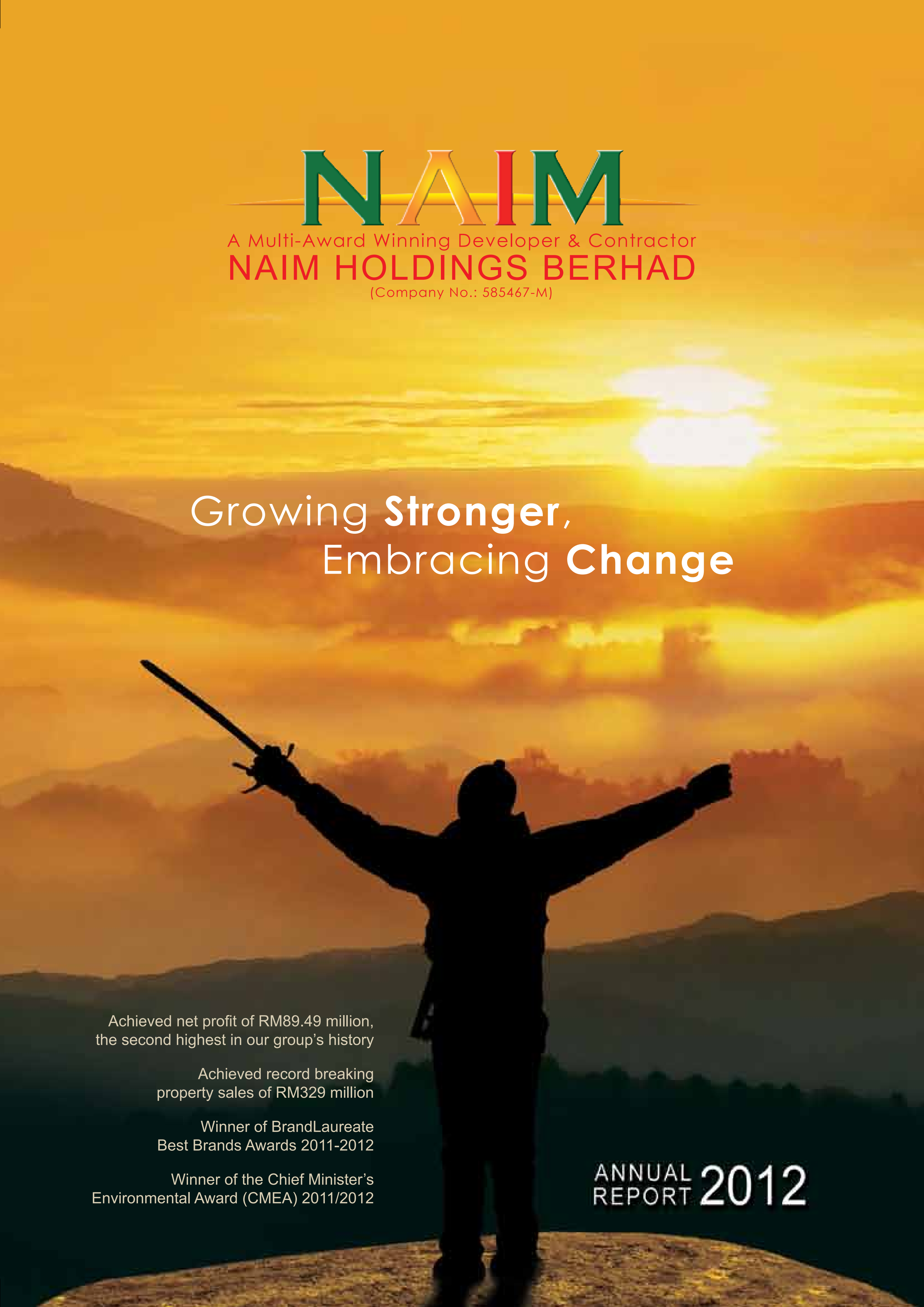


A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD

(Company No.: 585467-M)

