directorships in several private limited companies.

Independent Non-Executive Director

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Professor Dato' Abang Abdullah bin Abang Mohamad Alli, aged 59, was appointed Independent Non-Executive Director on 15 May 2007.

Professor Dato' Abang Abdullah graduated with a Bachelor degree in Civil Engineering from the University of Brighton and a Master degree in Structural Engineering from the University of Manchester. 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 Malaysian Society for Engineering and Technology (MSET). He is a Past President of the Federation of Engineering Institution of Islamic Countries (FEIIC) and the Institution of Engineers, Malaysia (IEM). He has been appointed as Honorary Member (Academician) of the Kazakhstan Engineering Academy.

Professor Dato' Abang Abdullah began his career as a lecturer at Universiti Putra Malaysia in 1976,

promoted to Associate Professor in 1982 and full Professor in 1987. He was upgraded to Senior Professor (Special Grade B) in 1995 and in 2008 to Senior Professor (Special Grade A). At the same time he was made Deputy Dean, Faculty of Engineering in 1981 and Dean in 1982. He was Chairman of the Malaysian Council of Engineering Deans and served as a Design Engineer in Malaysian International Consultants and Perunding Bakti Sdn Bhd. He has served as a Board Member of Malaysian Highway Authority (LLM) and Board of Engineers, Malaysia (BEM).

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

In addition, he has written a book on Industrialised Buildings Systems (IBS) and has been involved on various research work on housing and construction technology, specifically in the areas of low cost materials of construction, interlocking load bearing hollow block building system (Putra Block), which has been granted US, UK, Swiss and Malaysian patents, industrialised building systems and affordable quality housing. Professor Dato' 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 4th 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.

Please refer to page 127 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 35 for Directors attendance at board meetings held during the financial year.

Senior Management Team

1 **Datuk Hasmi Bin Hasnan**
Managing Director

2 **Sulaihah Binti Maimunni**
Senior Director, Md's Office

3 **Abang Hasni Bin Abang Hasnan**
Senior Director, Business Development

4 **Kueh Hoi Chuang**
Senior Director, Property

5 **Sivakumar Ramasamy**
Head Of Construction

6 **Kho Teck Hock, Ricky**
Senior Director, Corporate Services

7 **Wong Ping Eng, Christina**
Deputy Director, Finance & Corporate Planning

8 **Khaw Mooi Hock, Richard**
Senior Vice President/Director, Business Development

9 **Mohd Razib Bin Atan**
Senior General Manager, Human Resource

10 **Charles Arthur Bateman**
Senior General Manager, Land Acquisition & Administration

11 **Affendi Sapiie**
Senior General Manager, AOB

12 **Benny Ng Hean Chong**
Senior General Manager, Property

13 **Teo King Heng**
Senior General Manager, Project

14 **Lee Han Sian, Joseph**
General Manager, IT

15 **Bong Siu Lian**
Company Secretary

16 **Shirley Noivont David**
Head Of Internal Audit

17 **Hasmiah Anthony Hasbi**
Senior Legal Advisor

18 **Lee Ay Choo, Cecilia**
General Manager, Administration

19 **Tony Paulus Vitus**
General Manager, Project

20 **Bong Siew Khim**
General Manager, Costing

21 **Micheal Ting Ing Ung**
General Manager, Miri Operation

22 **Ting Kie Lang, Alice**
General Manager, Sales & Marketing

23 **Yee Jiunn Shyan, Victor**
General Manager, Supply Chain

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

25 **Jeffery Dickson Sandom**
Project Manager

26 **Siti Hawa Bt Perseh**
Project Manager

27 **Siti Munirah Binti Hasbi**
Business Development Manager

28 **Norasuzaini Ismawandi Bin Said**
Project Manager

29 **Ridzlon Bin Kamardin**
Business Development Manager

30 **Ismawandi Bin Rajali**
Procurement Manager

31 **Patrick Chieng Kwong Ee**
Quality Assurance Manager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Human Resources

Employees are the key resources that drive Naim's long term growth and achievements. Therefore the Group is committed to develop, motivate and reward its human capital to its fullest potential.

Human Capital Development

During the year, intensive in-house programmes were implemented to enhance job related know-how and skills, and provision was also made for the development of professional competency and certification programmes. A total of 10,212 training hours were completed, with 900 employees undergoing an average of 11.3 training hours per person compared to 10.8 hours in 2010. To further enhance professional skills, suitable employees were provided with education subsidies for approved Masters, Degree or Professional Qualification programmes.

For 2012 we plan to more than double our training efforts. The Board has approved a minimum of 24 hours training per annum for every non-executive-level employee, and 40 hours for all staff of executive level and upwards. This is to ensure that employees at every level are continuously being developed in line with the growth of the Group.

2nd Year of KPI Implementation

The Group believes that using Key Performance Indicators (KPI) is the best and most transparent way to ensure that employees take responsibility for their own work performance and are motivated and rewarded accordingly. To ensure employee understanding and buy-in of KPIs, KPI Road Shows were carried out in Kuching and Miri, and a company retreat themed 'KPI Away Day – Putting Plan into Action' was held in October. The resulting KPIs and their associated bonus plans were launched throughout the Group in late November, and KPI Ambassadors were appointed at departmental level to act as liaison persons.

Educational Scholarships

Naim has been awarding educational scholarships to selected high academic achiever students since its establishment in 2004. This is part of Naim's

Community and Social Responsibility Program under Naim Trust Fund to provide financial assistance for deserving students as well as other charitable, educational, sports and cultural activities.

The scholarship covers fields of study such as Civil, Mechanical & Electrical; Housing, Building & Planning; Quantity Surveying; Property Management; Architecture; Construction Management and Business Administration. To date, a total of 10 students have benefited from the program and all sponsored students under this scheme have been working for Naim holding various positions suited to their qualification.

In 2011, the scholarships were awarded to 2 successful scholars. These successful scholars not only received full financial support for their studies, but also the added advantage of future opportunity to work at various location with the Naim group upon completion of studies.

Internship Program

Our ongoing internship program provides undergraduate and graduate students with the opportunity to learn about and understand our industry, as well as fulfilling the industrial training requirements of their respective courses. In 2011, a total of 32 students took part in the internship programme.

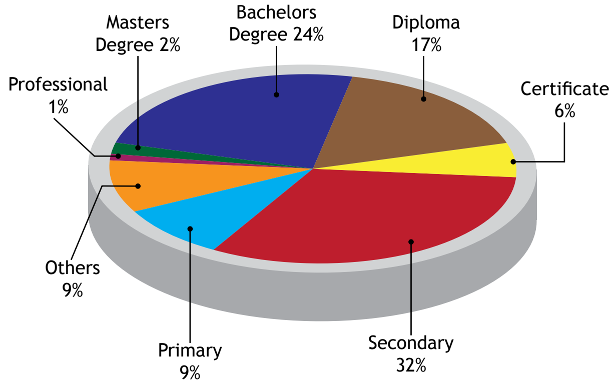
Management Engagement & Communication

Naim's Board and Senior Management are truly committed to developing the talent pool to ensure effective long-term management succession. Therefore a Study Team was formed during the year, made up of young and aspiring managers. A programme was put in place to develop these young talents, which included brainstorming sessions as well as a Corporate Retreat held in Penang in May 2011.

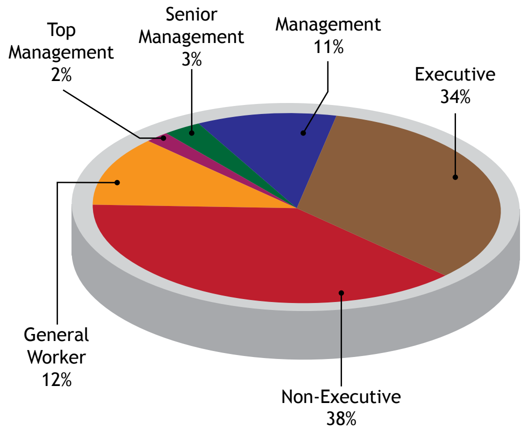
The Workforce - Our Greatest Strength

Naim believes in recruiting the best talent and developing our existing employees to achieve their full potential. A quick look at the employee statistics shows this policy is now paying off. As at 31 December 2011, from a total of 669 monthly staff working at various locations, over 50% now hold tertiary and technical qualification, consistent with our objective to absorb more graduates and technically qualified employees into the workforce. The majority of Directors and senior managers also possess additional professional and/or postgraduate qualifications.

Education Background for Monthly Paid Employees as at 31 December 2011



Manpower Distribution by Job Grades as at 31 December 2011



Audit Committee

Members
The Audit Committee comprises the following:-

Datuk Haji Hamden Bin Haji Ahmad - Chairman
Senior Independent Non-Executive Director

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

Dato Ir. Abang Jemat Bin Abang Bujang - Member
(appointed as Member on 24 November 2011)
Independent Non-Executive Director

Haji Jeli Bohari Bin Biha @ Jeli Umik
(appointed as member of the Audit Committee on 28 April 2011 and ceased to be a member of the Audit Committee on 24 November 2011)

Sylvester Ajah Subah @ Ajah Bin Subah
(resigned as an Independent Non-Executive Director and ceased to be a member of the Audit Committee on 21 March 2011)

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

The Audit Committee currently comprises solely Independent Non-Executive Directors as follows:-

Category	No. of Directors	Percentage
Independent Non-Executive Director	3	100%
Executive Director	0	0%
Total	3	100%

Attendance at Audit Committee Meetings
The Audit Committee met five (5) times during the year 2011 and the details of attendance are as follows:-

Audit Committee Members	No. of Meetings Attendance	attended (%)
Datuk Haji Hamden Bin Haji Ahmad	5/5	100
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis	5/5	100
Dato Ir. Datuk Abang Jemat Bin Abang Bujang (appointed as member of Audit Committee on 24 November 2011)	Not applicable	Not applicable
Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed as member of Audit committee on 28 April 2011 and ceased to be a member of Audit committee on 24 November 2011)	2/3	67
Sylvester Ajah Subah @ Ajah Bin Subah (ceased to be a member of Audit committee on 21 March 2011)	1/1	100

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

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

Activities of the Audit Committee

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 disclosed in 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 Berhad.
4. Reviewed recurrent related party transactions and non-recurrent related party transactions. The Audit Committee reported to the Board its review on all commercial relationships between each director, major shareholders and connected persons and the Naim Group on a quarterly basis. When such commercial relationships existed, the Audit Committee and the Board ensured that such transactions were on normal commercial terms that were not more favourable to the related parties than those generally available to the public.
5. Reviewed and discussed internal audit plans, scope of work and reports.
6. Reviewed and discussed the audit plan, scope of work and reports of the external auditors.
7. Reviewed the assistance given by employees to the external auditors.

INTERNAL AUDIT DEPARTMENT

The Group is served by an in-house Internal Audit Function. The department is headed by a chartered accountant who holds a Masters Degree in forensic accounting and financial criminology. The remaining internal audit staff comprise those that possess tertiary qualifications in the field of accountancy and information technology.

Authority:

To accomplish its objectives, the internal auditors are 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 audited and was performed with impartiality and due professional care. The internal audit function reports directly to the Audit Committee. In addition, the Audit Committee assesses the performance of the Head of Internal Audit.

Duties and Responsibilities:

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

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

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

Internal Audit Functions and Activities:

The Internal audit department has carried out its activities based on the several planned audits and special reviews during the year. During the financial year ended 31 December 2011, the internal activities carried out included, inter alia, the following:

- Review the system of internal controls and key operating process based on the approved annual plan.

Audit Committee

- Evaluate the efficiency of process, function and current practices and provided suitable recommendation to the Audit Committee.
- Provide assurance on compliance with statutory requirements, laws, Group policies and guidelines.
- Assist and facilitate management in establishing a proper risk management framework, assessing risks and monitoring the effectiveness of the risk management programme and assessing the adequacy of the internal control system.
- Recommend appropriate controls to overcome deficiencies and to enhance operations.
- Carrying out investigations and special reviews at the request of the audit committee, the board of directors or the management.

Follow – up audit was also conducted and the status of implementation on the agreed upon or targeted actions plan was highlighted to the Audit Committee. During the year, 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 were instituted to address the weakness in the system.

A total cost of RM 470,000 was incurred by the internal audit department in respect of the financial year under review.

AUDIT COMMITTEE - TERMS OF REFERENCE

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

Objectives

The objectives of the Audit Committee are to:-

a. provide assistance to the Board in fulfilling its fiduciary responsibilities particularly in the areas of internal control systems and financial reporting;

b. provide meetings and communication between non-Executive directors, the internal auditors, the external auditors and the management to exchange views and information, as well as to confirm their respective authority and responsibilities; and

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 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.

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 responses.
ii. To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).

d. Financial Reporting

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

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

e. Related Party Matters

Review related party transactions and 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.

g. Meetings

Meetings shall be held 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 Land Sdn Bhd, Naim Engineering Sdn. Bhd. and other subsidiary companies. 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, other than associates and joint ventures, operating under the control of Naim Holdings Berhad.

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

BOARD OF DIRECTORS

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

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

BOARD COMPOSITION AND BALANCE

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

During the year under review, 3 directors resigned from the Board, and they were Mr. Sylvester Ajah Subah @ Ajah Bin Subah, Haji Radzali Bin Haji Alision and Mr. Leong Chin Chiew. 1 Independent Non-Executive Director, Haji Jeli Bohari Bin Biha @ Jeli Umik was added to the Board on 28 April 2011, he was later redesignated as Non-Executive Director. On 27 April 2012, Dato William Wei How Sieng resigned as Executive Director of the company to pursue his own business.

The Board's composition is as follows:-

Category	No. of Directors	%
Executive Directors	4	40
Non-Executive Directors	2	20
Independent Non-Executive Directors	4	40
Total	**10**	**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 is served by 10 Board members. 40% of the Board comprises Executive Directors and the balance 60% comprises Non-Executive Directors. Of the 60% Non-Executive Directors, 67% (40% 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.

Non-Executive Directors do not participate in the routine operations of the Group. 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 against 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 Board has designated one of its independent members, Datuk Haji Hamden Bin Haji Ahmad, as a Senior Independent Non-Executive Director. He is Chairman of the Audit Committee and in addition thereto, he shall continue to act as a liaison between the investment community and the Group's management and the Board. His email contact is hamden.ahmad@yahoo.com

BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board is responsible for determining the number of meetings to be held each year. During the year under review, the Board met 5 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	5/5	100%
Datuk Hasmi Bin Hasnan	Appointed on 25 July 2003	5/5	100%
Kueh Hoi Chuang	Appointed on 25 July 2003	4/5	80%
Abang Hasni Bin Abang Hasnan	Appointed on 25 July 2003	4/5	80%
Datuk Haji Hamden Bin Haji Ahmad	Appointed on 25 July 2003	5/5	100%
Dato Ir. Abang Jemat Bin Abang Bujang	Appointed on 25 July 2003	4/5	80%
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Appointed on 16 February 2005	5/5	100%
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	Appointed on 15 May 2007	5/5	100%
Sulaihah Binti Maimunni	Appointed on 1 February 2010	3/5	60%
Haji Jeli Bohari Bin Biha @ Jeli Umit	Appointed on 28 April 2011	3/3	100%
Sylvester Ajah Subah @ Ajah Bin Subah	Appointed on 26 February 2007 Resigned on 21 March 2011	1/1	100%
Haji Radzali Bin Haji Alision	Appointed on 1 February 2010 Resigned on 30 June 2011	2/3	67%
Leong Chin Chiew	Appointed on 12 March 2008 Resigned on 25 August 2011	1/4	25%
Dato William Wei How Sieng	Appointed on 1 February 2010 Resigned on 27 April 2012	4/5	80%

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 and holds an additional meeting to approve the audited financial results. These 5 statutory board meetings were scheduled before the end of the preceding financial year, to allow Directors to plan ahead.

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.

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.

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.

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. The management governance framework includes leadership, strategic direction, roles, processes & policies, authority limits and accountability.

DIVISION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE MANAGING DIRECTOR

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

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

BOARD AND MANAGEMENT RESPONSIBILITIES

The Managing Director monitors and oversees the performance of the senior management team, which is charged with the day to-day management of the Group's affairs and implementation of corporate strategy and policy initiatives.

The Managing Director also evaluates senior management performance against those plans and budgets on a quarterly 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. It also evaluates the performance of the management team annually against budgets or targets and other benchmarks, which are based on competitors in similar industries and business sector.

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."

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 the date of the announcement to the Exchange.

Additionally, no dealing in the Company's securities is allowed from the time that price sensitive information is obtained up to date of 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, a total of 2 Executive Directors and 1 Independent Non-Executive Director resigned from the Board, 1 Non-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 the Directors until the next annual general meeting of shareholders.

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

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

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

All Directors have attended and successfully completed the Directors' Mandatory Accreditation Programme organised by the Bursa Malaysia Securities Berhad ("Bursa Securities"). Our Directors have attended conferences, seminars, and training programmes from time to time covering areas such as finance, risks management, regulatory laws, rules and guidelines to equip themselves with knowledge of the latest developments in the industry and acquire new skills to enable them to discharge their duties effectively and efficiently.

During the financial year, training programmes attended by the Directors includes the following:
- Contractors Development Program-Industrialized Building System IBS-IBS Core Calculation and Submission & Modular Coordination Design 1-2 June 2011, GSSB Consulting Sdn. Bhd.
- Program Kesedaran IBS Untuk Usahawan Bumiputera Sektor Perkayuan – Kursus Kesedaran IBS Perkayuan, 14-15 December 2011, Perbadanan Kemajuan Perusahaan Kayu Sarawak
- Malaysia Institute of Accountants (MIA)-Presentation of Financial Statements and Disclosure Requirements of FRSs 22-23 June 2011
- Malaysian Association of Company Secretaries (MACS)-Powers & Liabilities of Directors, Boardroom Issues, Removal of Directors 7 May 2011, Ultimate Professional Centre (Sarawak)
- Appraising Performance & Conducting The Appraisal Interview Briefing, 7 December 2011 by OD Management Consultants Sdn. Bhd.
- Naim Corporate Retreat 13-17 May 2011, Park Royal Penang Resort
- Naim-Putting Plan to Action (KPI Away Day) 14-15 October 2011, Damai Beach Resort
- Naim KPI Roadshow, 15 July 2011.

Our Directors will continue to attend further training from time to time, particularly on relevant new laws and regulations.

BOARD COMMITTEES

Each Board Committee is a Committee consisting of members of the Board of Directors and Senior Management which is mandated to carry out specified functions, programs or projects assigned by the Board. The main objective for 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, though their respective chairpersons, 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 Directors/ Management staff	**AC**	**NC**	**RC**	**RMC**	**HR/ KPI**	**BD**	**BE**	**BPE**	**CDC**	**CSR**
Datuk Abdul Hamed Bin Sepawi		√C				√C	√C			√C
Datuk Hasmi Bin Hasnan			√	√C	√	√	√	√	√C	√
Sulaihah Binti Maimunni							√	√C		
Kueh Hoi Chuang				√	√	√		√		
Datuk Haji Hamden Bin Haji Ahmad	√C	√		√						
Dato Ir. Abang Jemat Bin Abang Bujang	√		√C		√			D/A		
Datu (Dr) Abdul Rashid Haji Azis	√	√	√		√					
Haji Jeli Bohari Bin Biha @ Jeli Umik			√		√C					
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli										√
Kho Teck Hock, Ricky				√	√			√	√	√
Wong Ping Eng				√						
Sivakumar A/L Ramasamy				√				√		
Affendi Bin Sapiie						√				
Shirley Noivont David				√IA						
Other Management staff					1			4	1	
Total No. of members	**3**	**3**	**4**	**7**	**7**	**4**	**3**	**10**	**3**	**4**

Notes

C : Chairman
D/A : Director/Advisor
IA : Internal Auditor
AC : Audit Committee
NC : Nomination Committee
RC : Remuneration Committee
RM : Risk Management Committee
HR/KPI : Human Resource/KPI Committee
BD : Business Development Committee
BE : Board Executive Committee
BPE : Business Process Engineering Committee
CDC : Corporate Disclosure Committee
CSR : Corporate Social Responsibility Committee

SHAREHOLDER COMMUNICATION

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

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

In addition, the investment community, comprising individuals, analysts, fund managers and other stakeholders, have dialogues with the Group's authorized representatives (the Chairman, Managing Director and Senior Director, Corporate Services) on a regular basis. This enables the investors to get a balanced understanding of their 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/Extraordinary 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 complies with the following main principles in its investor relations:-

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

DIRECTORS' PERFORMANCE AND REMUNERATION

The Executive Directors' remuneration package is determined by the Managing Director and endorsed by the Remuneration Committee and Board, whereas Managing Director and Chairman's remuneration package is decided by the Remuneration Committe and endorsed by the Board. The fees for non-executive directors are proposed by the Board and approved by the shareholders at the Annual General Meeting.