Growing **Stronger**, Embracing **Change**

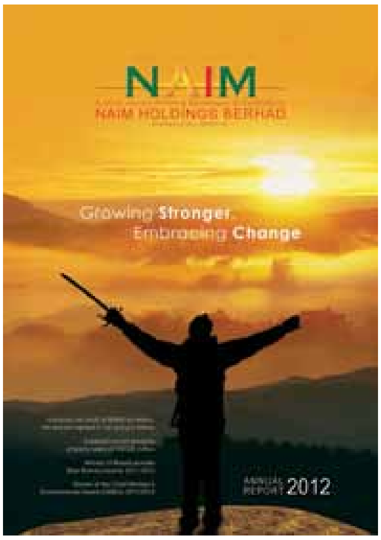
Achieved net profit of RM89.49 million, the second highest in our group's history

Achieved record breaking property sales of RM329 million

Winner of BrandLaureate Best Brands Awards 2011-2012

Winner of the Chief Minister's Environmental Award (CMEA) 2011/2012

ANNUAL REPORT 2012



Theme and Cover Design

Despite the challenging economic climate, we achieved a stellar performance in 2012, attributed to sound growth strategies, operational excellence and most importantly, an iron will to succeed as the Naim family. 2012 was about walking the talk, transforming for the better, making a difference not only for the Group but also for the environment around us, and rising to the challenges as one.

The theme for this year's annual report, 'Growing Stronger, Embracing Change' clearly demonstrates all these – we are dynamic and ride the wheels of change as one, and because of that, we grew stronger in 2012 and will continue to grow stronger.

The cover design which features a happy mountain climber basking in the light of dawn on the mountain top, signifies that we have succeeded in what we set out to achieve after overcoming gruelling challenges, and are savouring the fruits of our labour. The light of dawn signifies the dawning of a new era for Naim in times to come – although there will always be other mountains to conquer, we will charge on, scaling mountains and charting new frontiers, to carve a future which we will be proud of.

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.

NAIM
NAIM HOLDINGS BERHAD

Contents


BINTULU PARAGON 百乐城

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 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.

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 Responsibilities Statement

The Group's corporate responsibilities are summarised 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.

Performance At A Glance

Corporate Profile

Desa Ilmu, Kuching

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

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

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

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

Naim is also a Class A Contractor with ISO 9001 certification and has emerged as one of Malaysia's largest Bumiputera contractors which has carried out more than RM5 billion worth of works (including its own development projects). With its 'Zero Delay' policy, construction projects were completed on time, with some ahead of schedule.

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

Customer satisfaction year after year clearly demonstrates the philosophies of Naim's existence – excellent quality, timely delivery, value and customer service. This has resulted in a total of 15 industry awards being won since 2002, an acknowledgement of Naim's significant contribution in the property and construction sectors.

Group Financial Summary

Financial Performance		% Change From 2011
Revenue (RM'000)	492,782	+ 19.64
Profit Before Tax (RM'000)	112,861	+ 97.45
Net Profit Attributable to Owners of the Company (RM'000)	89,490	+ 91.92
Total Assets (RM'000)	1,397,453	+ 8.41
Shareholders' Equity (RM'000)	831,963	+ 11.35
Earnings Per Share (sen)	37.77	+ 91.92
NA Per Share (RM)	3.33	+ 11.35
Return On Equity (%)	10.76	+ 72.44
Gross Dividend (sen)	8.00	-
Gross Dividend Yield (%)	4.55 #	**

*** Gross Dividend Yield for 2011 was 4.88%. Effect of % change in yield is not presented.*
 # Based on year end share price of RM1.76

Financial Calendar

Financial Year End		31 Dec 2012
Announcement of Results	1st quarter	25 May 2012
	2nd quarter	30 Aug 2012
	3rd quarter	29 Nov 2012
	4th quarter	27 Feb 2013
Notice of Annual General Meeting		24 May 2012
Annual General Meeting		15 June 2012
First Interim Single-tier Dividend	Declaration	30 Aug 2012
	Ex-date	14 Sept 2012
	Book closure	19 Sept 2012
	Payment	12 Oct 2012
Second Interim Single-tier Dividend	Declaration	27 Feb 2013
	Ex-date	15 March 2013
	Book closure	19 March 2013
	Payment	18 April 2013