During the year under review, bonus was paid to Executive directors based on the Company's overall business performance combined with each individual's performance rating, which was based on KPI results. Meanwhile, the Managing Director and Chairman's remuneration was adjusted to a level that commensurate with market trends and industry benchmarks.

The remuneration packages are structured to link rewards to corporate goals and individual performance.

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. However 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 two kinds of remuneration

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

As aforementioned, Executive Directors are paid salary and bonus and are not entitled to other allowances, unless deemed appropriate in special individual circumstances. However they are not entitled to meeting allowances and fees.

No director is involved in determining his own remuneration.

The number of Directors and total remuneration during the financial year ended 31 December 2011 are as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Above RM2,500,001 to RM2,550,000	1	-
Above RM1,300,001 to RM1,350,000	-	1
Above RM1,150,001 to RM1,200,000	1	-
Above RM550,001 to RM600,000	1	-
Above RM500,001 to RM550,000	1	-
Above RM450,001 to RM500,000	1	-
Above RM300,001 to RM350,000	1	-
Above RM250,001 to RM300,000	1	-
Above RM100,001 to RM150,000	-	2
Above RM50,001 to RM100,000	-	3

The details of remuneration paid to Directors for the financial year ended 31 December 2011 are as follows:

Remuneration (RM)	Executive	Non-Executive	Total
Salaries	4,004,344	-	4,004,344
Allowances	569,287	1,148,282	1,717,569
Fees	-	492,887	492,887
Bonus, Incentives & Others	500,300	-	500,300
EPF	577,889	134,253	712,142
Benefit-in-kind	81,218	45,036	126,254
Total	**5,733,038**	**1,820,458**	**7,553,496**

ACCOUNTABILITY AND AUDIT

Financial Reporting

Responsibility for the preparation of financial statements and reports has been delegated to the management. However, the Board of Directors through the Audit Committee will review the Group's financial position and the results of its operations. At the same time, the management 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.

Statement of Directors' Responsibility

The Board of Directors accepts responsibility for the integrity, objectivity and reliability of the financial statements of the Group.

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 judgement and estimates; and
- on the going concern basis.

Internal Control

The Group's Statement on Internal Control is described in full on page 46 of this annual Annual Report.

Relationship with the Auditors

The functions of the Audit Committee in relation to the external auditors and internal auditors are set out in pages 30 to 33 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

The total number of cumulative treasury shares as at 31 December 2011 was 13,056,000.

During the financial year ended 31 December 2011, the Group did not purchase any of its own shares. In addition, none of the treasury shares were resold or cancelled.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group in the financial year ended 31 December 2011 amounted to RM489,000.

Variation in Results

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

Profit Guarantee

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

Utilization of Proceeds

The proceeds from the Initial Public Offering in 2003 were fully utilised as at 31 December 2009.

Related Party Transactions

The related party transactions are disclosed on pages 115 to 117 of the Annual Report.

Material Contracts

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

Board Committees

NOMINATION COMMITTEE

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

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

Datuk 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 directors participation in the Nomination Committee is as follows:-

Category	No. of Directors	Percentage
Non-Executive Director	1	33.33%
Independent Non-Executive Directors	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.

- Financial Management Skills
  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

NOMINATION COMMITTEE – TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

a. To consider and recommend to the Board competent persons of the highest calibre and integrity for appointment as:-
   i. members of the Board
   ii. members of the Board Committees

b. to review the required mix of skills and experience and other qualities, including core competencies of non-executive Directors, on an annual basis;

c. to review the performance of members of the Board, Managing Directors and members of Board Committees; and to assess the effectiveness of the Board Committee and the Board as a whole and the contribution of each individual Director;

d. to review the Board structure and size and the balance of appointments between Executive Directors and Non-Executive Directors;

e. to review the adequacy of committee structures of Board Committees;

f. to review the structure for management succession and development for the orderly succession of management.

During the year under review, the Nomination Committee met twice.

REMUNERATION COMMITTEE

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

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

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

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

Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed as member of the Remuneration Committee on 5 October 2011)
Non-Executive Director

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

Category	No. of Directors	Percentage
Independent Non-Executive Directors	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 3 criteria: results of Key Performance Indicators (KPIs), achievement of targets and outcomes, and the ability to contribute to the long term value creation of the organization. The overall remuneration package is devised to retain a stable management team and to align them with the Company's annual and long-term goals and interests of the stockholders.

REMUNERATION COMMITTEE - TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

a. to review annually and recommend to the Board the Company's overall remuneration policy and guidelines for Executive Directors to ensure that the remuneration packages are strongly linked to performance;

b. to enhance shareholders' value by ensuring that individual performance and rewards of Executive Directors reflect and reinforce the business objectives and long term goals of the Group;

c. to keep abreast with changes in the total remuneration packages in external market comparables, and review and recommend changes to the Board when deemed necessary.

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

During the year under review, the remuneration committee met once.

RISK MANAGEMENT COMMITTEE

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

Datuk Hasmi Bin Hasnan
as Chairman of the Risk Management Committee
Managing Director

Datuk Haji Hamden Bin Haji Ahmad
as member of the Risk Management Committee
Senior Independent Non-Executive Director

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

Kho Teck Hock, Ricky
as member of the Risk Management Committee
Senior Director of Corporate Services

Wong Ping Eng
as member of the Risk Management Committee
Deputy Director, Finance & Corporate Planning

Sivakumar A/L Ramasamy
as member of the Risk Management Committee
Head of Construction

Dato William Wei How Sieng
(resigned as director and ceased to be a member of the Risk Management Committee on 27 April 2012)

Leong Chin Chiew
(resigned as director and ceased to be member of the Risk Management Committee on 25 August 2011)

Haji Radzali Bin Haji Alision
(resigned as director and ceased to be member of the Risk Management Committee on 30 June 2011)

Abet Bin Abang Mataim
(resigned as Chief Financial Officer and ceased to be member of the Risk Management Committee on 26 August 2011)

A representative from the Internal Audit Department

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

Category	No. of Directors	Percentage
Independent Non-Executive Director	1	14.30%
Executive Directors	2	28.60%
Management Staff	3	42.80%
Internal Auditor	1	14.30%
Total	**7**	**100.00%**

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 whom shall be a representative from Internal Audit.

b. Duties and Responsibilities
The duties and responsibilities of the Risk Management Committee are as follows:-

a. to provide oversight on Naim's Enterprise Risk Management as needed.

b. to establish risk policies and framework.

c. to bi-annually review and approve the Corporate Risk Profile consolidated by the Risk Management Unit.

d. to escalate key risk, with proposed controls/ action plans, to the Board.

e. to ensure a proper balance between risk incurred and potential returns to shareholders.

f. the Internal Audit Department shall assess the adequacy and reliability of the risk management process

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

h. such other responsibilities as may be delegated by the Board from time to time.

The Board is also assisted by 6 other Board Committees as follows:-

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

These Committees operate within clearly defined terms of reference assigned by the Board.

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 a process that 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 and compliance controls, as well as risk management. Because of the limitations that are inherent in any system of internal control, it is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

Risk management practices and internal control are embedded in the daily operations of the Group, which has established a strategic enterprise-wide risk management framework. This framework involves identifying the risk exposure of the Group and developing key risk profiles/corporate risk scorecards, as well as implementing a continuous risk monitoring system. The Risk Management Committee (comprising representatives from the Board, the management and the internal audit department) is continuously reviewing, upgrading and improving the Group's risk management practices.

Key Processes of Internal Control

The key processes of Internal Control are summarised as follows:

- An organisational structure that lays down clear lines of responsibility and reporting.
- Real-time budgetary control, where actual performance is regularly monitored against budgets and variances are investigated.
- The Group Procedures and Authorities Manual, which sets out the operating control procedures pertaining to finance, accounting, credit control, human resources, procurements and inventory. The control procedures include, *inter alia*, setting limits for approving expenditure and procurements.
- The Staff Handbook, which sets out general employment terms and the Group's corporate code of ethics.
- A quality management system requiring the management and staff of the Group's principal operating subsidiary, Naim Land Sdn. Bhd. (accredited with ISO 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 processes are identified. Focusing its review and audit on these key areas, the internal audit provides independent assurance on the efficiency and effectiveness of the internal control system implemented by management. The internal audit reports to the audit committee on at least a quarterly basis, and more frequently where appropriate. The chairman of the audit committee in turn presents summaries of the internal audit reports (including management's responses to audit findings and recommendations) at Board meetings.

This statement is made in accordance with a resolution of the Board of Directors dated 27 April 2012.

Corporate Social Responsibility

QUALITY

We 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 2009 we introduced a Zero Defects Policy for all our property operations, requiring a massive in-house communication and training effort, which has in turn enabled us to introduce an unprecedented 2-year warranty to home buyers.

HEALTH AND SAFETY

Over the years we have developed comprehensive Health, Safety and Environment (HSE) guidelines and management systems which reinforce HSE implementation and monitoring within the Group, with special focus on the following:

- Full compliance with all applicable occupational safety and health regulations, guidelines and other requirements pertaining to health and safety.
- Implementing, monitoring and continually improving health and safety within the group by carrying out regular HSE audit and inspection.
- Educating and familiarizing all employees and sub-contractors with HSE training and information.

As a result of these guidelines rigorously enforced Healthy Workplace and Zero Accident Policies we have once again achieved positive results, with no work-related illnesses or significant accidents being reported during 2011.

ENVIRONMENTAL RESPONSIBILITY

We recognize that the Naim Group'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.

It gives us great satisfaction to state that our operational 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. We are delighted to note that others recognize our environmental efforts too; on 2 November 2010 we the received Sarawak Chief Minister's Environmental Award (CMEA) 2010 in the Large Enterprises – Construction category.

CORPORATE PHILANTHROPY

Tabung Amanah Naim

Over the last few years, the Naim Group has donated generously to various social and charitable organizations. However, following the Group's listing, 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) on 12 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, scholarship, incentives or awards for the establishment 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.

Tabung Amanah Naim Scholarship

This scheme is established as part of Naim Community and Social Responsibility (CSR) Program. The scholarship awards were introduced in 2005 and it covers full academic fees, lodging and books.

To date Naim has awarded scholarship to ten students via the trust fund, who have all graduated and are now working in Naim. Presently, we have five students – in various stages of their studies – under our scholarship programme. We have identified two more local students for scholarship awards and they commencied their studies during 2011.

International Scholarships

In view of our presence in Fiji, we have also decided to make available our scholarships to those qualified Fijian students. As they are not Malaysian citizens, we have decided to place them in the Curtin University of Technology in Miri.

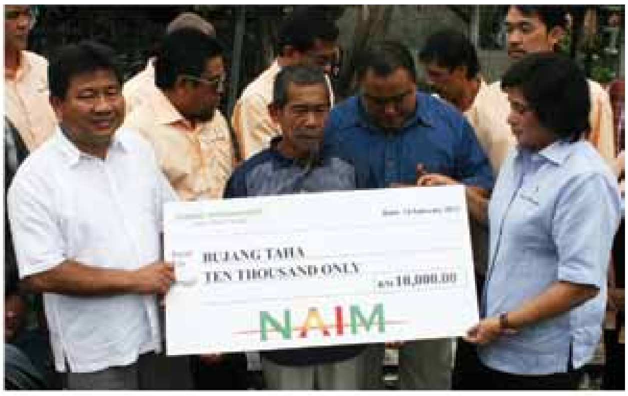
Corporate Donations 2011

We have made monetary donations of some RM1 Million for various welfare, charitable, sports, religious, disasters and education purposes during the year.

Corporate Social Responsibility Activities & Events

Naim pledges sponsorship for 3-year development program, 31st January 2011

Naim made an initial contribution of RM 300,000 to the Football Association of Sarawak (FAS), for a three-year youth and sports development programme.



Assistance for Bujang Taha, 13th February 2011

Former four-times Mr Asia, Bujang Taha, lost his home in a fire. In light of Bujang's contribution to Malaysia sports, Naim responded to a call by the National Athletes' Welfare Trust (YAKEB) for assistance by contributing RM 10,000 to help alleviate the loss and suffering faced by Bujang.

Naim signs MoU with Universiti Putra Malaysia, 30th June 2011

Naim Engineering Sdn. Bhd. entered into a Memorandum of Understanding (MoU) with Universiti Putra Malaysia (UPM) to collaborate in the research and development of the Industrialised Building System (IBS) on 30th June 2011.

Ramadhan contribution to masjid and surau in Samarahan, 25th August 2011

As part of the Company's CSR activities, a total of RM 3,000 was contributed to the masjid and surau in the Samarahan district.

Annual contribution to the Miri Malay Welfare Charitable Trust Board, 4th September 2011

The Miri Malay Welfare Charitable Trust Board received RM 50,000 from the Company to fund the board's activities for the year. A mock cheque was presented at a Ramah-tamah Aidilfitri event, witnessed by Sarawak Chief Minister, YAB Pehin Sri Abdul Taib Mahmud.

PiBAKAT Charity Sales, 20th November 2011
Pertubuhan Ibu Bapa Kanak-kanak Keperluan Istimewa Sarawak (PIBAKAT), held a charity food fair to raise funds for the centre, located at Jalan Ong Ting Swee. Staff of Naim took part in the charity event as part of their CSR activity.

"Let's Light Up Our Love" Charity Food Fair, 13th November 2011
18 of Naim's staff took part in the charity food fair organized by the Che Hia Khor Moral Uplifting Society Youth Section in support to raise funds for kidney dialyses.

World Walking Day, 20th November 2011
On World Walking Day, Nestle has pledged to contribute RM1 for every kilometre that each registered participant walks, for the purchase of 100 wheelchairs to give the physically challenged Malaysians the opportunity to be more mobile and experience fuller lives. 41 Naim staff in Kuching showed their support to the cause by taking part in the event.

SSPCA Christmas Charity Bazaar, 3rd December 2011
The Sarawak Society for the Prevention of Cruelty to Animals (SSPCA) organized a Christmas Charity Bazaar at the Christian Ecumenical Worship Centre at Jalan Stampin, Kuching.

Salvation Army Christmas gathering, 25th December 2011
The Salvation Army organized a special Christmas gathering where there was a joint dinner for the Kuching Boys' Home and the Kuching Children's Home. As part of their CSR, Naim Holdings Berhad donated RM 1,000 to the organizers. 10 of our staff from various departments attended the dinner.

Investor Relations Activities

Naim 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. It achieves this through quarterly financial reports, regular announcements through the printed and other media, the Annual Report and other regular activities to inform shareholders and analysts about the development of its business as well as important events within Naim.

Naim regularly participates in and organizes visits, road shows, briefing, meetings and presentations locally and abroad for fund managers as well as investment analysts. This is done to develop a long-term relationship of trust among existing and future stakeholders, and to enable them to have an informed and realistic opinion of the company's profitability, strategic positioning, and associated opportunities as well as risks. 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, and Senior Director of Corporate Services, Mr. Kho Teck Hock, Ricky (email: ricky.kho@naim.com.my), who communicate directly with interested parties on prominent 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 and to date it has enjoyed positive and consistent coverage from AmResearch, OSK Securities, KAF and TA Securities, to name just a few. Naim also gets regular visits from its major shareholders, analysts, fund managers and other potential investors.

Minority Shareholders Watchdog Group (MSWG) Visit to Naim Headquarters, 26th May 2011

Hong Leong Bank visit, 14th June 2011 led by its Group Managing Director/Chief Excutive, Ms Yvonne Chia

CapitaLand visit to HQ, 18th and 19th August 2011 led by its CEO, Ms Sharon Lim

PNB visit to Naim, 6th-8th June 2011

MCC China 22nd Group Corporation Ltd. briefing at Naim Headquarters, 11th July & 12th August 2011

Am Invest Research Group Meeting with Naim, 5th October 2011

RAM Rating Services Berhad's visit to Naim headquarters, 30th June 2011

Naim welcomes visitors from Lembaga Tabung Haji and CIMB Investment Bank Berhad, 26th September 2011

Naim Group in the News

GREAT RESPONSE: Visitors crowd Naim's Sales Office during the sales launching. The group is opening another 30 units of Alpinia double-storey terrace houses under its Riveria Phase 7 project for booking due to overwhelming response.

Naim opens another 30 Alpinia units for sales

"Within the first hour of the launch, more than 40 units were grabbed. The over-whelming demand, perhaps, was attributed to our reasonable price factor, good location, a 99-year land lease, a warranty of 24 months, as well as our fairness of location of lot on first-come first-served basis."

— Gary Khu, Naim marketing manager

Naim's scholar ready for college life

By Eric Edward

MIRI: Fijian Malcolm Prateel Prasad, a scholarship holder sponsored by a local company, Naim Holdings Berhad, touched down here early yesterday.

He was welcomed by Naim's sales and marketing general manager Alice Ting with other Naim staff at Miri Airport.

Prasad is one of the two students selected for the first batch of Naim Trust Fund Fiji Scholarship.

"The Naim Trust Fund Scholarship is a scheme established as part of the company's Corporate Social Responsibility programme," said Alice Ting.

She added that the scholarships which were introduced in 2005, covered full academic fees, lodging and books.

Initially, the scholarship was available only to local students.

However, in view of Naim's presence in Fiji, the company decided to make available the scholarships to qualified Fijian students, she said.

This scholarship award is the first batch awarded to students from outside Malaysia.

Managing director of Naim Holdings Berhad, Datuk Hasmi Hasnan, announced the successful recipients of the Naim Trust Fund Fiji Scholarship in May last year.

Prasad and fellow Fijian, Nitin Nitesh Chand — who arrived last week — are fully sponsored by Naim Holdings Berhad to pursue their higher education at Curtin University of Technology Sarawak Campus.

The Naim Trust Fund Scholarship is a scheme established as part of the company's Corporate Social Responsibility programme.

— Alice Ting, Naim's sales and marketing general manager

WELCOME: Prasad (second left) with fellow university students, Ting (third right) and other Naim staff at the Miri Airport yesterday.

DATUK HASMI (sixth right) handing over a mock cheque to Datuk Patinggi Tan Sri Alfred Jabu anak Numpang (seventh right), witnessed by the Yang Di Pertua Negeri, Prime Minister and others.

Another RM1.5m for education from NAIM

KUCHING: Leading property development and construction group Naim Holdings Berhad is contributing RM1.5 million towards education in Sarawak.

Through its Tabung Amanah Naim or Naim Trust Fund, Sarawak's premier builder-developer donated RM500,000 to the Yayasan Sebati Education Fund Charitable Trust to assist it to fund its activities. Another donation of RM1,000,000 was made to the Iban, Bidayuh and Orang Ulu Education Fund.

The ceremony to present the cheques was held at the National-level Chinese New Year open house in Miri last Saturday night.

Naim's Managing Director Datuk Hasmi Hasnan handed over mock cheques to Deputy Minister Datuk Patinggi Tan Sri Dr. George Chan Hong Nam, acting on behalf of the Yayasan Sebati Education Fund Charitable Trust, and Deputy Chief Minister Datuk Patinggi Tan Sri Alfred Jabu anak Numpang, who represented the Iban, Bidayuh and Orang Ulu communities.

The cheques handing over ceremony was witnessed by Yang di-Pertua Negeri Tun Datuk Patinggi Abang Haji Muhammad Salahuddin and his wife Toh Puan Datuk Patinggi Hajjah Norkiah and Prime Minister Datuk Seri Najib Tun Razak and his wife Datin Seri Rosmah Mansor, Information, Communication and Culture Minister Datuk Seri Rais Yatim and his wife Datin Seri Masnah Rais.

Naim has always been mindful of its Corporate Social Responsibility and role as a good corporate citizen.

This is not the first time Naim made contribution to the education funds of the community. Since 2003 Naim has made yearly contributions to the education needs of the Malay community through the Lembaga Amanah Kebajikan Melayu, Miri. Donations have also been extended to the Chinese community's Chung Hua Schools both in Miri and in Kuching and Samarahan Divisions annually.

CHIEF Minister Pehin Sri Abdul Taib Mahmud officially declaring open the 'Permy Mall'.

Local firms play transforming role

Naim to develop prime land in Batu Lintang

KUCHING: Sarawak-based Naim Holdings Bhd (Naim), a property developer and construction group, will develop prime land in Batu Lintang, Kuching, into the state's biggest comprehensive mixed development project, costing more than RM300 million.

Managing director Datuk Hasmi Hasnan said the proposed development would be sprawled over 15.897 hectares and be completed over 20 years.

The project will comprise a four-storey shopping mall with basement car park, office tower block, hotel tower, a 30-storey office tower with basement and elevated carpark, showroom, 18-storey condominium and a 27-storey high-rise apartment.

"We will incorporate a water theme park, a roof garden and incorporate plenty of greeneries so as to come out with a development that is environmentally-friendly and one that the local populace can enjoy and benefit from," he said.

The project will be developed on a joint venture basis between Naim, Sarawak Mosque Welfare Trust Board (Sarawak Mosque) and Tabung Baitulmal Sarawak (Tabung Baitulmal).

The three parties signed a Memorandum of Understanding here yesterday to facilitate the venture witnessed by Chief Minister Pehin Sri Abdul Taib Mahmud.

Hasmi said Sarawak Mosque and Tabung Baitulmal will each have a 15 per cent equity in the project venture while Naim would hold the remaining 70 per cent.

"We estimate employment for more than 2,000 people in the project," he said, without disclosing when the construction would begin. — Bernama

We will incorporate a water theme park, a roof garden and incorporate plenty of greeneries so as to come out with a development that is environmentally-friendly and one that the local populace can enjoy and benefit from.

— Datuk Hasmi Hasnan, Naim managing director

Datuk Hasmi Hasnan

MP happy with progress of projects by NAIM

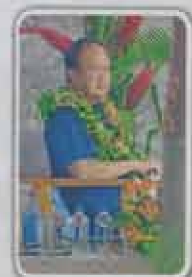
TA Securities: New MoU marks Naim's strength

This agreement, in our opinion, also serves to gain stronger state support and cooperation for future undertakings in the state.

THE OFFICIAL OPENING OF THE WAITO-WAILOTUA ROAD PROJECT

Contractors complete road on time

Garlanding of the Prime Minister Commodore Voreqe Bainimarama as villagers and guests watch on at the function.
Picture IVAMERE ROKOVESA



Datuk Bin Hasnan at the opening.
Picture: IVAMERE ROKOVESA

By TEVITA VUIBAU

PRIME Minister Commodore Voreqe Bainimarama has called on villagers who frequent the upgraded Waito-Wailotua section of the Kings Rd to take advantage of the upgrades.

Officially launching the upgraded section of the highway to construct, he said it now fell on the villagers to step up and work together and stop relying on others for help.

Speaking in the iTaukei language, Commodore Bainimarama stressed to the villagers the need for them to use their lands to ensure each family and village was made independent.

Commodore Bainimarama also called on parents to ensure their children received proper education and were moulded into responsible members of our society.

He said the road would help villagers transport their produce to and from markets, and also assist those who operated different businesses in the area with accessibility.

Commodore Bainimarama said thanks to the NAIM Cendera, the sealing of the Kings Rd was one step closer to completion.

"The sealing of the Kings highway has been fraught with many difficulties, resulting in the former contractor China Overseas Engineering Company (COVEC) being involved in legal wrangles with government," he said.

However he said NAIM Cendera, who were awarded the contract in 2009, had completed the sealing on time and within budget.

Home aspirants snap up Maple units at launch

I arrived early at 7am and my number was 21; luckily I managed to book one house.

Naim sees strategy starting to bear fruit

Datuk Abdul Hamed Sepawi

Naim's project team in alliance with Samsung Engineering will improve our competencies as well as upgrade our skills and expertise to world class levels.

DBNA thankful to Naim for RM1 mln donation

KUCHING: The Dayak Bidayuh National Association (DBNA) was most grateful to Naim Holdings Berhad for the donation of RM1 million to the Iban, Bidayuh and Orang Ulu Education Fund.

DBNA treasurer-general Akhim Sarok said as a non-governmental organisation (NGO) they always welcomed any kind of assistance from corporate bodies.

He was commenting on Naim's contribution of RM1.5 million to education at a ceremony held in Miri last Sunday.

"Now with such funds, DBNA under our president Datuk Ik Pahon Joyik should be able to work something for the community. Therefore, we always welcome assistance from corporate bodies, not only Naim, but we are glad that Naim took the lead," said Akhim.

He said that last month they also received a sum of RM50,000 from the Dayak Cultural Foundation, also for educational purposes.

"As an NGO of course we are looking forward for such funds because in the past, DBNA had been receiving a lot of requests for education assistance from the community but unfortunately there was nothing much we could do because of limited resources," he added.

Naim lends FAS a helping hand

Naim Holdings completes 963 houses on time

By JACK WONG

Big loan offer

Buyers get houses ahead of schedule for CNY

It's yours: Soh (third from left) handing over the key to Voon's father Peter Voon.

THE OFFICIAL OPENING OF THE WAITO-WAILOTUA ROAD PROJECT

Road surface gurantees smooth rides

Diary of Corporate Events 2011

MoU signing between Naim Holdings Berhad, Lembaga Amanah Kebajikan Masjid Negeri Sarawak, and Tabung Baitulmal Sarawak, 21st January 2011
The purpose was to record the certain basic principles and understanding reached between the parties in participating in the mixed development on the land situated at Jalan Batu Lintang, Kuching, Sarawak.

CNY Open House & Grand Opening of Naim's new Sales Office, 12th February 2011
The opening ceremony was officiated by YB Yong Khoon Seng, Deputy Minister of Works.

Roadshow at Boulevard, 11th-13th February 2011
In conjunction with our Naim Ang Pow Promotion 2011, the Company organized a roadshow at Boulevard Miri.

Naim CNY Open House cum Carissa Showhouse Launching, 19th February 2011
Naim held its Chinese New Year Open House cum Carissa Showhouse Launching at Desa Pujut 2, Permyjaya Miri. Guest of Honour was YB Datuk Lee Kim Shin and Miri Mayor, YBhg. En. Lawrence Lai Yew Son.

VIP's visit to Bengoh, 3rd March 2011
Yang Berbahagia Dato' Haji Shahlan Bin Ismail (Political Secretary to the Prime Minister), Datuk Haji Shukri Bin Mohd Salleh (Director of Implementation and Coordination Unit), Datuk Haji Shukri Bin Mohd Salleh (Deputy Director of Special Projects), and Datuk Kamal (Director of the State Development Office), paid a visit to the Bengoh Dam project as well as the Bengoh Resettlement Scheme (BRS) the site.

Naim's Labour Day Celebration, 1st May 2011
Naim Kuching Labour Day 2011 celebration was held on site at Kompleks Islam Sarawak. Activities like aerobics, tree planting lucky draws and open floor karaoke were held during the event.
Naim Miri organized their annual Labour Day celebration, which was held at Dewan Dato Permaisuri, Desa Pujut on 1st May 2011. There were many activities lined up: the marathon race, coloring competition, karaoke singing and also sports carnival for the contractors and also the residents of Bandar Baru Permyjaya.

Diary of Corporate Events 2011

Naim's Corporate Retreat 2011, Penang, 13th-17th May 2011
Naim Holdings Bhd's annual corporate retreat was held in Penang from the 13th to the 17th of May 2011. A total of 60 staff attended this retreat including directors, consultants, senior management and all members of the "Study Team" of young talents who had been tasked to formulate and simulate the Company's Business Plan for 2011 to 2020.

Visits to site: Kompleks Islam Sarawak, 20th, 23rd & 31st May 2011
Naim's Kompleks Islam Sarawak project played host to a visit by Deputy Secretary General (Operations) Ministry of Human Resource, Dato' Hj. Mohd. Shariff Bin Hussin on the 20th May 2011. He was accompanied by about 15 officers from the Department of Health and Safety (DOSH) Sarawak. On 23rd May 2011, Naim were on hand to receive a visit from YB Datuk Hj. Daud Abdul Rahman to the Kompleks Islam Sarawak site. The purpose of the visit was to check on the progress of the project.

Naim Annual General Meeting, 16th June 2011
Naim Holdings Bhd held their 9th Annual General Meeting (AGM) at Wisma Naim on the 16th of June 2011.

Naim Holdings Berhad Annual Dinner, 14th & 16th June 2011
Naim Miri held their annual dinner on the 14th June 2011. With the theme "Colourful Nite", the dinner was held at Park City Everly Hotel. Naim CEO, Datuk Hasmi Hasnan also turned up for the dinner.

On the 16th of June 2011, Naim headquarters in Kuching held their Annual Dinner with the theme "Arabian Nights" at Pullman Hotel. Guests were treated to karaoke sessions, skits and lucky draws.

KPI Roadshow, 15th and 16th July 2011
The KPI Roadshow was held at Wisma Naim in Kuching and in Miri. Presenters included Senior Director MD's Office, Ms. Sulaihah Maimunni and Senior Director of Corporate Services and Human Resource, Ricky Kho. All staff were given a briefing regarding the inner workings of the KPI and annual bonuses.

Naim holds Feng Shui talk by Grand Master Tan Khoong Yong, 6th August 2011
Naim Land Sdn. Bhd., subsidiary of Naim Holdings Berhad, organised a feng shui talk by renowned Singaporean, Grand Master Tan Khoon Yong on August 6th at Kuching Kenyalang Theatre. A similar talk was held at the Miri Civic Centre on the 7th. Both talks were open to the public.

Diary of Corporate Events 2011

"Putting Plan into Action" - Naim Holdings Berhad's KPI Away Day at Damai Beach Resort, 14th & 15th October 2011
Management team of Naim organized an away day of brainstorming and discussions to draft a more effective KPI framework.

Financial Reporting Standard (FRS) training, 3rd November 2011
An in-house training was conducted by KPMG Kuala Lumpur at Four Points Hotel, Kuching on the 3rd November 2011.

Sarawak Chamber of Commerce and Industry (SCCI) dinner, 4th November 2011
In conjunction with its 60th annual dinner, the Sarawak Chamber of Commerce and Industry (SCCI) presented the Sarawak State Entrepreneurs of the Year Book from 2005-2010. Datuk Hasmi Hasnan, as Managing Director of Naim Holdings Berhad, was a previous recipient of the Sarawak State Entrepreneur of the Year Award.

Naim 2012 KPI Launch, 23rd & 24th November 2011
Naim launched the 2012 KPI at Permy Mall, Miri and The Pullman Hotel, Kuching, respectively. All staff attended the launch and witnessed the management team sign their pledge on the KPI plaque.

Permy Mall, Miri's Official Grand Opening, 29th November 2011
Naim's premier shopping mall, Permy Mall, opened its doors officially on the 29th of November 2011. The opening was officiated by Sarawak Chief Minister, YAB Pehin Sri Abdul Taib Mahmud, escorted by his wife, YABhg Puan Sri Ragad Waleed Alkurdi Taib.

Poised to SCORE

The Sarawak Corridor of Renewable Energy (SCORE)

Introduction

The Sarawak Corridor of Renewable Energy (SCORE) is one of five regional development corridors being developed throughout the country as part of the Government's strategy to achieve balanced development. SCORE offers vast investment opportunities in heavy and energy intensive industries, power sector development, halal industries, sustainable agriculture and research and development (R&D). At the same time, SCORE will create employment and business opportunities through the state through its spill-over impacts.

Location

SCORE is located within the Central Region of Sarawak, covering an area of 70,708 sq. km (57 % of Sarawak's land area) with a population of 862,100 people (36 % of the state's population). SCORE aims to drive economic growth by developing new industrial activities and expanding existing industrial activities in areas where the Central Region has a comparative advantage.

Renewable Energy - The Driving Force Behind SCORE

The driving force behind SCORE is its ability to provide large volumes of low-priced renewable energy, leveraging the state's vast hydropower potential of up to 28,000MW by 2030. The Central region is also blessed with abundant fossil energy resources including coal (1.47 billion tonnes) and natural gas (40.9 trillion cubic feet). The main thrust of the SCORE plan is to accelerate the development of these energy resources, allowing Sarawak to price its energy competitively and encourage investment by energy-intensive industries that will trigger rapid industrial and economic development throughout the state.

The development of hydropower capacity will also allow for faster growth and development of infrastructure in the interior of Sarawak, which in turn will accelerate the growth of resource-based industries. The two major hydroelectric projects already implemented are Bakun and Murum. Bakun, with a capacity of 2400MW, is the largest hydropower project in Southeast Asia and has already commenced operation, while Murum (944MW) will start producing by 2013.

Development of 5 New Growth Nodes

Investment within SCORE will focus on five New Growth Nodes; Tanjung Manis, Mukah, Samalaju, Tunoh and Baram. The synergy between these five new growth nodes will drive the development and growth of the entire Central Region, Sarawak and Malaysia as a whole.

Samalaju is being developed for heavy and energy-intensive industries and includes a new industrial park, specialized port facilities and a new township. Comprehensive facilities, utilities and amenities, include port and road infrastructure, sewerage treatment plant, water supply, telecommunications, accommodation, leisure facilities, etc. to meet the requirement of investors.

Tanjung Manis will be developed as a Halal Hub, the largest in Malaysia, focusing on the upstream and downstream food and manufacturing industries. It offers investors tremendous potential and opportunity to capture the increasing demand for halal products from both Muslim and non-Muslim markets globally.

Mukah will be developed as a smart city, administrative and service centre for the development of the corridor, focusing in particular on human capital development, infrastructure and research and development.

Tunoh and Baram will be developed with oil palm, planted forest and eco-tourism as part of the strategy to unlock the resources in the interior of Sarawak.

Priority Industries in SCORE

Ten priority industries have been identified through an extensive study. These industries, particularly the trigger industries, will offer the greatest economic benefits for Sarawak and trigger the development of downstream activities and related cluster industries.

Trigger Industries

Oil-based industry
- Oil refinery, based on imported crude oil, tank parks, downstream industries.

Aluminium based industry – Aluminium smelters, followed by downstream and cluster investments.
Steel and other metal-based industries – Steel mill, smelters for zinc, nickel, manganese and others, followed by downstream investments.
Glass-based industry – Silica-based trigger projects, namely float glass and poly-silicon, followed by downstream investments.

Other Industries

Marine engineering industry
- Cluster development in Tanjung Manis (fabrication of oil rigs, shipbuilding, repair and maintenance) and Bintulu (supply base for off-shore oil and gas structures and related technical services).

Palm oil based industry – Expansion of plantations, investment in refineries and downstream investments including oleo-chemicals, PKE, by-products and bio fuels.

Forestry and timber-based industry
- Continued sustainable conversion of production forests into timber plantations, downstream investments in pulp and paper and higher value-added products such as high value panels, furniture, moldings.

Livestock industry
- Expansion of the poultry sector, focusing on the Mukah region. Investments upstream in modern breeder facilities and production facilities, and downstream in slaughterhouses and further processing.

Aquaculture and fisheries
- Development of fish handling and processing clusters. Deep-sea fishing development. Development of new aquaculture centers in and around the Rajang river delta and on the new hydropower lakes.

Tourism – Investment in tourism facilities, including major resort projects, in particular on the new hydro-power lakes.

Incentives

The Sarawak Government offers competitive and attractive rates for power, industrial land and water. Attractive financial incentives will also be offered to potential investors by the Federal Government through the Malaysian Industrial Development Authority (MIDA).

Benefits and Opportunities for Naim

SCORE presents huge opportunities for all of Naim's business divisions. A large and affluent worker population will require quality housing; factories, plants, power stations and infrastructure will need to be built, along with refineries and oil and gas handling facilities; and increased income will mean greater retail spending.

Construction Division, Oil & Gas Division

The table below shows the major industrial and infrastructural projects yet to be implemented for SCORE with a total estimated value of over RM40 billion. This vast investment in the projects does not include the supporting infrastructure or the construction of downstream manufacturing and processing facilities. Naim is qualified and capable to tackle each and any of these projects, either in their entirety or as a joint venture partner. We also have a number of important competitive advantages.

Table: Proposed Major Construction Projects for SCORE

PROJECT
Tokuyama Polysilicon Plant Phase 2
Bintulu Pulp & Paper Mill (2,700 air-dry tonne/day)
600mw Balingian Coal Fired Power Plant
500kv Transmission Line (600km)
Petronas LNG Train 9 (3.6mil tonne/year)
Bintulu Samalaju Port
Limbang 45MW & 200MW HEP Dam
Baram 1,000MW HEP Dam
Pelagus 770MW HEP Dam
Balleh 960MW HEP Dam
Asia Mineral Manganese Smelter Plant
OM Holdings Manganese Smelter Plant
Aluminium Smelter Plant

Property Development

SCORE will generate a huge demand for housing and commercial property. As the leading developer in Sarawak, we are confident we can satisfy this demand and capture a large proportion of the SCORE-related property market. Our strategic land bank in Bintulu, Miri and Tanjung Manis, and our ongoing involvement in the Samalaju New Township, puts us in a commanding position compared to our competitors.

Property Investment

The prosperity generated by score will increase retail sales throughout Central and Northern Sarawak. Encouraged by the success of Permy Mall in Miri, we have already identified our Bintulu Old Airport development as a major retail centre leveraging the growth of SCORE, and are poised to seize other retail development opportunities in the SCORE region.

Economic Outlook

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2012 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.

Outlook for the Malaysian Economy
Bank Negara Malaysia
(BNM Annual Report - Executive Summary, pages 6-7)

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4 - 5% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth. Several measures that were announced in the 2012 Budget are expected to provide support to private consumption. [...] The public sector will remain supportive of growth in 2012, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through Private Financing Initiative announced in the 2012 Budget would provide further impetus to real activity during the year.

On the supply side, most sectors will continue to expand in 2012.[...] The performance of domestic-oriented industries, on the other hand, is expected to remain firm, benefiting from resilient domestic demand conditions. In particular, the construction sector is projected to record stronger growth, supported by the implementation of major infrastructure projects and the Special Stimulus Package.

Malaysian Institute of Economic Research (MIER)
(25th April 2010, http://www.mier.org.my/outlook/)
The results of MIER's first quarter Consumer Sentiments Survey and Business Conditions Survey suggest that both consumer and business confidence was up in the first quarter. The first quarter Consumer Sentiments Index rose 8 points quarter-on-quarter to settle higher at 114.3 points. The Business Conditions Index meanwhile reversed its downtrend to settle higher at 116.5 points, up from 96.6 points in the previous quarter. Taking into account the gains in MIER's CSI and BCI, the performance of Malaysia's macroeconomic indicators, and expected sustained 10MP spending and implementation of ETP projects propping up domestic demand in Malaysia, we are upgrading our 2012 growth forecast from 3.7 per cent to 4.2 per cent.