Investor Relations Service

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

10-Year Financial Highlights (in RM million)

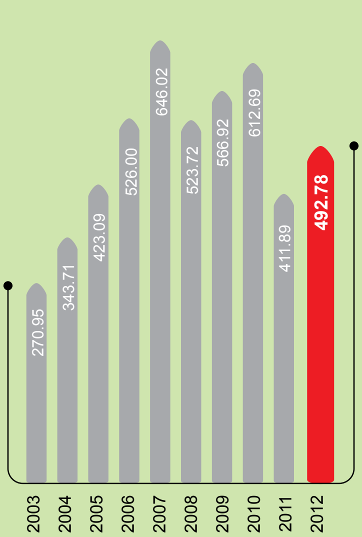
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue	270.95	343.71	423.09	526.00	646.02	523.72	566.92	612.69	411.89	**492.78**
Profit before taxation	77.99	114.96	123.13	104.85	126.33	104.30	115.53	132.04	57.16	**112.86**
Net Profit Attributable to Owners of the Company	48.48	69.50	79.15	66.23	76.27	80.75	84.98	97.75	46.63	**89.49**
Total Assets	567.30	657.48	710.28	793.84	906.92	955.92	1,057.16	1,054.62	1,289.06	**1,397.45**
Net Tangible Assets	380.86	422.61	459.50	487.68	537.96	586.75	652.36	714.38	738.22	**823.69**
Shareholders' Equity	352.23	400.09	459.50	489.82	539.32	587.65	652.36	724.02	747.18	**831.96**
Total Number of Shares of RM1.00 each	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	**250.00**
Earnings Per share (sen)	19.39	27.80	32.00	27.10	31.20	33.32	35.85	41.25	19.68	**37.77**
Gross Dividend Rate (%)	9% *	12%	12%	15%	15%	13%	8%	10%	8%	**8%**
Net Tangible Assets Per Share (RM)	1.52	1.69	1.84	1.95	2.15	2.35	2.61	2.86	2.95	**3.29**

Note: The financial highlights for the year ended 31 December 2003 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 2003), and are for illustrative purposes only.

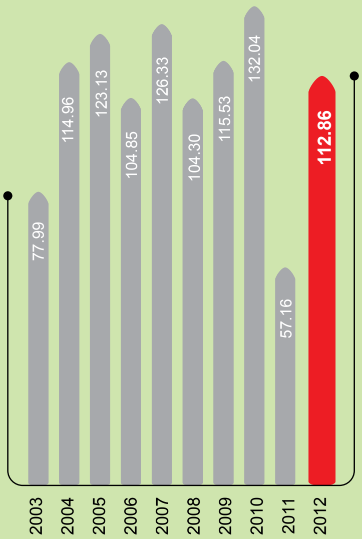
* In 2003 the gross dividend paid was RM22,500,000 based on the number of shares in issue, i.e. 250,000,000 shares.

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

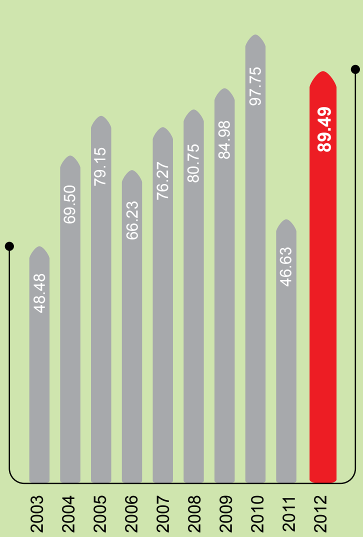
Revenue (in RM million)