The World Bank
(Malaysia Economic Monitor, April 2012, Exec. Summary page 1)

The Malaysian economy is expected to post continued but slower growth in 2012. Investment is likely to expand further while private consumption is projected to remain resilient overall. However, government consumption is bound to moderate, while inventories will be a drag. Net exports subtract from growth as strong domestic demand combined with moderate exports lead to faster growth in imports, especially of capital and consumer goods. Overall, GDP growth is expected to come at 4.6 percent in 2012 and, assuming a continuation of the global recovery, 5.1 percent in 2013.

Outlook for Sarawak and NAIM

Oxford Business Group

(Sarawak Economic Update 27th March 2012, www.oxfordbusinessgroup.com)

The state's transport and storage subsector is expected to expand by 4.7% in 2012, owing to healthy external demand from regional economies. In February it was announced that RM423m ($138.4m) would be spent over the next three years to upgrade the 2333-km Pan Borneo highway connecting Sarawak to Sabah. Additionally, last November the government confirmed the budget for two other major road projects, with RM90m ($29.5m) allocated to the Kapit-Song Road and RM62m ($20.3m) to the Belaga Town-Bakun road.
The links will become more important as major projects such as the Bakun Dam and the Sarawak Corridor of Renewable Energy (SCORE) come on-line. While the dam is expected to have a capacity of 2400 MW by 2014, regional economic zone SCORE aims to attract investors with rich energy resources – 20,000 MW will be made available through hydropower and 3000 MW through other energy sources, including biofuels.

Kenaga Research

(Results Note -Naim Holdings Bhd, 1st March 2012)

Naim's order book now stands at RM1.1b for the next 3 years excluding the Kuching Flood Mitigation project at RM1.2b. The order book will last the group for another 3 years. It is also actively tendering for sizeable construction projects with an estimated value of more than RM2.0b. Moving forward, we expect Naim to be the main beneficiary for the SCORE development project rollout due to its long presence and strong track record in Sarawak.

CH Williams, Talhar & Wong

(Sarawak Property Market Outlook 2012, wtwy.com/files/reports/spb-vol9-issue-2.pdf)

The Sarawak Corridor should see investments amounting to RM334 billion from now until 2030. As at August 2011, RM28.55 billion worth of investments have been confirmed through 14 mega projects. This will accelerate the state government's industrialization plans, thereby creating job opportunities and boosting the state economy. Sarawak has attracted the most proposed capital investment in the country for the 1st 11 months of 2011 valued at RM8.16 billion forming about 18% of the country's total investments, of which close to 50% came from Foreign Direct Investments (FDI). Kuching's property market can be said to be vibrant and opportunities abound for property investors to "ride the current property wave".

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

Financial Statements

Directors' Report for the year ended 31 December 2011

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 2011.

Principal activities

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

Results	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	46,628	32,901
Non-controlling interests	1,519	-
	48,147	**32,901**

Dividends

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

i. a second interim dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,000 in respect of the year ended 31 December 2010 on 8 April 2011; and

ii. a first interim dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,000 in respect of the year ended 31 December 2011 on 12 October 2011.

On 29 February 2012, the Directors declared a second interim single-tier exempt dividend of 3.0 sen per ordinary share of RM1.00 each totalling RM7,108,320 in respect of the year ended 31 December 2011. The dividend was paid on 16 April 2012.

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

Reserves and provisions

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

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
Dato William Wei How Sieng (resigned on 27 April 2012)
Sulaihah Binti Maimunni
Kueh Hoi Chuang
Abang Hasni Bin Abang Hasnan
Datuk Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Bin Abang Bujang
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Haji Jeli Bohari Bin Biha @ Jeli Umik
Haji Radzali Bin Haji Alision (resigned on 30 June 2011)
Leong Chin Chiew (resigned on 25 August 2011)

Directors' interests in shares

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

	Number of ordinary shares			
	At 1.1.2011	Bought/ Bonus issue	Sold	At 31.12.2011
Direct interests in the Company				
Datuk Abdul Hamed Bin Haji Sepawi	12,150,000	-	-	12,150,000
Datuk Hasmi Bin Hasnan	29,168,850	-	12,500,000	16,668,850
Kueh Hoi Chuang	139,700	-	-	139,700

	Number of ordinary shares			
	At 1.1.2011	Bought/ Bonus issue	Sold	At 31.12.2011
Directors' interests in shares (continued)				
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	1,530,000	-	2,550,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited ("NECFL")	999,999	-	-	999,999
Naim Quarry (Fiji) Limited ("NQFL")	999,999	-	-	999,999
Naim Premix (Fiji) Limited ("NPFL")	999,999	-	-	999,999
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB")	999	-	-	999
Naim Vanua Levu (Fiji) Limited ("NVLFL")	-	1	-	1
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	1,530,000	-	2,550,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
NECFL	999,999	-	-	999,999
NQFL	999,999	-	-	999,999
NPFL	999,999	-	-	999,999
NECSB	999	-	-	999
NVLFL	-	1	-	1

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

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 to the extent the Company has an interest.

The other Directors holding office at 31 December 2011 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain entities in the Group in the ordinary course of business (see also Note 33 to the financial statements).

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

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capitals of the Company, nor issuances of debentures by the Company, during the financial year.

Options granted over unissued shares

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

Other statutory information

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

i. all known bad debts have been written off and adequate provision made for doubtful debts, and
ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

In the opinion of the Directors, except for the gain of RM10,005,000 and RM13,045,000 reported by the Group and by the Company respectively arising from the partial disposal of the equity interest in an associate (see Notes 6 and 22 to the financial statements), the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

....

Datuk Abdul Hamed Bin Haji Sepawi

....

Datuk Hasmi Bin Hasnan

Kuching,

Date: 27 April 2012

Statements of Financial Position as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Property, plant and equipment	3	118,430	123,690	5,807	22
Prepaid lease payments	4	2,508	2,506	-	-
Investment in subsidiaries	5	-	-	329,962	329,962
Investment in associates	6	215,950	168,080	144,670	108,819
Investment in joint ventures	7	13,840	8,669	-	-
Land held for property development	8	110,563	110,443	-	-
Investment properties	9	51,840	20,871	-	-
Intangible assets	10	8,959	9,639	-	-
Deferred tax assets	11	5,130	2,282	-	-
Other investments	12	48	48	-	-
Total non-current assets		527,268	446,228	480,439	438,803
Inventories	13	26,847	32,714	-	-
Property development costs	14	216,133	217,182	-	-
Trade and other receivables	15	280,112	308,094	114,535	8,373
Deposits and prepayments	16	6,032	4,011	18	-
Current tax assets		19,212	7,181	3,290	2,639
Cash and bank balances	17	213,456	39,214	83,757	240
Total current assets		761,792	608,396	201,600	11,252
Total assets		1,289,060	1,054,624	682,039	450,055
Equity					
Share capital	18	250,000	250,000	250,000	250,000
Reserves	19	497,182	474,015	126,101	116,894
Total equity attributable to owners of the Company		747,182	724,015	376,101	366,894
Non-controlling interests	2(a)(viii)	16,316	15,449	-	-
Total equity		763,498	739,464	376,101	366,894
Liabilities					
Loans and borrowings	20	339,087	20,712	300,000	-
Deferred tax liabilities	11	46,268	48,495	-	-
Total non-current liabilities		385,355	69,207	300,000	-
Loans and borrowings	20	7,911	104,401	-	57,500
Trade and other payables	21	131,276	137,200	5,938	25,661
Current tax liabilities		1,020	4,352	-	-
Total current liabilities		140,207	245,953	5,938	83,161
Total liabilities		525,562	315,160	305,938	83,161
Total equity and liabilities		1,289,060	1,054,624	682,039	450,055

The notes on pages 74 to 120 are an integral part of these financial statements.

Statements of Comprehensive Income
for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	22	411,893	612,691	36,101	118,635
Cost of sales	22	(347,959)	(448,252)	-	-
Gross profit		63,934	164,439	36,101	118,635
Other income		13,879	4,894	13,045	-
Selling and promotional expenses		(5,110)	(2,614)	-	-
Administrative expenses		(48,862)	(56,598)	(6,229)	(5,975)
Other expenses		(2,126)	(745)	-	-
Results from operating activities		21,715	109,376	42,917	112,660
Finance income	23	3,934	3,801	2,837	-
Finance costs	23	(14,036)	(7,596)	(9,774)	(3,757)
Net finance costs		(10,102)	(3,795)	(6,937)	(3,757)
Share of results of:					
- equity accounted associates		32,708	26,400	-	-
- joint ventures	7	12,837	62	-	-
Profit before tax	22	57,158	132,043	35,980	108,903
Income tax expense	25	(9,011)	(32,136)	(3,079)	(26,270)
Profit for the year		48,147	99,907	32,901	82,633
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(99)	154	-	-
Fair value changes of available-for-sale financial assets		-	(102)	-	-
Share of fair value changes of available-for-sale financial assets of an associate		962	-	-	-
Total other comprehensive income for the year		863	52	-	-
Total comprehensive income for the year		49,010	99,959	32,901	82,633
Profit attributable to:					
Owners of the Company		46,628	97,750	32,901	82,633
Non-controlling interests		1,519	2,157	-	-
Profit for the year		48,147	99,907	32,901	82,633
Total comprehensive income attributable to:					
Owners of the Company		47,491	97,852	32,901	82,633
Non-controlling interests		1,519	2,107	-	-
Total comprehensive income for the year		49,010	99,959	32,901	82,633
Basic/Diluted earnings per ordinary share (sen)	26	19.68	41.25		

The notes on pages 74 to 120 are an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2011

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Fair value reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Group									
		Non-distributable						*Distributable*			
At 1 January 2010,											
- *as previously stated*		250,000	86,092	26,370	(35)	-	(34,748)	324,684	652,363	21,961	674,324
- *Effect of adopting FRS 139*	37	-	-	-	-	102	-	(3,457)	(3,355)	58	(3,297)
At 1 January 2010, as restated		250,000	86,092	26,370	(35)	102	(34,748)	321,227	649,008	22,019	671,027
Foreign currency translation differences for foreign operations		-	-	-	154	-	-	-	154	-	154
Fair value changes of available-for-sale financial assets		-	-	-	-	(102)	-	50	(52)	(50)	(102)
Total other comprehensive income for the year		-	-	-	154	(102)	-	50	102	(50)	52
Profit for the year		-	-	-	-	-	-	97,750	97,750	2,157	99,907
Total comprehensive income for the year		-	-	-	154	(102)	-	97,800	97,852	2,107	99,959
Total distributions to owners											
- Dividends to owners of the Company	27.2	-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Changes in ownership interests in subsidiaries	34	-	-	-	-	-	-	849	849	(834)	15
Total transactions with owners of the Company		-	-	-	-	-	-	(22,845)	(22,845)	(834)	(23,679)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(6,154)	(6,154)
Disposal of subsidiaries	34	-	-	-	-	-	-	-	-	(1,689)	(1,689)
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	(7,843)	(7,843)
At 31 December 2010		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464

Group (continued)	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Fair value reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Group									
		Non-distributable						*Distributable*			
At 1 January 2011		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
Foreign currency translation differences for foreign operations		-	-	-	(99)	-	-	-	(99)	-	(99)
Share of fair value changes of available-for-sale financial assets of an associate		-	-	-	-	-	-	962	962	-	962
Total other comprehensive income for the year		-	-	-	(99)	-	-	962	863	-	863
Profit for the year		-	-	-	-	-	-	46,628	46,628	1,519	48,147
Total comprehensive income for the year		-	-	-	(99)	-	-	47,590	47,491	1,519	49,010
Total distributions to owners											
- Dividends to owners of the Company	27.2	-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Changes in ownership interests in subsidiaries	34	-	-	-	-	-	-	(16)	(16)	(284)	(300)
Total transactions with owners of the Company		-	-	-	-	-	-	(23,710)	(23,710)	(284)	(23,994)
Share of expenses incurred on bonus/rights issues by an associate		-	-	(614)	-	-	-	-	(614)	-	(614)
Transactions with non-controlling interests											
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2011		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
		(Note 18)	(Note 19)	(Note 19)	(Note 19)		(Note 19)	(Note 19)			

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		Attributable to owners of the Company				
		Non-distributable			*Distributable*	
At 1 January 2010		250,000	86,092	(34,748)	6,611	307,955
Profit/Total comprehensive income for the year		-	-	-	82,633	82,633
Dividends paid to owners of the Company	27.2	-	-	-	(23,694)	(23,694)
At 31 December 2010/1 January 2011		250,000	86,092	(34,748)	65,550	366,894
Profit/Total comprehensive income for the year		-	-	-	32,901	32,901
Dividends paid to owners of the Company	27.2	-	-	-	(23,694)	(23,694)
At 31 December 2011		250,000	86,092	(34,748)	74,757	376,101
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	

The notes on pages 74 to 120 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	57,158	132,043	35,980	108,903
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	569	-	-
- investment properties (Note 9)	205	130	-	-
- prepaid lease payments (Note 4)	61	112	-	-
Depreciation of property, plant and equipment (Note 3.2)	10,771	13,070	34	12
Property, plant and equipment written off	270	98	-	-
Dividend income	(2)	(6)	(34,794)	(118,334)
Negative goodwill recognised (Note 34)	-	(18)	-	-
(Gain)/Loss on disposal of:				
- property plant and equipment	1,302	(126)	-	-
- quoted shares	-	(512)	-	-
- subsidiaries (Note 34)	1,306	2,384	-	-
- associate	(10,005)	-	(13,045)	-
Finance costs (Note 23)	14,036	7,596	9,774	3,757
Finance income	(3,934)	(3,801)	(4,144)	(301)
Share of results of:				
- equity accounted associates	(32,708)	(26,400)	-	-
- joint ventures (Note 7)	(12,837)	(62)	-	-
Unrealised foreign exchange gain	(3,708)	(201)	-	-
Operating profit/(loss) before changes in working capital	22,595	124,876	(6,195)	(5,963)
Changes in working capital:				
Inventories	7,086	8,593	-	-
Land held for development	(120)	49	-	-
Property development costs	34	10,383	-	-
Trade and other receivables, deposits and prepayments	31,559	(7,494)	(106,180)	3,524
Trade and other payables	3,271	(48,196)	(24,667)	(36,959)
Cash generated from/(used in) operations	64,425	88,211	(137,042)	(39,398)
Income tax (paid)/refunded	(29,122)	(38,735)	270	1,655
Interest received	-	-	1,307	301
Net cash from/(used in) operating activities	35,303	49,476	(135,465)	(37,442)
Cash flows from investing activities				
Acquisition of:				
- minority interests in an existing subsidiary (Note 34)	(300)	(816)	-	-
- property, plant and equipment [Note (i)]	(31,437)	(34,840)	(5,819)	(1)
- investment property	(30,084)	(17,122)	-	-
- intangible assets (Note 10)	-	(10,206)	-	-
- new subsidiary (Note 34)	-	-	-	(50,000)
Additions to prepaid lease payments	(63)	-	-	-
Increase in investment in associate	(43,549)	-	(43,549)	-
Proceeds from disposal of:				
- property, plant and equipment	1,176	409	-	-
- other investments	-	940	-	-
- subsidiaries (net of cash disposed)	(405)	-	-	-
- associate	20,743	-	20,743	-
Increase in deposits pledged to banks	(154)	(130)	-	-
Dividends received	19,232	7,390	30,794	90,334
Distribution of profits by joint ventures	10,037	2,350	-	-
Interest received	3,027	1,401	2,837	-
Net cash (used in)/from investing activities	(51,777)	(50,624)	5,006	40,333

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from financing activities				
Net proceeds from/(repayments of) borrowings	224,516	(13,449)	242,500	12,500
Repayment of finance lease liabilities	(2,748)	(1,201)	-	-
Dividends paid to:				
- owners of the Company	(23,694)	(23,694)	(23,694)	(23,694)
- non-controlling interests	(368)	(6,154)	-	-
Interest paid	(7,136)	(5,366)	(4,830)	(2,357)
Net cash from/(used in) financing activities	190,570	(49,864)	213,976	(13,551)
Net increase/(decrease) in cash and cash equivalents	174,096	(51,012)	83,517	(10,660)
Effect of exchange rate fluctuations in cash held	(8)	-	-	-
Cash and cash equivalents at beginning of year	38,688	89,700	240	10,900
Cash and cash equivalents at end of year [Note (ii)]	212,776	38,688	83,757	240

Notes

i. Acquisition of property, plant and equipment

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Paid using internal funds	31,437	34,840	5,819	1
In the form of finance lease assets	-	725	-	-
Total (see Note 3)	31,437	35,565	5,819	1

ii. Cash and cash equivalents

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with licensed bank with maturities less than three months	161,077	15,010	72,030	-
Short term cash funds	13,000	11,900	10,000	-
Cash in hand and at banks	38,699	11,778	1,727	240
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 17)	212,776	38,688	83,757	240

The notes on pages 74 to 120 are an integral part of these financial statements.

Notes to the Financial Statements

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("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 as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2011 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 27 April 2012.

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 has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are only effective for annual periods beginning on or after the respective dates indicated herein:

FRS / Amendment / Interpretation	Effective date
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124, *Related Party Disclosures* (revised)	1 January 2012
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*	1 July 2012
Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
FRS 10, *Consolidated Financial Statements*	1 January 2013
FRS 11, *Joint Arrangements*	1 January 2013
FRS 12, *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13, *Fair Value Measurement*	1 January 2013
FRS 119, *Employee Benefits* (2011)	1 January 2013
FRS 127, *Separate Financial Statements* (2011)	1 January 2013
FRS 128, *Investments in Associates and Joint Ventures* (2011)	1 January 2013
IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 9, *Financial Instruments* (2009 and 2010)	1 January 2015
Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*	1 January 2015

The initial application of a standard, an amendment or an interpretation, which is to be applied prospectively or which requires extended disclosures, is not expected to have any material financial impacts on the financial statements for the current and prior periods upon its first adoption.

IC Interpretation 19, which is to be applied retrospectively, provides guidance on accounting for debt-to-equity swap. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be "consideration paid" in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss. The adoption of ICI 19 is not expected to have a material impact to the Group.

The revised FRS 124 removes the exemptions to disclose transactions between government-related entities and the government, and all other government-related entities. The new disclosures required for government-related entities include the identity of government, the nature of their relationship as well as the nature and the extent or amounts of individually or collectively significant transactions.

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

a. **Statement of compliance (continued)**

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards ("MFRSs"). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 (hereinafter referred to as transitioning entity), and the entity that consolidates or equity accounts or proportionately consolidates the transitioning entity, may continue to apply FRS as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities shall however comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

In view of the foregoing, entities of the Group which are not transitioning entities will migrate to the MFRS framework from the financial year beginning on 1 January 2012 while the rest of the Group, including the Company, will migrate to the MFRS framework from the financial year beginning on 1 January 2013.

Accordingly, the Company and the transitioning entities of the Group plan to apply for the year beginning on 1 January 2012 the FRS standards, amendments and interpretations listed earlier that are effective for annual periods beginning on or before 1 January 2012, except those assessed as being presently not applicable to them. The latter includes Amendments to IC Interpretation 14, Amendments to FRS 1 and Amendments to FRS 112.

The financial statements of the Group will continue to be prepared in compliance with FRS for the financial year ending 31 December 2012. They will be prepared in compliance with MFRS from the financial year beginning on 1 January 2013.

b. **Basis of measurement**

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

c. **Functional and presentation currency**

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

d. **Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 a significant effect on the amounts recognised in the financial statements, other than the recognition of profit from construction contracts and property development, as follows:

i ***Profit from construction contracts***

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

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

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

ii. ***Profit from property developments***

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

1. Basis of preparation (continued)

d. Use of estimates and judgements (continued)

ii. Profit from property developments **(continued)**

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

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

2. Significant accounting policies

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

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the 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.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

ii. Accounting for business combinations

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

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard and does not have an impact on earnings per share.

Acquisitions on or after 1 January 2011

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

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

a. **Basis of consolidation** (continued)

ii. ***Accounting for business combinations*** (continued)

Acquisitions between 1 January 2006 and 1 January 2011

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

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

Acquisitions prior to 1 January 2006

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

iii. ***Accounting for acquisitions of non-controlling interests***

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

iv. ***Accounting for acquisitions of entities under common controls***

Business combinations involving a common control transaction (i.e. entailing entities that are under the control of common shareholders) are accounted for as if the acquisition(s) had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised in the consolidated financial statements at their respective carrying amounts without restatement. The difference between the cost of acquisition and the nominal value of the shares acquired together with any share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within group equity.

v. ***Loss of control***

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the Standard which do not have an impact on earnings per share.

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

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained. In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

vi. ***Associates***

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

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

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

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

vi. Associates (continued)

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

vii. 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 they are 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 and other comprehensive income of the equity accounted jointly controlled entities, after adjustments if any, to align their 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 statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

Jointly-controlled operations

The interests 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 ventures.

viii.Non-controlling interests

Non-controlling interests at the end of reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly and indirectly through subsidiaries is presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting date, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have an impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed the non-controlling interests' in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

ix. Transactions eliminated on consolidation

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

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

2. Significant accounting policies (continued)

b. Foreign currency

i. Foreign currency transactions

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

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

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

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

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

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

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

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

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

c. Financial instruments

i. Initial recognition and measurement

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

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

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

ii. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

a). Financial assets at fair value through profit or loss

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

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

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

a). Financial assets at fair value through profit or loss (continued)

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

b. Held-to-maturity investments

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

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

c. Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables, as well as cash in hand and at bank.

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

d. Available-for-sale financial assets

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

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

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

Financial liabilities

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

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

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

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

iii. Regular way purchase or sale of financial assets

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

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

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

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

c. **Financial instruments** (continued)

iv. ***Derecognition***

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

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

d. **Property, plant and equipment**

i. ***Recognition and measurement***

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

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, capitalised borrowing costs. 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.

The gain and loss 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 profit or loss.

ii. ***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, its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. ***Depreciation***

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value, if any.

Depreciation is recognised in profit or loss 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. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	over lease terms of 55 years to 85 years
Buildings	5, 10, 15 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
Jetty and wharf	5 years

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

2. Significant accounting policies (continued)

e. Leased assets

i. Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

ii. Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, other than prepaid lease payments, the leased assets are not recognised in the statement of financial position of the Group.

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

f. Intangible assets

i Goodwill

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

ii. Other intangible assets

These comprise a stone quarry licence and the additional interest in a construction contract acquired from a joint venture partner. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

iii. Amortisation

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

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

- Stone quarry licence	term of licence of 15 years
- Additional interest in construction contract	stage of completion of the contract

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

g. Investment properties

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

Recognition and measurement

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

2. Significant accounting policies (continued)

g. Investment properties (continued)

Recognition and measurement (continued)

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

Amortisation

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

Leasehold land	85 years
Buildings	50 years

Determination of fair value

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

h. Land held for property development

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

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

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

i. Property development costs

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables (Note 15) while the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables (Note 21).

j. Inventories

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

i. Developed properties held for sale

Cost of development properties consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

ii. Other inventories

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

k. Receivables

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

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

l. Construction work-in-progress

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

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings (Note 15). If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables as amount due to contract customers in the statement of financial position (Note 21).

m. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

n. Impairment

i. Financial assets

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

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

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

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

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

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

ii. Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

n. Impairment (continued)

ii. Other 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 or cash-generating unit.

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

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

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

o. Equity instruments

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

i. Issue expenses

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

ii. Repurchase, disposal and reissue of share capital

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. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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

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

p. Employee benefits

i. Short term 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 liability 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 services provided by the employees and the obligation can be estimated reliably.

ii. State plans

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

q. 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.

r. Payables

Payables are recognised in accordance with Note 2(c).

2. Significant accounting policies (continued)

s. Revenue and other income

i. Construction contracts

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

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

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

ii. Property development

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

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

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised immediately in profit or loss.

iii. Sale of goods

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

iv. Dividend income

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

v. Sand extraction and land filling services

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

vi. Hire of equipment

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

vii. Rental income

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

viii. Interest income

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

2. Significant accounting policies (continued)

t. Borrowing costs

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

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

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

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

u. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combinations or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the 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 loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

v. Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land Long term RM'000	Leasehold land Short term RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and wharf RM'000	Assets under construction RM'000	Subtotal RM'000
	Outright purchase										
Cost											
At 1 January 2010	-	47,451	1,290	11,060	4,481	17,423	9,406	48,540	-	1,880	141,531
Additions	667	-	525	2,301	854	2,282	1,034	23,135	1,952	1,986	34,736
Disposals/Write-offs	-	-	-	-	(379)	(689)	(430)	(1,496)	-	-	(2,994)
Reclassifications	-	-	-	-	-	1,298	-	937	-	-	2,235
Disposal of subsidiaries	-	(1,473)	-	(402)	(12)	(202)	(164)	(1,778)	-	-	(4,031)
Effect of movements in exchange rates	-	-	-	-	(19)	107	-	(892)	-	-	(804)
At 31 December 2010/ 1 January 2011	667	45,978	1,815	12,959	4,925	20,219	9,846	68,446	1,952	3,866	170,673
Additions	-	426	-	5,788	1,198	1,102	2,092	3,411	-	17,420	31,437
Disposals/Write-offs	-	-	-	-	(581)	(788)	(380)	(4,442)	-	-	(6,191)
Reclassifications	-	(14,997)	14,945	52	-	4	-	65	-	-	69
Disposal of a subsidiary	-	-	-	-	-	-	(53)	-	-	(16,340)	(16,393)
Effect of movements in exchange rates	-	-	19	-	(557)	44	593	1,346	-	-	1,445
At 31 December 2011	667	31,407	16,779	18,799	4,985	20,581	12,098	68,826	1,952	4,946	181,040
Depreciation											
At 1 January 2010	-	3,339	237	1,493	3,075	14,166	7,567	17,683	-	-	47,560
Depreciation for the year	-	769	23	368	446	1,831	850	8,866	325	-	13,478
Disposals/Write-offs	-	-	-	-	(346)	(643)	(420)	(496)	-	-	(1,905)
Reclassifications	-	-	-	-	-	987	-	164	-	-	1,151
Disposal of subsidiaries	-	(296)	-	(118)	(12)	(201)	(116)	(1,672)	-	-	(2,415)
Effect of movements in exchange rates	-	-	-	-	(1)	-	-	-	-	-	(1)
At 31 December 2010/ 1 January 2011	-	3,812	260	1,743	3,162	16,140	7,881	24,545	325	-	57,868
Depreciation for the year	-	770	77	395	426	1,698	1,164	11,817	390	-	16,737
Disposals/Write-offs	-	-	-	-	(375)	(285)	(293)	(2,490)	-	-	(3,443)
Reclassifications	-	(2,288)	2,282	6	-	-	-	26	-	-	26
Disposal of a subsidiary	-	-	-	-	-	-	(3)	-	-	-	(3)
Effect of movements in exchange rates	-	-	-	-	(108)	6	114	155	-	-	167
At 31 December 2011	-	2,294	2,619	2,144	3,105	17,559	8,863	34,053	715	-	71,352
Carrying amounts											
At 1 January 2010	-	44,112	1,053	9,567	1,406	3,257	1,839	30,857	-	1,880	93,971
At 31 December 2010/ 1 January 2011	667	42,166	1,555	11,216	1,763	4,079	1,965	43,901	1,627	3,866	112,805
At 31 December 2011	667	29,113	14,160	16,655	1,880	3,022	3,235	34,773	1,237	4,946	109,688

3. Property, plant and equipment (continued)

Group (continued)	Subtotal RM'000	Finance lease assets Motor vehicles RM'000	Finance lease assets Plant and machinery RM'000	Total RM'000
Cost (continued)				
At 1 January 2010	141,531	2,612	14,830	158,973
Additions	34,736	118	711	35,565
Disposals/Write-offs	(2,994)	(61)	-	(3,055)
Reclassifications	2,235	(1,298)	(937)	-
Disposal of subsidiaries	(4,031)	-	-	(4,031)
Effect of movements in exchange rates	(804)	-	-	(804)
At 31 December 2010/1 January 2011	170,673	1,371	14,604	186,648
Additions	31,437	-	-	31,437
Disposals/Write-offs	(6,191)	-	-	(6,191)
Reclassifications	69	(4)	(65)	-
Disposal of a subsidiary	(16,393)	-	-	(16,393)
Effect of movements in exchange rates	1,445	-	-	1,445
At 31 December 2011	181,040	1,367	14,539	196,946
Depreciation (continued)				
At 1 January 2010	47,560	1,295	1,879	50,734
Depreciation for the year	13,478	345	2,749	16,572
Disposals/Write-offs	(1,905)	(27)	-	(1,932)
Reclassifications	1,151	(987)	(164)	-
Disposal of subsidiaries	(2,415)	-	-	(2,415)
Effect of movements in exchange rates	(1)	-	-	(1)
At 31 December 2010/1 January 2011	57,868	626	4,464	62,958
Depreciation for the year	16,737	179	1,921	18,837
Disposals/Write-offs	(3,443)	-	-	(3,443)
Reclassifications	26	-	(26)	-
Disposal of a subsidiary	(3)	-	-	(3)
Effect of movements in exchange rates	167	-	-	167
At 31 December 2011	71,352	805	6,359	78,516
Carrying amounts (continued)				
At 1 January 2010	93,971	1,317	12,951	108,239
At 31 December 2010/1 January 2011	112,805	745	10,140	123,690
At 31 December 2011	109,688	562	8,180	118,430

3. Property, plant and equipment (continued)

Company	Building RM'000	Furniture and fitting RM'000	Office equipment RM'000	Asset under construction RM'000	Total RM'000
Cost					
At 1 January 2010	-	8	50	-	58
Additions	-	1	-	-	1
At 31 December 2010/ 1 January 2011	-	9	50	-	59
Additions	5,776	3	20	20	5,819
At 31 December 2011	5,776	12	70	20	5,878
Depreciation					
At 1 January 2010	-	-	25	-	25
Depreciation for the year	-	2	10	-	12
At 31 December 2010/1 January 2011	-	2	35	-	37
Depreciation for the year	19	2	13	-	34
At 31 December 2011	19	4	48	-	71
Carrying amounts					
At 1 January 2010	-	8	25	-	33
At 31 December 2010/1 January 2011	-	7	15	-	22
At 31 December 2011	5,757	8	22	20	5,807

3.1 Titles to properties

The strata title(s) to two (2010: one) buildings costing RM5,879,000 (2010: RM103,000) are/is in the process of being obtained from the authorities.

3.2 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Recognised in profit or loss (Note 22)	10,771	13,070	34	12
Capitalised in:				
- property development costs (Note 14)	204	400	-	-
- construction work-in-progress (Note 15.2)	7,862	3,102	-	-
	18,837	16,572	34	12

3.3 Security

Assets under finance leases are charged to secure the finance lease liabilities of the Group (see Note 20).

The freehold land of a subsidiary costing RM667,000 as at 31 December 2011 is charged to a bank as security for a term loan facility granted to another subsidiary subsequent to the year end.

4. Prepaid lease payments - Group

	Leasehold land (unexpired period less than 50 years) RM'000	Leasehold land (unexpired period more than 50 years) RM'000	Total RM'000
Cost			
At 1 January 2010 and 31 December 2010/ 1 January 2011	2,993	-	2,993
Additions	63	-	63
Reclassifications	(3,056)	3,056	-
At 31 December 2011	-	3,056	3,056
Amortisation			
At 1 January 2010	375	-	375
Depreciation for the year (Note 22)	112	-	112
At 31 December 2010/1 January 2011	487	-	487
Depreciation for the year (Note 22)	61	-	61
Reclassifications	(548)	548	-
At 31 December 2011	-	548	548
Carrying amounts			
At 1 January 2010	2,618	-	2,618
At 31 December 2010/1 January 2011	2,506	-	2,506
At 31 December 2011	-	2,508	2,508

The lease term of certain leasehold land has been extended to 99 years from the initial 60 years upon the approval of the relevant authority during the current year. The leasehold land has accordingly been reclassified from short term to long term.

5. Investment in subsidiaries - Company

	2011 RM'000	2010 RM'000
Unquoted shares, at cost	329,962	329,962

Details of the subsidiaries, all of which are incorporated in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited, Naim Premix (Fiji) Limited and Naim Vanua Levu (Fiji) Limited, which are incorporated in Fiji, and Naimcendera Engineering & Construction Sendirian Berhad, incorporated in Brunei Darussalam, and the Company's interests therein are as follows:

Name of subsidiary	Principal activities	Effective ownership interest (%) 2011	Effective ownership interest (%) 2010
Direct subsidiaries			
Naim Land Sdn. Bhd.("NLSB") (formerly known as Naim Cendera Sdn. Bhd.)	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil and earthwork contractor and hire of machinery	100.0	100.0
Subsidiaries of NLSB			
Total Reliability Sdn. Bhd. ("TRSB")	Property developer and civil and building contractor	51.0	51.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Citra Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Supply & Logistics Sdn. Bhd. (formerly known as Naim Cendera Dua Sdn. Bhd.)	Trading of construction materials	100.0	100.0

5. Investment in subsidiaries - Company (continued)

Name of subsidiary	Principal activities	Effective ownership interest (%) 2011	2010
Subsidiaries of NLSB (continued)			
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Provision of site clearing and earthwork	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Peranan Makmur Sdn. Bhd.	Property investment	100.0	100.0
Yakin Jelas Sdn. Bhd.	Investment holding	100.0	100.0
TR Green Sdn. Bhd.	Dormant	100.0	100.0
Naim Management Sdn. Bhd.	Dormant	100.0	100.0
Naim Cendera Tujuh 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
Naim Oil & Gas Sdn. Bhd.	Dormant	100.0	100.0
Permyjaya Sino Education Sdn. Bhd. ("PSESB")	Dormant	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	-	100.0
Samalaju Property Development Sdn. Bhd.	Property developer and contractor	^^ -	100.0
Subsidiary of TRSB			
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
Subsidiaries of NESB			
Naim Premix Sdn. Bhd. (formerly known as Plus Viable Sdn. Bhd.)	Manufacture and sale of asphalt	100.0	90.0
Naim Binaan Sdn. Bhd.	Manufacture and sale of RC pile and ready mix, letting of equipment and civil contractor	100.0	70.0
Naim Overseas Sdn. Bhd.	Investment holding	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	100.0	-
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Civil engineering and construction works	99.9^	99.9 ^
Naim Quarry (Fiji) Limited ("NQFL") #	Quarry operator	99.9^	99.9 ^
Naim Premix (Fiji) Limited ("NPFL") #	Manufacture and sale of premix products	99.9^	99.9 ^
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB") *	Dormant	99.9	99.9
Naim Vanua Levu (Fiji) Limited ("NVLFL") * #	Dormant	50.0**	-

* *The consolidated financial statements for the year ended 31 December 2011 include the unaudited accounts of NECSB and NVLFL for the year or period ended 31 December 2011, which are not material to the Group.*

\# *Audited by other member firms of KPMG International.*

^ *Only one ordinary share of FJD1.00 out of the paid-up share capital of the subsidiary amounting to FJD1,000,000 is held by a third party.*

** *The Group regards NVLFL as a subsidiary as it is able to exercise control and govern the financial and operating policies of the company. In addition, the Group has acquired additional 49.9% equity interest in NVLFL subsequent to year end [also see Note 36.1].*

^^ *In June 2011, Samalaju Property Development Sdn. Bhd. ("SPDSB"), which was previously a 100% owned subsidiary, issued new ordinary shares to NLSB and third parties. The resultant equity interest held by the Group in SPDSB has decreased from 100% to 39%. SPDSB is now regarded as an associate of the Group [also see Note 34].*

6. Investment in associates

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
At cost:				
Unquoted shares	5,832	5,442	-	-
Quoted shares in Malaysia	144,670	108,819	144,670	108,819
Share of share premium	25,713	26,170	-	-
Share of other post-acquisition reserves	39,735	27,649	-	-
	215,950	168,080	144,670	108,819

The associates are all incorporated in Malaysia and their financial information, presented in gross terms, are as follows:

	Effective ownership interest %	Revenue (100%) RM'000	Profit/(Loss) after tax (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2011					
Dayang Enterprise Holdings Bhd. ("DEHB")	34.2**	382,323	83,129	690,644	167,738
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	(3)	*	4
TR Concrete Sdn. Bhd.	29.1#	14,334	1,380	19,245	4,284
SINOHYDRONAIM Sdn. Bhd.	49.0^	514	322	1,377	4,828
Samalaju Property Development Berhad	39.0^	22,105	8,352	37,072	25,580
2010					
Dayang Enterprise Holdings Bhd. ("DEHB")	35.9	255,385	67,731	547,086	174,381
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	8	*	1
TR Concrete Sdn. Bhd.	29.1#	10,973	4,104	16,113	4,080
SINOHYDRONAIM Sdn. Bhd.	49.0^	(238)	(1,786)	1,265	5,039

** *In April 2011, the Company disposed of 10,000,000 ordinary shares of RM0.50 each in its associate, DEHB for a total cash consideration of RM20,743,000, net of transaction costs. The resultant group interest in DEHB has consequently reduced from 35.9% to 34.2%. The Group and the Company have recognised a gain of RM10,005,000 and RM13,045,000 respectively from the disposal [also see Note 22].*

* *Negligible*

^ *Held through NLSB*

\# *Held through TRSB and NLSB*

The market value of the quoted investment in Dayang Enterprise Holdings Bhd. as at 31 December 2011 is RM343,945,000 (2010: RM361,057,000).

7. Investment in joint ventures

The Group's interest in the assets and liabilities, revenue and expenses of joint ventures are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Non-current assets	3	8
Current assets	45,250	37,136
Current liabilities	(31,413)	(28,475)
Share of assets	13,840	8,669

7. Investment in joint ventures (continued)

	Group 2011 RM'000	Group 2010 RM'000
Income	77,582	88,940
Expenses	(59,553)	(88,845)
Share of profit before tax	18,029	95
Income tax expense (Note 25)	(5,192)	(33)
Share of profit after tax	12,837	62

Details of the unincorporated joint ventures of the Group are as follows:

Name	Principal activities	Ownership interest (%) 2011	Ownership interest (%) 2010
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
Sinohydro-Naim Sdn. Bhd. JV	Construction contractor	50.0	50.0
Samsung-Naim JV	Construction contractor	10.0	10.0

8. Land held for property development - Group

	RM'000
At 1 January 2010	110,492
Additions	30
Write-offs	(79)
At 31 December 2010/1 January 2011	110,443
Additions	120
At 31 December 2011	110,563

9. Investment property - Group

	Long-term leasehold land RM'000	Building RM'000	Building under construction RM'000	Total RM'000
Cost				
At 1 January 2010	3,574	-	-	3,574
Additions	19	-	17,408	17,427
At 31 December 2010/1 January 2011	3,593	-	17,408	21,001
Additions	-	-	31,174	31,174
Reclassification	-	48,582	(48,582)	-
At 31 December 2011	3,593	48,582	-	52,175
Amortisation				
Amortisation for 2010 (Note 22) and balances at 31 December 2010/1 January 2011	130	-	-	130
Amortisation for the year (Note 22)	130	75	-	205
At 31 December 2011	260	75	-	335

9. Investment property - Group (continued)

	Long-term leasehold land RM'000	Building RM'000	Building under construction RM'000	Total RM'000
Carrying amounts				
At 1 January 2010	3,574	-	-	3,574
At 31 December 2010/1 January 2011	3,463	-	17,408	20,871
At 31 December 2011	3,333	48,507	-	51,840
Estimated fair value				
At 1 January 2010	3,574	-	-	3,574
At 31 December 2010/1 January 2011	3,574	-	#	3,574
At 31 December 2011	3,574	85,000	-	88,574

\# The Group was unable to determine reliably the fair value of investment property under construction as at 31 December 2010 until the construction is complete and their future annual cash flows can be measured reliably, whichever is earlier.