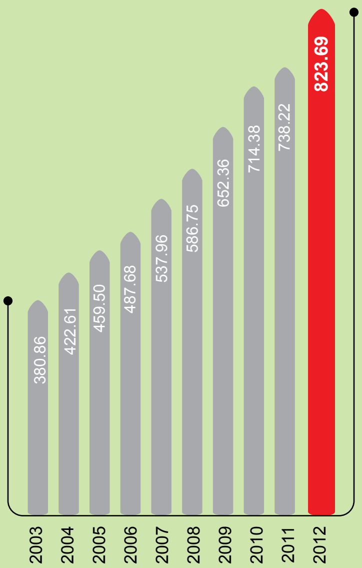
Profit Before Tax (in RM million)



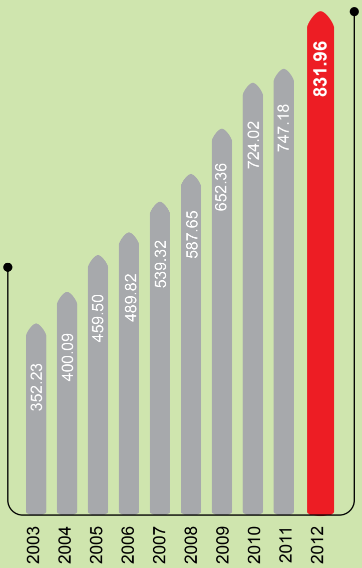
Net Profit Attributable to Owners of the Company (in RM million)



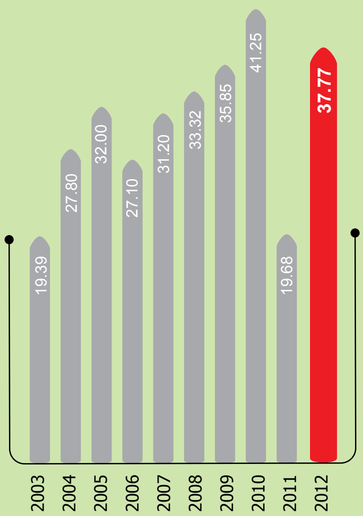
Net Tangible Assets (in RM million)



Shareholders' Equity (in RM million)

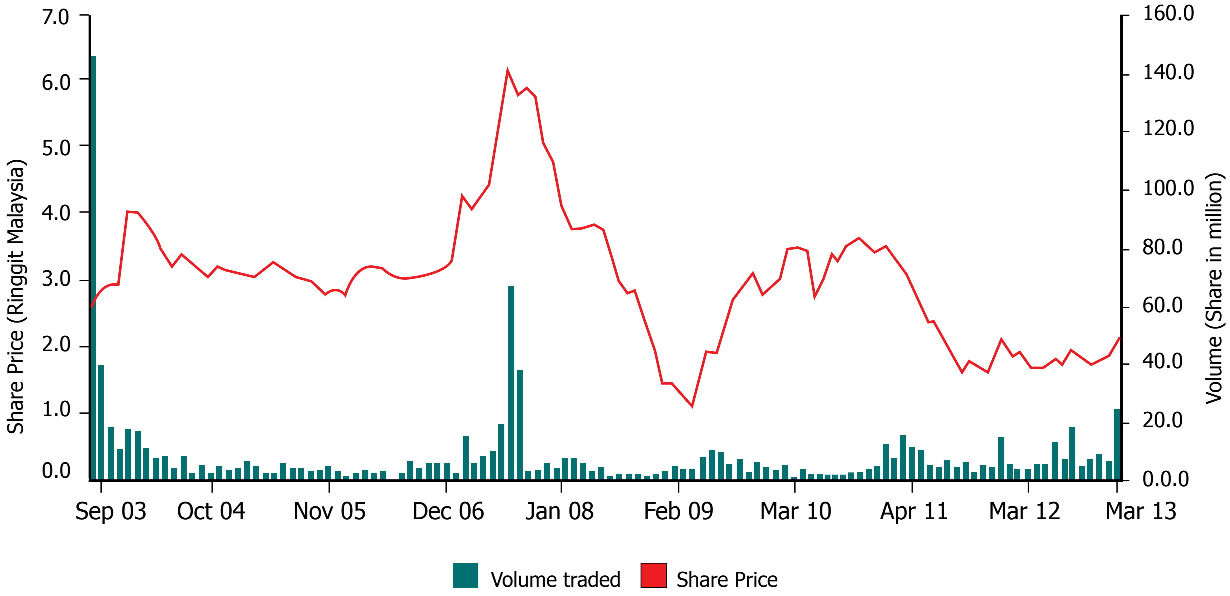


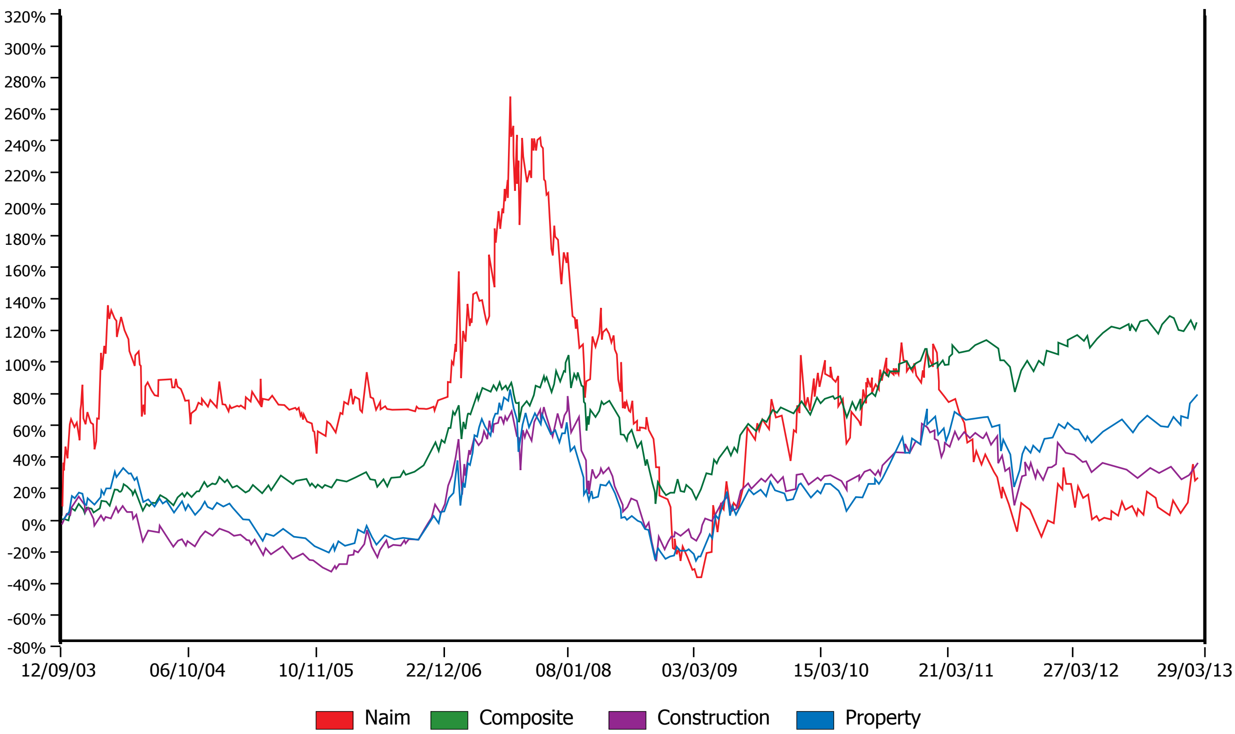
Earnings Per Share (sen)



Share Performance

NAIM HOLDINGS BERHAD Share Performance Chart
from 12 September 2003 to 28 March 2013





Corporate Information

Corporate Information

Board of Directors

Chairman
Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director
Datuk Hasmi Bin Hasnan

Deputy Managing Director
Wong Ping Eng

Independent Non-Executive Directors
Tan Sri Izzuddin Bin Dali
Dato Ir. Abang Jemat Bin Abang Bujang
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Datin Mary Sa'diah Binti Zainuddin