9.1 Leasehold land and building erected thereon are charged to a bank as security for a term loan facility granted to a subsidiary during the current financial year (see Note 20.1).

9.2 Additions to the building under construction during the year include the followings:

	Group 2011 RM'000	Group 2010 RM'000
Interest expense	1,089	305
Personal expenses		
- contributions to state plans	48	15
- wages, salary and others	402	121
Rental of equipment	23	-

Interest is capitalised at the rates ranging from 4.41% to 4.75% (2010: 3.62% to 4.51%) per annum.

10. Intangible assets - Group

	Additional interest in construction contract RM'000	Stone quarry licence RM'000	Total RM'000
Cost			
At 1 January 2010	2,836	-	2,836
Additions	-	10,206	10,206
At 31 December 2010/1 January 2011 and 31 December 2011	2,836	10,206	13,042
Amortisation			
At 1 January 2010	2,834	-	2,834
Amortisation for the year (Note 22)	2	567	569
At 31 December 2010/1 January 2011	2,836	567	3,403
Amortisation for the year (Note 22)	-	680	680
At 31 December 2011	2,836	1,247	4,083
Carrying amounts			
At 1 January 2010	2	-	2
At 31 December 2010/1 January 2011	-	9,639	9,639
At 31 December 2011	-	8,959	8,959

Intangible assets comprise expenditure incurred to acquire a stone quarry licence and an additional interest in a construction contract from a joint venture partner.

11. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(45,750)	(47,629)	(45,750)	(47,629)
Property, plant and equipment	-	-	(995)	(2,163)	(995)	(2,163)
Financial instruments	3,515	1,238	-	-	3,515	1,238
Capital allowance carry-forwards	419	592	-	-	419	592
Tax loss carry-forwards	195	604	-	-	195	604
Other items	1,478	1,145	-	-	1,478	1,145
Tax assets/(liabilities)	5,607	3,579	(46,745)	(49,792)	(41,138)	(46,213)
Set off of tax	(477)	(1,297)	477	1,297	-	-
Net tax assets/(liabilities)	5,130	2,282	(46,268)	(48,495)	(41,138)	(46,213)

* *This relates to the land held for property development, property development costs as well as property, plant and equipment of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land are amortised, as the case may be.*

Movements in deferred tax during the year are as follows:

Group	At 1.1.2010 RM'000	Effect of adopting FRS 139 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	Disposal of subsidiaries RM'000	At 31.12.2010 /1.1.2011 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	At 31.12.2011 RM'000
Fair value adjustment on acquisition of subsidiaries	(51,231)	-	3,602	-	-	(47,629)	1,879	-	(45,750)
Property, plant and equipment	(1,624)	-	(570)	-	31	(2,163)	1,168	-	(995)
Financial instruments	-	(834)	2,072	-	-	1,238	2,277	-	3,515
Capital allowance carry-forwards	359	-	233	-	-	592	(173)	-	419
Tax loss carry-forwards	310	-	313	(19)	-	604	(57)	(352)	195
Other items	1,954	-	(809)	-	-	1,145	338	(5)	1,478
	(50,232)	(834)	4,841	(19)	31	(46,213)	5,432	(357)	(41,138)
			(Note 25)				(Note 25)		

Unrecognised deferred tax assets

Deferred tax assets of RM6,067,000 (2010: RM7,344,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2011 RM'000	2010 RM'000
Property, plant and equipment	(5,981)	(3,730)
Tax loss carry-forwards	13,777	23,207
Capital allowance carry-forwards	16,196	8,824
Other items	274	1,075
	24,266	29,376

11. Deferred tax assets and liabilities – Group (continued)

Unrecognised deferred tax assets (continued)

The unabsorbed capital allowance carry-forwards and unutilised tax loss carry-forwards of entities incorporated in Malaysia amounting to RM29,973,000 (2010: RM32,031,000) do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

Following changes in the tax law in Fiji, the unutilised tax loss carry-forwards of the subsidiaries incorporated in Fiji amounting to RM9,942,000 as at 31 December 2010, which previously could be claimed as a deduction against future taxable income within eight years of the incurrence of such losses, are no longer available to the said subsidiaries.

12. Other investments

	Group	
	2011 RM'000	**2010 RM'000**
At fair value		
Available-for-sale financial assets		
- quoted shares in Malaysia	48	48
Market value on quoted shares (Note 29.3)	48	48

13. Inventories

	Group	
	2011 RM'000	**2010 RM'000**
At cost		
Developed properties held for sale	17,474	27,981
Manufactured/Trading inventories (construction and building materials)	6,179	1,343
Raw materials and consumables	2,240	2,956
	25,893	32,280
At net realisable value		
Manufactured/Trading inventories (construction and building materials)	954	434
	26,847	32,714

14. Property development costs – Group

	RM'000
At 1 January 2010	
Property development costs	
Land	172,798
Development costs	377,306
	550,104
Accumulated costs charged to profit or loss	(308,768)
	241,336
Additions	
Transfer from inventories for redevelopment	
- land cost	53
- development costs	854
Land cost incurred during the year	2,257
Development costs incurred during the year	80,408
	83,572

14. Property development costs – Group (continued)

	RM'000
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(92,648)
Transfer of completed properties to inventories	(15,078)
	(107,726)
At 31 December 2010/ 1 January 2011	
Property development costs	
Land	130,281
Development costs	144,720
	275,001
Accumulated costs charged to profit or loss	(57,819)
	217,182
Additions	
Land cost incurred during the year	442
Development costs incurred during the year	71,949
	72,391
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(73,006)
Transfer of completed properties to inventories	(434)
	(73,440)
At 31 December 2011	
Property development costs	
Land	124,687
Development costs	164,334
	289,021
Accumulated costs charged to profit or loss	(72,888)
	216,133

Property development costs incurred during the financial year include:

	Group	
	2011 RM'000	2010 RM'000
Depreciation of property, plant and equipment (Note 3.2)	204	400
Personnel expenses (including key management personnel):		
- contributions to state plans	636	598
- wages, salaries and others	5,296	5,189
Rental of equipment	13	-
Rental of premises	13	-

15. Trade and other receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade				
Trade receivables	47,765	45,082	-	-
Less: Allowance for impairment losses	(265)	(275)	-	-
	47,500	44,807	-	-
Contract progress billings receivables (Note 15.1)	75,452	97,810	-	-
Accrued billings	19,322	8,777	-	-
Amount due from contract customers (Note 15.2)	116,512	135,355	-	-
Amount due from joint ventures	7,434	6,349	-	-
	266,220	293,098	-	-
Non-trade				
Other receivables	13,106	14,252	16	2
Less: Allowance for impairment losses	(288)	(288)	-	-
	12,818	13,964	16	2
Amount due from:				
- subsidiaries	-	-	114,517	8,369
- associates	1,074	1,032	2	2
	13,892	14,996	114,535	8,373
Total	280,112	308,094	114,535	8,373

15.1 Contract progress billings receivables

Included in the contract progress billings receivable of the Group are retention sums of RM26,367,000 (2010: RM23,724,000) relating to construction work-in-progress.

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

	Group 2011 RM'000	Group 2010 RM'000
Within 1 year	14,059	13,045
1 - 2 years	5,195	2,747
2 - 3 years	-	819
> 3 years	7,113	7,113
	26,367	23,724

15.2 Construction work-in-progress

	Group 2011 RM'000	Group 2010 RM'000
Aggregate costs incurred to-date	1,049,150	1,019,385
Attributable profits	194,229	181,438
	1,243,379	1,200,823
Progress billings	(1,137,141)	(1,077,374)
	106,238	123,449
Amount due to contract customers reclassified to trade and other payables (Note 21)	10,274	11,906
Amount due from contract customers	116,512	135,355

15. Trade and other receivables (continued)

15.2 Construction work-in-progress (continued)

Additions to aggregate costs incurred during the year include:

	Group	
	2011 RM'000	2010 RM'000
Depreciation of property, plant and equipment (Note 3.2)	7,862	3,102
Personnel expenses (including key management personnel):		
- contributions to state plans	2,036	1,088
- wages, salaries and others	16,969	10,486
Rental of premises	131	45
Rental of equipment	2,026	24
	=========	=========

15.3 The amount due from subsidiaries are unsecured and repayable on demand.

Included in the amount due from the subsidiaries as at 31 December 2011 is an amount of RM109,562,000 bearing interest ranging from 4.43% to 4.75% per annum. The remaining balances are interest free. No interest was charged on the outstanding amounts as at 31 December 2010.

15.4 The amounts due from associates and joint ventures are unsecured, interest free and repayable on demand.

16. Deposits and prepayments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits	3,840	3,018	18	-
Prepayments	2,192	993	-	-
	6,032	4,011	18	-
	=========	=========	=========	=========

Prepayments include an amount of RM1,693,000 (2010: RM98,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

17. Cash and bank balances

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed deposits placed with licensed banks with maturities less than 3 months	161,077	15,010	72,030	-
Short term cash funds	13,000	11,900	10,000	-
Cash in hand and at banks	38,699	11,778	1,727	240
Total cash and cash equivalents	212,776	38,688	83,757	240
Deposits pledged with banks	680	526	-	-
Total cash and bank balances	213,456	39,214	83,757	240
	=========	=========	=========	=========

A fixed deposit of RM680,000 (2010: RM526,000) is pledged as security to a licensed bank for an immigration bond issued for a foreign subsidiary.

18. Share capital

	Group and Company			
	Amount		Number of shares	
	2011 RM'000	2010 RM'000	2011 '000	2010 '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

19. Reserves

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share premium	86,092	86,092	86,092	86,092
Capital reserve	25,756	26,370	-	-
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Translation reserve	20	119	-	-
Retained earnings	420,062	396,182	74,757	65,550
	497,182	474,015	126,101	116,894

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 16 June 2011, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of own shares by the Company during the current and previous financial years.

The total number of shares repurchased as at 31 December 2011 is 13,056,000 (2010: 13,056,000).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Group entities with functional currencies other than RM.

Fair value reserve

The fair value reserve in the statement of changes in equity related to the re-measurement of the financial assets categorised as available-for-sale as at 1 January 2010. The fair value reserve was reversed following the disposal of the financial assets in the last financial year ended 31 December 2010.

Retained earnings - Section 108 tax credit

The retained earnings of the Company are distributable as exempt dividends under the single-tier company income tax system.

20. Loans and borrowings

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current				
Unsecured Islamic Bonds	300,000	-	300,000	-
Term loans denominated in:				
- RM (secured)	35,000	-	-	-
- USD (unsecured)	-	13,731	-	-
Finance lease liabilities	4,087	6,981	-	-
	339,087	20,712	300,000	-

20. Loans and borrowings (continued)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current				
Term loans denominated in:				
- USD (unsecured)	3,417	9,153	-	-
- RM (secured)	1,600	-	-	-
Finance lease liabilities	2,894	2,748	-	-
Unsecured revolving credits	-	47,500	-	12,500
Unsecured Islamic Bonds	-	45,000	-	45,000
	7,911	104,401	-	57,500
Total	346,998	125,113	300,000	57,500

20.1 Securities

Finance leases
The finance lease liabilities are secured on the respective finance lease assets of the Group. The finance lease liabilities granted to certain subsidiaries are also guaranteed by the Company and another subsidiary. The total outstanding finance lease liabilities are RM5,816,000 (2010: RM8,034,000).

Term loan
A term loan denominated in RM granted to a subsidiary during the current year is secured by:
a. a fixed charge over investment properties of the said subsidiary (see Note 9.1), and
b. corporate guarantee from the Company.

Revolving credits
The revolving credit facility of the Company is granted on a clean basis. The revolving credit facilities granted to a direct subsidiary are covered by a corporate guarantee from the Company. The outstanding revolving credits as at 31 December 2010 have been fully settled during the current year.

20.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2011 Future minimum lease payments RM'000	2011 Interest RM'000	2011 Present value of minimum lease payments RM'000	2010 Future minimum lease payments RM'000	2010 Interest RM'000	2010 Present value of minimum lease payments RM'000
Less than one year	3,315	421	2,894	3,252	504	2,748
Between one and two years	3,263	257	3,006	3,225	331	2,894
Between two and five years	1,115	34	1,081	4,288	201	4,087
	7,693	712	6,981	10,765	1,036	9,729

20.3 Significant covenants for Islamic Bonds facilities of the Company

The Company is required to comply with the following loan covenants throughout the tenure of the Islamic Bonds facilities:
- Debt to equity ratio of not exceeding 1.2 times; and
- Interest cover ratio of at least 4 times.

21. Trade and other payables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade				
Trade payables	64,335	76,667	-	-
Amount due to contract customers (Note 15.2)	10,274	11,906	-	-
Progress billings	1,751	-	-	-
	76,360	88,573	-	-
Non-trade				
Accruals	21,967	18,182	5,757	1,421
Other payables	8,146	11,926	181	80
Advance payments received from property buyers and contract customers	23,601	17,317	-	-
Land usage conversion premium payable	1,202	1,202	-	-
Amount due to subsidiaries	-	-	-	24,160
	54,916	48,627	5,938	25,661
Total	131,276	137,200	5,938	25,661

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM38,116,000 (2010: RM36,716,000).

21.2 The amount due to subsidiaries was unsecured and repayable on demand.

Included in the amount due to subsidiaries as at 31 December 2010 was a balance of RM24,094,000 bearing interest at rates ranging 3.62% to 4.51% per annum. The remaining amount due to subsidiaries was interest free.

22. Revenue and profit before tax

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue				
Contract revenue	259,492	418,776	-	-
Sale of development properties and vacant land	117,179	162,938	-	-
Sale of goods	30,124	30,860	-	-
Hire of equipment	33	117	-	-
Rental income of investment properties	5,065	-	-	-
Interest on short-term funds and fixed deposits	-	-	1,307	301
Dividend income from:				
- subsidiaries (unquoted)	-	-	16,000	112,000
- associate (quoted)	-	-	18,794	6,334
	411,893	612,691	36,101	118,635
Cost of sales				
Contract costs recognised as an expense	231,283	327,547	-	-
Cost of development properties and vacant land sold	84,174	89,760	-	-
Cost of goods sold and other operation costs	32,502	30,945	-	-
	347,959	448,252	-	-
Profit before tax is arrived at after crediting:				
Dividend income from				
- quoted shares in Malaysia	2	6	-	-
- subsidiaries (unquoted)	-	-	16,000	112,000
- associate (quoted)	-	-	18,794	6,334
Foreign exchange gain				
- realised	301	145	-	-
- unrealised	3,708	201	-	-

22. Revenue and profit before tax (continued)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit before tax is arrived at after crediting: (continued)				
Gain on disposal of:				
- associate	10,005	-	13,045	-
- property, plant and equipment	-	126	-	-
- other investments	-	512	-	-
Hire of machineries	56	20	-	-
Negative goodwill recognised (Note 34)	-	18	-	-
Rental income from property lease	72	138	-	-
Rental income from vehicles	84	-	-	-
Reversal of allowance for impairment losses on doubtful receivables	10	1,276	-	-
and after charging:				
Amortisation of:				
- intangible assets (Note 10)	680	569	-	-
- investment property (Note 9)	205	130	-	-
- prepaid lease payments (Note 4)	61	112	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	293	272	36	28
- Overseas affiliates of KPMG Malaysia	101	66	-	-
- Non-audit fees				
- KPMG Malaysia	170	341	146	268
- Local affiliates of KPMG Malaysia	315	246	42	87
Bad debts written off	57	13	-	-
Depreciation of property, plant and equipment (Note 3.2)	10,771	13,070	34	12
Property, plant and equipment written off	270	98	-	-
Loss on disposal of:				
- subsidiaries (Note 34)	1,306	2,384	-	-
- property, plant and equipment	1,302	-	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,684	3,285	34	27
- wages, salaries and others	36,660	30,370	817	714
Rental of equipment	101	86	-	-
Rental of premises	269	460	36	65

23. Finance income and costs

Recognised in profit or loss

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Finance income				
- interest income from fixed deposits and cash funds	3,115	1,401	-	-
- interest income from other financial assets	819	2,400	-	-
- interest charged to subsidiaries	-	-	2,837	-
	3,934	3,801	2,837	-
Finance costs				
- interest expense from loans and borrowings	11,112	5,367	9,268	3,002
- interest expense from other financial liabilities	2,924	2,229	-	-
- interest charged by subsidiaries	-	-	506	755
	14,036	7,596	9,774	3,757

24. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors of the Company				
- Fees	493	450	489	447
- Short term employee benefits	7,061	6,537	-	11
	7,554	6,987	489	458
Other key management personnel				
- Fees	62	65	-	-
- Short term employee benefits	5,094	13,404	-	-
	5,156	13,469	-	-
Total	12,710	20,456	489	458

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM185,000 (2010: RM156,000).

25. Income tax expense

Major components of income tax expense include:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current tax expense				
Malaysian				
- current year	12,916	34,281	3,099	26,354
- prior year	1,527	2,696	(20)	(84)
	14,443	36,977	3,079	26,270
Deferred tax income (Note 11)				
- current year	(5,024)	(2,174)	-	-
- prior year	(408)	(2,667)	-	-
	(5,432)	(4,841)	-	-
Total income tax expense recognised in profit or loss	9,011	32,136	3,079	26,270
Reconciliation of income tax expense				
Profit for the year	48,147	99,907	32,901	82,633
Total income tax expense	9,011	32,136	3,079	26,270
Profit excluding tax	57,158	132,043	35,980	108,903
Share of tax of:				
- equity accounted associates	9,599	5,653	-	-
- joint ventures (Note 7)	5,192	33	-	-
	14,791	5,686	-	-
	71,949	137,729	35,980	108,903

25. Income tax expense (continued)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income tax calculated using Malaysian tax rate of 25% (2010: 25%)	17,987	34,432	8,995	27,226
Effect of different tax rates in foreign jurisdiction	370	(370)	-	-
Income of foreign source not subject to Malaysian tax	(231)	(334)	-	-
Non-deductible expenses/(non-taxable income) - net	5,834	(651)	(5,896)	(872)
Movements in unrecognised deferred tax assets	(1,277)	4,716	-	-
	22,683	37,793	3,099	26,354
Under/(Over)-provision in prior years	1,119	29	(20)	(84)
	23,802	37,822	3,079	26,270
Less: Share of tax of equity accounted associates and joint ventures	(14,791)	(5,686)	-	-
Total income tax expense	9,011	32,136	3,079	26,270

26. Earnings per ordinary share - Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders of RM46,628,000 (2010: RM97,750,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2010: 236,944,000).

Weighted average number of ordinary shares

	2011 '000	2010 '000
Issued ordinary shares at beginning of year	250,000	250,000
Less: cumulative effect of treasury shares bought back in previous years	(13,056)	(13,056)
Weighted average number of ordinary shares at end of year	236,944	236,944

27. Dividends

27.1 Dividends per ordinary share

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

	Company 2011	Company 2010
Gross dividend per share (sen)	8.00	10.00

27.2 Dividends

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

	Sen per share	Total amount RM'000	Date of payment
2011			
Second interim 2010 ordinary	5.0 single-tier tax exempt	11,847	8 April 2011
First interim 2011 ordinary	5.0 single-tier tax exempt	11,847	12 October 2011
		23,694	
2010			
Second interim 2009 ordinary	5.0 single-tier tax exempt	11,847	14 April 2010
First interim 2010 ordinary	5.0 single-tier tax exempt	11,847	11 October 2010
		23,694	

27. Dividends (continued)

27.2 ***Dividends*** (continued)

On 29 February 2012, the Directors declared a second interim single-tier exempt dividend of 3.0 per ordinary share totalling RM7,108,320 in respect of the year ended 31 December 2011. This dividend, which was paid on 16 April 2012, will be recognised in the financial statements for the year ending 31 December 2012.

28. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports at least on a quarterly basis. The following describes the operations in each of the Group's reportable segments.

Property development	-	Development and construction of residential and commercial properties (including sale of vacant land)
Construction	-	Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil & gas related construction projects).
Others	-	Manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment holdings as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

For decision making and resources allocation, the Group Managing Director reviews the statements of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue from external customers	117,179	162,938	259,492	418,776	35,222	30,977	-	-	411,893	612,691
Inter segment revenue	-	-	-	-	49,318	41,248	(49,318)	(41,248)	-	-
Total segment revenue	117,179	162,938	259,492	418,776	84,540	72,225	(49,318)	(41,248)	411,893	612,691
Segment profit/(loss)	14,116	67,785	599	42,712	700	(2,045)	(7,734)	(2,174)	7,681	106,278
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	158	-	3,921	2,023	-	-	4,079	2,023
- joint ventures	-	-	12,837	62	-	-	-	-	12,837	62
	14,116	67,785	13,594	42,774	4,621	(22)	(7,734)	(2,174)	24,597	108,363
Unallocated income/(expenses)									3,932	(697)
Share of results of an associate, DEHB (in oil and gas segment)									28,629	24,377
Income tax expense									(9,011)	(32,136)
Profit for the year									48,147	99,907
Other comprehensive income									863	52
Total comprehensive income for the year									49,010	99,959
Non-controlling interests									(1,519)	(2,107)
Total comprehensive income attributable to the owners of the Company									47,491	97,852

28. Operating segments (continued)

Major customers

The following are the major customers individually accounting for 10% or more of group revenue:

	Revenue 2011 RM'000	Revenue 2010 RM'000	Segment
State Government/agencies	130,196	227,280	Construction
Federal Government/agencies	-	57,671	Construction
Fiji Government	89,991	59,415	Construction
	=========	=========	

29. Financial instruments

29.1 *Categories of financial instruments*

The table below provides an analysis of financial instruments categorised as follows:

a. Loans and receivables (L&R);
b. Other financial liabilities measured at amortised cost (OL).
c. Available-for-sale financial assets (AFS); and

	2011			2010		
	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
Group						
Financial assets/ (liabilities)						
Other investments	48	-	48	48	-	48
Trade and other receivables	280,112	280,112	-	308,094	308,094	-
Cash and bank balances	213,456	213,456	-	39,214	39,214	-
Loans and borrowings	(346,998)	(346,998)	-	(125,113)	(125,113)	-
Trade and other payables	(95,650)	(95,650)	-	(107,977)	(107,977)	-
	=========	=========	=========	=========	=========	=========

	2011		2010	
Company	Carrying amount RM'000	L&R/ (OL) RM'000	Carrying amount RM'000	L&R/ (OL) RM'000
Financial assets/(liabilities)				
Trade and other receivables	114,535	114,535	8,373	8,373
Cash and bank balances	83,757	83,757	240	240
Loans and borrowings	(300,000)	(300,000)	(57,500)	(57,500)
Trade and other payables	(5,938)	(5,938)	(25,661)	(25,661)
	=========	=========	=========	=========

29.2 *Financial risk management*

The Group is exposed to the following risks from its use of financial instruments:
• Credit risk
• Liquidity risk; and
• Market risk

a. Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company's exposure to credit risk mainly arises from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries.

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

a. Credit risk (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties
  Most of the construction projects undertaken by the Group are government funded. The Group's exposure to credit risk for property development is low as titles to properties are only transferred to purchasers upon full settlement of the purchase consideration. The management regularly reviews the credit risk of customers and takes appropriate measures to enhance credit control procedures.

- Intercompany balances
  The Company sometimes provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of the receivables in the statements of financial position. Cash and bank balances are only placed with licensed banks.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers of the Group. The Group monitors each receivable individually and uses ageing analysis to monitor the credit quality of the receivables.

At the end of the reporting period, there are no significant concentrations of credit risk other than the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amount due from two (2010: two) subsidiaries	-	-	109,562	8,302
Trade receivables from three (2010: two) counterparties	139,987	127,389	-	-
	139,987	127,389	109,562	8,302

The exposure of credit risk for trade and other receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	246,729	302,259	114,535	8,373
Fiji	33,383	5,835	-	-
	280,112	308,094	114,535	8,373

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Impairment loss RM'000	Net RM'000
2011			
Not past due	212,304	-	212,304
Past due 0-30 days	6,366	-	6,366
Past due 31-60 days	3,786	-	3,786
Past due 61-90 days	7,793	-	7,793
Past due 91-180 days	6,134	-	6,134
Past due more than 180 days	44,282	(553)	43,729
Total receivables (see Note 15)	280,665	(553)	280,112

29. Financial instruments (continued)

29.2 ***Financial risk management*** (continued)

a. Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Group (continued)	Gross RM'000	Impairment loss RM'000	Net RM'000
2010			
Not past due	202,957	-	202,957
Past due 0-30 days	26,584	-	26,584
Past due 31-60 days	24,642	-	24,642
Past due 61-90 days	4,641	-	4,641
Past due 91-180 days	12,225	(24)	12,201
Past due more than 180 days	37,608	(539)	37,069
Total receivables (see Note 15)	308,657	(563)	308,094

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

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	563	865
Impairment losses reversed (Note 22)	(10)	(302)
At 31 December	553	563

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

There is no indication that the amounts due from subsidiaries of RM114,517,000 (2010: RM8,369,000) are not recoverable as at the end of the reporting period. The Company does not however specifically monitor the ageing of the loans and advances to subsidiaries.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to some of its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral

The financial guarantees granted to the subsidiaries as at the reporting period is summarised as follows:

	Group 2011 RM'000	Group 2010 RM'000
Bank guarantees	151,209	200,913
Other loans and borrowings outstanding and recognised in financial statements	41,943	60,389
Total (see Note 31)	193,152	261,302

There is no indication that any subsidiaries would default on repayments of its borrowings. The financial guarantees have not been recognised as their fair value on initial recognition was not material and the probability of the subsidiaries defaulting on the credit lines is remote.

29. Financial instruments (continued)

29.2 ***Financial risk management*** (continued)

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summaries the maturity profile of the Group and the Company's financial liabilities (which are non-derivatives) as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
2011							
Trade and other payables	95,650	-	97,436	85,125	8,750	3,561	-
Loans and borrowings							
- Finance lease liabilities	6,981	4.60 - 8.99	7,693	3,315	3,263	1,115	-
- USD term loan	3,417	2.45	3,448	3,448	-	-	-
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	353,088	14,068	14,244	299,671	25,105
- RM term loan	36,600	4.57	46,244	2,428	4,732	13,322	25,762
	=========		=========	=========	=========	=========	=========
2010							
Trade and other payables	107,977	-	111,251	90,024	15,978	5,249	-
Loans and borrowings							
- Finance lease liabilities	9,729	4.60 - 8.99	10,765	3,252	3,225	4,288	-
- USD term loan	22,884	2.39	23,675	9,644	9,411	4,620	-
- Islamic Bonds	45,000	4.80	46,080	46,080	-	-	-
- Revolving credits	47,500	4.20 - 4.44	48,425	48,425	-	-	-
	=========		=========	=========	=========	=========	=========
Company							
2011							
Other payables	5,938	-	5,938	5,938	-	-	-
Loans and borrowings							
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	353,088	14,068	14,244	299,671	25,105
	=========		=========	=========	=========	=========	=========
2010							
Other payables	25,661	-	25,661	25,661	-	-	-
Loans and borrowings							
- Islamic Bonds	45,000	4.80	46,080	46,080	-	-	-
- Revolving credits	12,500	4.20	12,589	12,589	-	-	-
	=========		=========	=========	=========	=========	=========

c. Market risk

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

i. Currency risk

The Group is exposed to foreign currency risk arising mainly from purchases of materials and borrowings denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily USD.

Risk management objectives, policies and processes for managing the risk

As it is not possible to predict with any certainty, the movements of foreign exchange rates, this risk is managed on an on-going basis and the Group will consider hedging its foreign currency exposure should the need arise. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

In addition, an unsecured term loan denominated in USD is obtained to finance the foreign operations in Fiji.

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

c. Market risk (continued)

i. Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Denominated in USD		
Cash and bank balances	1,038	6,437
Unsecured Islamic term loan	(3,417)	(22,884)
Exposure in the statement of financial position	(2,379)	(16,447)

The Company does not have any outstanding assets and liabilities denominated in a currency other than its functional currency, RM.

Foreign currency risk arises from Group entities which have a FJD functional currency and a unsecured bank loan denominated in USD. The exposure to currency risk of group entities which do not have a FJD functional currency is not material and hence, sensitivity analysis is not presented.

A 10 percent strengthening of the RM against USD at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2011	**2010**
	RM'000	**RM'000**
Group		
USD	238	1,644

A 10 percent weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

ii. Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. The management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

The investment in interest-bearing assets is mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

c. Market risk (continued)

ii. Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Fixed rate instruments				
Financial assets	174,257	27,436	191,592	-
Financial liabilities	(306,981)	(54,729)	(300,000)	(45,000)
Floating rate instruments				
Financial liabilities	(40,017)	(70,384)	-	(36,594)

Interest rate risk sensitivity analysis

a. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2011		2010	
	100bp increase RM'000	**100bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Floating rate instruments				
- Group	(2,121)	2,121	(770)	770
- Company	-	-	(366)	366

iii. Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on an individual basis.

Equity price risk sensitivity analysis

The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

29. Financial instruments (continued)

29.3 ***Fair value of financial instruments***

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and financial liabilities, together with the carrying amounts shown in the statements of financial position are as follows:

	2011		2010	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Other investments (Note 12)				
- quoted shares in Malaysia	48	48	48	48
Finance lease liabilities	(6,981)	(6,981)	(9,729)	(9,729)
Unsecured Islamic Bonds	(300,000)	(300,000)	(45,000)	(45,000)
Term loans denominated in:				
- USD	(3,417)	(3,417)	(22,884)	(22,884)
- RM	(36,600)	(36,600)	-	-
	=========	=========	=========	=========
Company				
Unsecured Islamic Bonds	(300,000)	(300,000)	(45,000)	(45,000)
	=========	=========	=========	=========

The following summarises the method used in determining the fair value of financial instruments reflected in the above table.

- ***Investment in equity securities***
  Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

- ***Non-derivative financial liabilities***
  Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease arrangements. For Islamic Bonds, the market rate of interest is based on similar bonds with similar ratings and periods.

- ***Interest rates used to determine fair value***
  The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2011 %	2010 %
Unsecured Islamic Bonds	4.50, 4.90 and 5.15	4.80
Finance leases liabilities	4.60 - 8.99	4.60 - 8.99

29.3.1 ***Fair value hierarchy***

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has applied Level 1 of the fair value hierarchy to measure its financial assets categorised as available-for-sale as disclosed in Note 12.

The Group does not have any outstanding financial derivatives as at 31 December 2011.

30. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its business. The Directors determine, monitor and maintain an optimal debt-to-equity ratio for the Group that complies with debt covenants and regulatory requirements.

One of its capital management strategies is to maintain an interest cover ratio of at least 4 times and a debt-to-equity ratio of not exceeding 1.2 to comply with the covenants of the Islamic Bonds facilities as disclosed in Note 20.3. The interest cover ratio of the Group for the current and previous years being not less than four times and the debt-to-equity ratio at the year end being 0.66 (31.12.2010: 0.46), the said covenants have been fulfilled.

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

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

31. Contingent liabilities - 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	
	2011 RM'000	2010 RM'000
Corporate guarantees granted for banking facilities of certain subsidiaries (Note 29.2)	193,152	261,302

32. Capital expenditure commitments

	Group	
	2011 RM'000	2010 RM'000
Property, plant and equipment		
- Authorised but not contracted for	5,296	6,342
Investment property		
- Authorised but not contracted for	-	5,321
- Contracted for but not provided for	-	20,846
	-	26,167
Total	5,296	32,509

33. Related parties

Identity of related parties

For the purposes of these financial statements, a party is 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 party 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.

33. Related parties (continued)

Identity of related parties (continued)

Significant related party transactions, other than compensations to key management personnel (see Note 24) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2011 RM'000	2010 RM'000
Nature of transaction		
Dividend income	(16,000)	(112,000)
Management fee expenses	3,244	3,356
Interest income	(2,837)	-
Interest expenses	506	755
Expenses on rental of premises	36	65
	=========	=========

Transactions with associates

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Nature of transaction				
Dividend income	-	-	(18,794)	(6,334)
Purchase of construction materials	1	339	-	-
Sale of construction materials	(63)	(31)	-	-
Construction costs payable	-	180	-	-
	=========	=========	=========	=========

Transaction with joint ventures

	Group	
	2011 RM'000	2010 RM'000
Nature of transaction		
Construction contract revenue	(13,915)	(28,968)
	=========	=========

Transactions with companies connected to certain major shareholders and Directors of the Company and of its subsidiaries

	Group	
	2011 RM'000	2010 RM'000
Nature of transaction		
Income from rental of premises	(33)	(11)
Expenses on rental of premises	32	18
Purchase of construction materials	-	4
	=========	=========

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

	Group	
	2011 RM'000	2010 RM'000
Nature of transaction		
Consultant fee paid	60	60
	=========	=========

The balances with subsidiaries, associates and joint ventures are disclosed in Notes 15 and 21 to the financial statements.

33. Related parties (continued)

The outstanding balances with other related parties are as follows:

	Group	
	2011 RM'000	2010 RM'000
Amount due therefrom	6	148
Amount due thereto	(1)	(16)

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled in cash.

34. Acquisitions and disposals of subsidiaries

i. *Acquisition of new subsidiaries*

During the financial year, the Group acquired the following subsidiaries for a total consideration of RM2 (2010: RM3,305,002), satisfied in cash:

Subsidiary	Date of acquisition	% of equity interest acquired	Total consideration RM'000
2011			
Naim Vanua Levu (Fiji) Limited	4.10.2011	50.00%	*
2010			
Naim Quarry (Fiji) Limited	11.2.2010	99.99%	1,649
Naim Premix (Fiji) Limited	17.3.2010	99.99%	1,656
Permyjaya Sino Education Sdn. Bhd.	29.11.2010	100.00%	*
			3,305

** At cash consideration of RM2.*

The effects of the acquisitions of the above subsidiaries on the Group's assets and liabilities on the date of acquisition are/were as follows:

	Pre-acquisition carrying amounts	
	2011 RM'000	2010 RM'000
Net identifiable assets acquired, satisfied by cash	#	3,305
Less: Cash acquired	#	(3,305)
Net cash outflow on acquisition	-	-

 # Representing net assets and cash acquired of RM2 respectively.

The acquisition of the above subsidiaries has no material impact on the results of the Group as those subsidiaries were acquired at the date of incorporation.

ii. *Changes in investments in existing subsidiaries*

Increase in investments

On 1 April 2011, Naim Engineering Sdn. Bhd. ("NESB") acquired the remaining equity interest of 30% in Naim Binaan Sdn. Bhd. ("NBSB") from a minority shareholder for a cash consideration of RM1. Upon the acquisition, NBSB become a wholly owned subsidiary of the Group (2010: being 70% owned subsidiary).

NESB, later in November 2011, acquired the remaining equity interest of 10% in Naim Premix Sdn. Bhd. ("NPSB") from a minority shareholder for a cash consideration of RM300,000. Upon the acquisition, NPSB become a wholly owned subsidiary of the Group (2010: being 90% owned subsidiary).

34. Acquisitions and disposals of subsidiaries (continued)

ii. Changes in investments in existing subsidiaries (continued)

Increase in investments
During the last financial year, NESB acquired an additional 600,000 ordinary shares of RM1.00 each in NPSB from a minority shareholder for a total cash consideration of RM816,000. The resultant group equity interest in NPSB has increased from 70% to 90% following the acquisitions.

The acquisition of the additional interest in NBSB and NPSB had the following effect on the Group's assets and liabilities on the acquisition date:

	2011 RM'000	2010 RM'000
Net assets acquired	284	834
Goodwill/(Negative goodwill) on consolidation	16	(18)
Cash outflow on acquisition	300	816
	=========	=========

The acquisitions of NBSB and NPSB during the current financial year were accounted for as equity transactions between the Group and non-controlling interests. The goodwill of RM16,000 arising from the acquisition was adjusted against group reserves.

On the other hand, the negative goodwill of RM18,000 arising from the acquisition of NPSB during the last financial year was recognised in the statement of comprehensive income for the year ended 31 December 2010 (see Note 22).

The Group also recognised a decrease in minority interests of RM284,000 (2010: RM834,000).

In July 2010, Naimcendera Engineering & Construction Sendirian Berhad ("NECSB") effected a special issue of 998 new ordinary shares of BND1.00 each to Naim Overseas Sdn. Bhd. for a cash consideration of BND998 (equivalent to RM2,330). The resultant group equity interest in NECSB has then increased from 50% to 99.9% following the acquisition.

Decrease in investments
In June 2011, Samalaju Property Development Sdn. Bhd. ("SPDSB"), which was previously a 100% owned subsidiary, issued new ordinary shares to Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) ("NLSB") and third parties, where 389,998 shares of RM1.00 each was subscribed by NLSB in cash. The resultant equity interest held by NLSB in SPDSB has decreased from 100% to 39%. SPDSB is now regarded as an associate of the Group (see Note 6). The Group has recognised a loss of RM1,306,000 from the disposal.

During the last financial year, NLSB and Total Reliability Sdn. Bhd. ("TRSB") entered into share swap agreements with TR Concrete Sdn. Bhd. ("TRC"), an associate of the Group, to transfer all of the Group's interests in TR Smart Piles Sdn. Bhd. ("TRSP") and TR Bricks Sdn. Bhd. ("TRB") to TRC in exchange for 376,672 new ordinary shares of RM1.00 each in TRC. Following the share swaps, TRSP and TRB have now become wholly-owned subsidiaries of TRC. The investment cost in TRC has increased from RM1,491,000 to RM4,461,000 with the corresponding effective interest therein increased to 29.1% from 17.9%. The Group recognised a loss of RM2,384,000 arising from the disposal of the equity interests in TRSP and TRB via the share swap arrangement. The Group also recognised a decrease in minority interests of RM1,689,000.

Additional investments arising from new shares issued by existing subsidiaries
On 13 January 2011, NLSB subscribed for its entitlement to the new shares issued by Naim Realty Sdn. Bhd., comprising 14,500,000 ordinary shares of RM1.00 each for a cash consideration of RM14,500,000.

Another wholly-owned subsidiary, Naim Supply & Logistics Sdn. Bhd. (formerly known as Naim Cendera Dua Sdn. Bhd.) increased its issued and paid up capital from RM1,250,000 to RM5,000,000 on 22 February 2011, satisfied in cash.

On 25 February 2011, another subsidiary, TRSB effected a bonus issue comprising 3,000,000 new ordinary shares of RM1.00 each, out of which 1,530,000 new ordinary shares were issued to NLSB.

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

iii. Internal restructuring
In November 2011, NESB acquired the entire equity interest of Naim Equipment Sdn. Bhd. ("NEquip") from a related company, NLSB for a cash consideration of RM2.00.

34. Acquisitions and disposals of subsidiaries (continued)

iii. Internal restructuring (continued)

During the last financial year, NESB, which was previously a 100% owned subsidiary of NLSB, effected a special issue of 49,000,000 new ordinary shares of RM1.00 each to the Company for a cash consideration of RM49,000,000. On the same day, the Company acquired the remaining 1,000,000 ordinary shares of RM1.00 each in NESB held by NLSB at par. NESB consequently has become a wholly-owned subsidiary of the Company. NESB also acquired the entire equity interest of Naim Overseas Sdn. Bhd. ("NOSB") from a related company, NLSB for a cash consideration of RM2.00 in April 2010.