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

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

Registered Corporate Office
9th Floor, Wisma Naim,
2 ½ Miles Rock Road,
93200 Kuching, Sarawak, Malaysia
Tel : 082 411667
Fax : 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

Corporate Structure (at date of Annual Report)

A Multi-Award Winning Developer & Contractor

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

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

OIL & GAS

Dayang Enterprise Holdings Bhd

TWENTY THREE OTHER DORMANT COMPANIES

Board of Directors

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

2 **Datuk Hasmi Bin Hasnan**
Managing Director

3 **Wong Ping Eng**
Deputy Managing Director

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

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

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

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

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

9 **Datuk Haji Hamden Bin Haji Ahmad**
(not in picture)
Non-Independent Non-Executive Director

10 **Kho Teck Hock**
Company Secretary

11 **Bong Siu Lian**
Company Secretary

Profile of Board Members

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Malaysian aged
64

Date of Appointment
25 July 2003

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

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

Present Directorship in Non Listed Company
Sarawak Energy Berhad

Working Experience and Occupation
Prior to the Naim Group's listing, he was the Non-Executive Chairman of Naim Land Sdn. Bhd. since 12 October 1995. Whilst remaining active in the timber and plantation industries, Datuk Amar Abdul Hamed Bin Haji Sepawi 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.

"Chairman of Naim Land Sdn. Bhd. since 12 October 1995."

"The main driving force behind the company's growth and expansion."

Datuk Hasmi Bin Hasnan
Managing Director

Malaysian aged
60

Date of Appointment
25 July 2003

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

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

Present Directorship in Non Listed Company
Naim Incorporated Berhad

Working Experience and Occupation
He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993, he became the Managing Director of Naim Land Sdn. Bhd. and has since been the main driving force behind the company's growth and expansion. He was awarded the Property Man of the Year for 2008 by FIABCI in Kuala Lumpur.

Wong Ping Eng

Deputy Managing Director

Malaysian aged
39

Date of Appointment
29 November 2012

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

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

Tan Sri Izzuddin Bin Dali

Independent Non- Executive Director

Malaysian aged
64

Date of Appointment
27 February 2013

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

Working Experience and Occupation
He has served the Government for more than 35 years in various departments within the Ministry of Finance. In 2004, he was promoted to the position of Secretary General of Treasury, Ministry of Finance. He retired from government service in March 2007. He has previously served on a number of boards, including among others, Chairman of Kumpulan Wang Persaraan, Group Chairman of Syarikat Prasarana Negara Berhad, Chairman of Rapid Penang Sdn Bhd, Chairman of Cyberview Sdn Bhd, Chairman of Syarikat Pembinaan BLT Sdn Bhd, Non-Independent Non-Executive Director of Petronas, Malaysia Airlines System Bhd, Perbadanan Insuran Deposit Malaysia, Bank Negara Malaysia, Syarikat Bekalan Air Selangor, Uda Holdings Berhad, Malaysia Airports Holdings Berhad, Bintulu Port Sdn Bhd and Kuala Lumpur International Airport Berhad. His international stint also included board membership in the International Islamic Trade Finance Corporation, a subsidiary of the Islamic Development Bank, based in Jeddah.

He is currently the Chairman of Sarawak Hidro Sdn Bhd, the developer of the Bakun Hydroelectric Project, Bina Mashor Sdn Bhd, Proven Construction and Development Sdn Bhd and Prima Gading Sdn Bhd, as well as a Director/Advisor of several private limited companies.

Dato Ir. Abang Jemat Abang Bujang

Independent Non- Executive Director

Malaysian aged
60

Date of Appointment
25 July 2003

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

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

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

Independent Non-Executive Director

Malaysian aged
67

Date of Appointment
16 February 2005

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

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

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

He is also currently the Chairman of the Charitable Trust, Bandar Sri Aman Mosque and a member of the Yayasan Budaya Melayu Sarawak Charitable Trust. In addition, he is a Council and Board Member of Swinburne University of Technology Sarawak Campus.