These acquisitions do not have a material impact to the Group as there are no changes in the group equity interest in NESB, NEquip and NOSB.

35. Material litigations

Suits over land

a. 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 rule in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land. The High Court has adjourned the matter for further mention on 2 May 2012.

b. 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. The High Court has rescheduled the dates for continuation of trial to 24 to 25 May 2012.

c. On 20 March 2009, Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) ("NLSB") received two Writ of Summons and Statement of Claim from 4 persons collectively claiming against NLSB, 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 3247, Block 11 Kuala Baram Land District, Miri Sarawak, which is within NLSB's existing township areas of over 2,700 acres. NLSB's solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. NLSB's application to strike out the Plaintiff's action was dismissed by the High Court and NLSB has filed a Notice of Appeal on 13 May 2011 to the Court of Appeal on High Court's decision. In the mean while, the High Court has adjourned the trial date to 25 to 29 June 2012 pending NLSB's appeal on its application to strike out the Plaintiffs' action.

d. On 26 October 2009, NLSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NLSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have NCR over an area over which NLSB has been awarded a contract to design and construct the proposed Bengoh Dam. NLSB has filed its Statement of Defence on 19 January 2010 and the High Court has fixed the next mention date on 2 to 4 July 2012 and 16 to 18 July 2012.

e. On 5 August 2010, KMSB received another Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed a Statement of Defence on 16 August 2010. The High Court has adjourned the matter for further mention on 8 May 2012.

Other legal suit

a. On 21 December 2010, NLSB received a Writ of Summons and Statement of Claim from a supplier, seeking for, inter alia, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials for a project. The High Court has rescheduled the trial date to 23 to 27 July 2012.

36. Subsequent events

36.1 On 31 January 2012, Naim Overseas Sdn. Bhd. subscribed for additional 9,998 ordinary shares of F$1.00 each in Naim Vanua Levu (Fiji) Limited ("NVLFL") for a cash consideration of FJD9,998. The resultant group equity interest in NVLFL has increased from 50% to 99.99% upon the acquisition.

36.2 On 10 January 2012, Naim Land Sdn. Bhd. received a Writ of Summons and Statement of Claim from a contractor seeking for, inter alia, alleged refund of Liquidated Ascertained Damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. The High Court has fixed the matter for hearing on 3 May 2012.

36. Subsequent events (continued)

36.3 In April 2012, the Company disposed of 3,000,000 ordinary shares of RM0.50 each in Dayang Enterprise Holdings Bhd. ("DEHB") for a total consideration of RM6,103,000 (net of transaction costs). The resultant group interest in DEHB has decreased from 34.2% to 33.6% as at the date of this report.

Save as disclosed, there are no other material events occurred subsequent to the end of the reporting period up to the date of this report.

37. Significant changes in accounting policies

During the last financial year, the Group adopted a number of new/revised FRSs, amendments and interpretations, which were effective for the annual periods beginning on or before 1 January 2010.

Except for FRS 139, the adoption of the new/revised FRSs, amendments and interpretations, most of which were either applied prospectively or required extended disclosures, did not have a material effect on the financial statements.

The effect of the initial adoption of FRS 139, *Financial Instruments: Recognition and Measurement* on 1 January 2010 by the Group is summarised as follows:

	Fair value reserve RM'000	Retained earnings RM'000
At 1 January 2010, as previously stated	-	324,684
Adjustment arising from adoption of FRS 139 (net of tax):		
- Fair value changes of equity securities classified as available-for-sale	102	-
- Remeasurement of trade receivables and payables	-	(3,457)
At 1 January 2010, as restated	102	321,227

The changes in accounting policies following the adoption of FRS 139 were made in accordance with the transitional provisions of the Standard, which requires for first-time adoption thereof, adjustments arising from measuring financial instruments at the beginning of the financial year to be recognised as adjustments of the opening balance of retained earnings or other appropriate reserves. Comparatives were not required to be adjusted.

38. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings of the Company and subsidiaries				
- Realised	455,628	457,100	74,757	65,550
- Unrealised	8,321	1,616	-	-
	463,949	458,716	74,757	65,550
The share of retained earnings from associates				
- Realised	50,007	41,751	-	-
- Unrealised	(746)	(414)	-	-
	49,261	41,337	-	-
The share of retained earnings from joint ventures	14,836	8,702	-	-
	528,046	508,755	74,757	65,550
Less: Consolidation adjustments	(107,984)	(112,573)	-	-
Total retained earnings as per consolidated accounts (see Note 19)	420,062	396,182	74,757	65,550

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

In the opinion of the Directors,

a. the financial statements set out on pages 68 to 120 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended, and

b. the information set out in Note 38 on page 121 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Datuk Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,
Date: 27 April 2012

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

I, **Wong Ping Eng**, the officer primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 121 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 27 April 2012

....

Wong Ping Eng

Before me:

Alamat tempat perniagaan:
1st Floor, Block B,
Lot 7898, Queen's Court,
Jalan Wan Alwi,
93350 Kuching Sarawak.

Independent Auditors' Report to the members of Naim Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 68 to 120.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements 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 2011 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b. We have considered the accounts and the audit reports of the subsidiaries of which we have not acted as auditors (which are indicated in Note 5 to the financial statements) as well as the unaudited accounts of the two subsidiaries mentioned in item (d) below.

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

d. The accounts of Naimcendera Engineering & Construction Sendirian Berhad and Naim Vanua Levu (Fiji) Limited for the year/period ended 31 December 2011, which are not material to the Group, have not been audited. The audit reports on the accounts of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 on page 121 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Chin Chee Kong

Approval Number: 1481/01/13 (J)
Chartered Accountant

Kuching,

Date: 27 April 2012

Analysis of Shareholdings as at 30 April 2012

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	10	0.22	352	0.000
100 - 1,000	812	17.85	709,436	0.30
1,001 - 10,000	2,783	61.19	12,739,600	5.38
10,001 - 100,000	813	17.88	24,402,900	10.30
100,001 - 11,847,199 (*)	125	2.75	90,083,962	38.02
11,847,200 and above (**)	5	0.11	109,007,750	46.00
Total	4,548	100.000	236,944,000#	100.000

Remark:
* *Less than 5% of issued shares*
** *5% and above of issued shares*
\# *The number of 236,944,000 ordinary shares was arrived at after deduction the number of 13,056,000 treasury shares retained by the Company from the original issued and paid-up sharecapital of 250,000,000 ordinary shares of the Company*

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.92
2	TAPAK BERINGIN SDN. BHD.	27,000,000	11.40
3	LEMBAGA TABUNG HAJI	24,966,400	10.54
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	13,418,850	5.66
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	13,002,900	5.49
6	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	4.08
7	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	8,781,700	3.71
8	ABDUL HAMED BIN SEPAWI	7,150,000	3.02
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDUL HAMED BIN SEPAWI (51401139418A)	5,000,000	2.11
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	4,924,600	2.08
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	4,234,100	1.79
12	HWS PROPERTIES SDN BHD	4,012,250	1.69
13	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA MA YU	3,580,000	1.51
14	OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.37
15	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,841,500	0.78
16	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J728 FOR SPDR S&P EMERGING ASIA PACIFIC ETF	1,592,413	0.67

TOP 30 SHAREHOLDERS (CONTINUED)

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,568,000	0.66
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ALLIANCE INV)	1,476,000	0.62
19	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET LONDON FUND OD77 FOR ISHARES III PUBLIC LIMITED COMPANY	1,275,600	0.54
20	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR WONG KUOK KAI	1,250,000	0.53
21	AIBB NOMINEES (TEMPATAN) SDN BHD LOW WEI LOON	1,100,000	0.46
22	AMSEC NOMINEES (TEMPATAN) SDN BHD ASSAR ASSET MANAGEMENT SDN BHD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	1,080,000	0.46
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD BANK OF SINGAPORE LTD FOR SIAW LU HOWE	1,000,000	0.42
24	PELITA DINAMIK SDN BHD (IN LIQUIDATION)	1,000,000	0.42
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	873,300	0.37
26	HSBC NOMINEES (ASING) SDN BHD BEST INVESTMENT CORPORATION	686,700	0.29
27	MUHAMAD ALOYSIUS HENG	679,000	0.29
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	642,700	0.27
29	CHIN CHIN SEONG	627,000	0.26
30	BUJANG BIN AHMAD ZAIDI	620,200	0.26

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	16,668,850	7.03	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	LEMBAGA TABUNG HAJI	24,966,400	10.54	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	DATUK ABDUL HAMED BIN SEPAWI	12,150,000	5.13	27,992,700	11.81
2	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,480,500	17.08
3	SULAIHAH BINTI MAIMUNNI	-	-	-	-
4	KUEH HOI CHUANG	139,700	0.06	-	-
5	ABANG HASNI BIN ABANG HASNAN	-	-	-	-
6	DATUK HAJI HAMDEN BIN HAJI AHMAD	-	-	-	-
7	DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
8	DATU (DR) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
9	PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
10	TUAN HAJI JELI BOHARI BIN BIHA @ JELI UMIK				

Top 10 Properties

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Net Book Value RM'000
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold Land				
Lot 819, Blk 13 Kuala Baram Land District Miri	Land For Development	21.08.1997 Expiring 20.08.2096	314,361	11,052
Lot 3247 Block 11 Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2094	678,984	28,618
Lot 4711, Block 14, Salak Land District	Land For Development	22.06.2004 Expiring 21.06.2064	335,971	4,895
Lot 1748, Muara Tuang Land District	Land For Development	29.05.2008 Expiring 28.05.2068	2,076,740	23,215
Lot 4172 and Lot 4173, Bintulu Land District	Land For Development	26.09.08 Expiring 05.11.2068	146,930	33,246
Lot 2203, Bintulu Land District	Land For Development	10.12.2009 Expiring 31.12.2069	22,130	8,225
INVESTMENT PROPERTY				
Lot 3244, Block 11, Kuala Baram Land District	Commercial Land & Building	20.07.1995 Expiring 19.07.2094	34,129/ (25,486)	51,840
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Long Term Leasehold Land				
Lot 3287, Block 10, Kuching Central Land District	Mixed Development	3.8.2007 Expiring 02.04.2111	135,970	28,399
Short Term Leasehold Land				
Lots 30 & 31, Block 34, Kemena Land District, Bintulu	Mixed Development	13.02.2001 Expiring 05.09.2061	4,010,000	12,933
Building				
Parcel 3064-10-1, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District, Kuching	Office Building (Age: 15 Years)	31.07.2000 Expiring 11.04.2055	(568)	1,599

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Friday, 15 June 2012 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESSES

1. **Adoption of Financial Statements**
   To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31 December 2011. **ORDINARY RESOLUTION 1**

2. **Approval of Directors' Fees**
   To approve Directors' Fees in respect of the financial year ended 31 December 2011. **ORDINARY RESOLUTION 2**

3. **Re-Election of Directors**
   To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association:-
   Dato Ir. Abang Jemat Bin Abang Bujang **ORDINARY RESOLUTION 3**
   Datuk Haji Hamden Bin Haji Ahmad **ORDINARY RESOLUTION 4**

4. **Re-Appointment of Auditors**
   To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration.
   ORDINARY RESOLUTION 5

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

5. **ORDINARY RESOLUTION 6 - AUTHORITY TO ALLOT AND ISSUE SHARES**
   "THAT, subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
   ORDINARY RESOLUTION 6

6. **ORDINARY RESOLUTION 7 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES ("PROPOSED RENEWAL")**
   "THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that :-

   i. the aggregate number of shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

   ii. an amount not exceeding the Company's audited share premium and/or retained profits for the financial year ended 31 December 2011 will be allocated by the Company for the purchase of own shares; and

   iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

   AND THAT such authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

   AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."
   ORDINARY RESOLUTION 7

7. **SPECIAL RESOLUTION 1 - PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")**

   "THAT the Proposed Amendments to the Articles of Association of the Company as set out in Part A of the Circular to Shareholders dated 24 May 2012 be and is hereby approved and adopted.

   AND THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities." **SPECIAL RESOLUTION 1**

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

BY ORDER OF THE BOARD

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

Kuching, Sarawak
Dated this 24 May 2012

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.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 7 June 2012 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf at the meeting.

Explanatory Notes on Special Businesses

a. **Ordinary Resolutions 3-4 – Re-Election of Directors**
In accordance with Article 85 of the Company's Articles of Association, Dato Ir. Abang Jemat Bin Abang Bujang, Datuk Haji Hamden Bin Haji Ahmad and Cik Sulaihah Binti Maimuni retire by rotation at this Annual General Meeting. Dato Ir. Abang Jemat Bin Abang Bujang and Datuk Haji Hamden Bin Haji Ahmad offer themselves for re-election at this Annual General Meeting, however, Cik Sulaihah Binti Maimuni has indicated to the Board that she is not seeking re-election as director of the Company.

b. **Ordinary Resolution 6 – Authority to Allot and Issue Share**
This proposed resolution in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will unless revoked or varied by the Company in General Meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 16 June 2011. The Company did not utilize the mandate that was approved last year. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercises, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

c. **Ordinary Resolution 7 – Proposed Renewal of Authority to Purchase Own Shares ("Proposed Renewal")**
Please refer to the Statement to Shareholders in relation to The Proposed Renewal of Authority for Purchase of Own Shares dated 24 May 2012 for further information.

d. **Special Resolution 1 – Proposed Amendments to the Articles of Association of the Company ("Proposed Amendments")**
This proposed Special Resolution, if passed, will allow the Company to incorporate the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad to ensure compliance. Details of the Proposed Amendments are set out in Part A in the Circular to Shareholders dated 24 May 2012.

Statement accompanying Notice of Annual General Meeting

There is no person seeking election as Director of the Company at this Annual General Meeting.

NAIM HOLDINGS BERHAD
585467-M (Incorporated in Malaysia)

CDS account no. of authorized nominee

FORM OF PROXY

I/We ____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ____________________ (new) ____________________ (old)

of ____
(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint ______________________________

____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

NRIC NO./Passport No ____________________ (new) ____________________ (old) of

____
(FULL ADDRESS)

or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company to be held at at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak, Malaysia on Friday, 15th June 2012 at 11.00 a.m. or any adjournment thereof, in the manner indicated below:-

Resolutions		**FOR**	**AGAINST**
Ordinary Resolution 1	Adoption of the audited financial statements and reports thereto		
Ordinary Resolution 2	Approve payment of Directors' fee		
Ordinary Resolution 3	Re-election of Director: Dato Ir. Abang Jemat Bin Abang Bujang		
Ordinary Resolution 4	Re-election of Director: Datuk Haji Hamden Bin Haji Ahmad		
Ordinary Resolution 5	Re-appointment of Auditors : Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 6	Authority to allot and issue shares		
Ordinary Resolution 7	Proposed renewal of authority to purchase own shares		
Special Resolution 1	Proposed amendments to the Articles of Association of the Company		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Dated this ____________ day of ______________ 2012.

Number of shares held:

____
Signature of Shareholder(s)/Common Seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 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.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 7 June 2012 will be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf at the meeting.

1. Fold here / Lipat di sini

STAMP

The Company Secretary

NAIM HOLDINGS BERHAD

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

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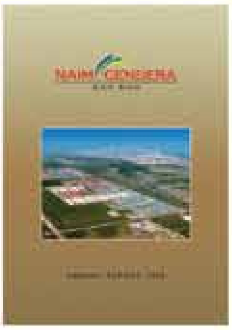
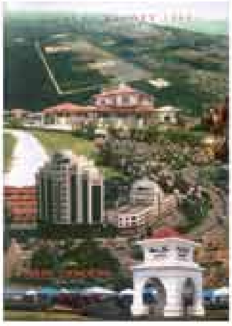
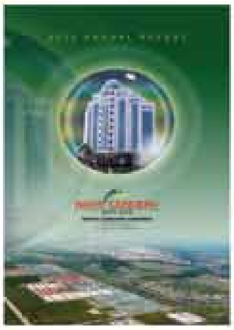
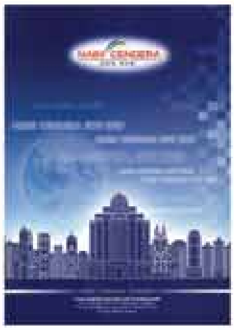
From where we Began . . .


Annual Report 1998
NAIM CENDERA SDN BHD

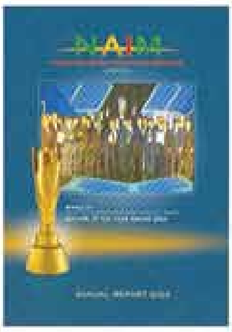

Annual Report 1999
NAIM CENDERA SDN BHD

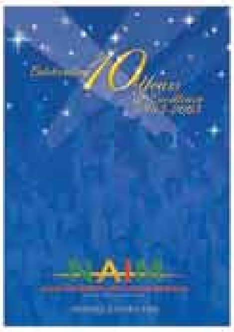

Annual Report 2000
NAIM CENDERA SDN BHD

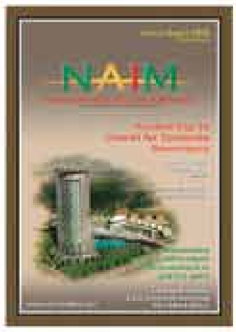

Annual Report 2001
NAIM CENDERA SDN BHD

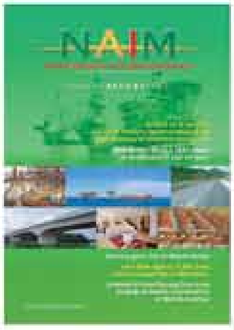

Annual Report 2002
NAIM CENDERA SDN BHD

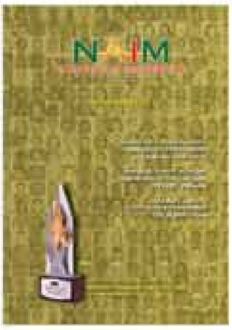

Annual Report 2003
NAIM CENDERA HOLDINGS BERHAD

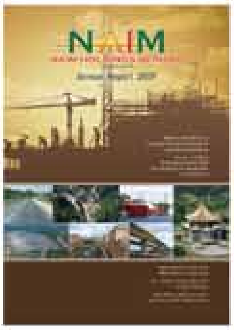

Annual Report 2004
NAIM CENDERA HOLDINGS BERHAD

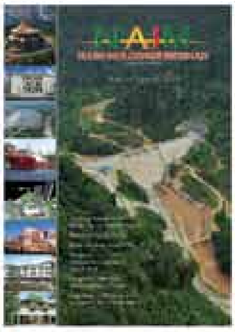

Annual Report 2005
NAIM CENDERA HOLDINGS BERHAD

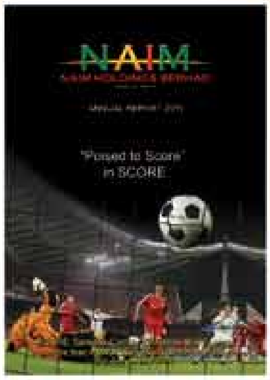

Annual Report 2006
NAIM CENDERA HOLDINGS BERHAD


Annual Report 2007
NAIM CENDERA HOLDINGS BERHAD


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


Annual Report 2009
NAIM HOLDINGS BERHAD


Annual Report 2010
NAIM HOLDINGS BERHAD


Annual Report 2011
NAIM HOLDINGS BERHAD

Naim is committed to sports, including the Football Association of Sarawak's Youth and Sport development program

NAIM HOLDINGS BERHAD

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile,

Rock Road, 93200 Kuching, Sarawak, Malaysia.

Tel: 6 082 411667 Fax: 6 082 429869

E-mail: enquiries@naim.com.my

Website: www.naim.com.my

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