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Independent Non-Executive Director

Malaysian aged
60

Date of Appointment
15 May 2007

Academic/Professional Qualifications

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

Working Experience and Occupation

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

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

In addition, he has written a book on Industrialised Buildings Systems (IBS) and has been involved in 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.

Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Malaysian aged
57

Date of Appointment
27 February 2013

Academic/Professional Qualification(s)
Bachelor of Social Science [Honours], Universiti Sains Malaysia

Present Directorship in other PLC(s)
KKB Engineering Berhad

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

Datuk Haji Hamden Bin Haji Ahmad

Non-Independent Non-Executive Director

Malaysian aged
65

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)
- Chartered Accountant
- Member of the Association of Chartered and Certified Accountants (ACCA) from the London School of Accountancy, United Kingdom and a Fellow of ACCA

Present Directorship in other PLC(s)
Sarawak Plantation Berhad
BLD Plantation Berhad

Working Experience and Occupation
He started his career as a Chief Accountant with the 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 was also 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 holds directorships in several private limited companies. On 25 April 2013, he was re-designated as Non-Independent Non-Executive Director.

Please refer to page 147 for Directors' securities holdings in the Company.

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 54 for Directors attendance at board meetings held during the financial year.

Talent Management and Development

Our team is the key to the continued success of the Group. As such, talent management and development is our priority. We are committed to invest in honing the talent, developing our people and rewarding them for their effort and initiatives. We have also put in place succession plans to ensure the Group's continued growth.

In addition, through our corporate sustainability programmes, we promote the spirit of voluntarism among our team.

Our initiatives reaffirm our commitment to make

Naim A TRULY GREAT PLACE TO WORK.

Human Capital Development

We believe that as the Group grows, our people grow with us. We provide avenues for the continuous development of our people via structured training and development interventions held throughout the year, designed for both personal and occupational enhancement. These training interventions were the result of a detailed training needs analysis done in an effort to close the performance gap. Combining internal and external training sessions, the areas covered ranged from technical/skills to management/soft skill related areas such as Teambuilding, Positive Attitude at Workplace, Quality at Workplace and Finance for Non Finance Managers. The total training hours achieved in 2012 was 20,810 hours, an increase of 2.04 times over 2011 training hours.

Employee Engagement and Productivity Improvement Programme

We encourage management engagement with our team to develop and motivate them in their work. Under this programme, periodic sessions are organised whereby senior management staff are invited to share their experience and best practices with our team. Such interactions also foster greater teamwork and camaraderie among our team members.

Executive Certificate in Management (ECIM)

A component in our succession planning, this programme is designed to develop the young and aspiring executives which have been identified. The focus of this programme is to expose the executives to current management practices and demonstrate the applicability of crucial concepts/techniques at the workplace. A total of 12 modules were carried out from March to August 2012 for 20 staff.

Naim Management Trainee Programme (NMTP)

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

This 12-month intensive programme includes both site and office attachment. Apart from the attachment,

Talent Management and Development (continued)

they were also required to attend the Executive Certificate in Management (ECIM) programme. Upon completion of the programme, participants are required to submit a training report on their observations, project assignment, learning points and proposals for improvements. Participants will then be assessed for their suitability to be employed in relevant areas.

The 1st batch of NMTP saw 2 graduates successfully absorbed into the Group. We recruited two new trainees for the programme in 2012.

Career Development Plan
We have also developed career development plans for high potential team members identified by their superiors. Two Career Development Assessment sessions (19 July and 20 September 2012) were held, with assessments done for a total of 21 staff. Consequently, individual career development plans were formulated for those concerned.

HR Reform Committee and Reform Labs
As talent management is a dynamic exercise, we have formed an HR Reform Committee on 12 January 2012, to facilitate continuous improvements in our HR infrastructure. The said committee comprises of representatives from various divisions/departments. In line with its objective, the committee has formulated 4 labs to focus on specific areas namely Recruitment and Selection, Performance Management, Training, Education and Development, and Engagement and Succession.

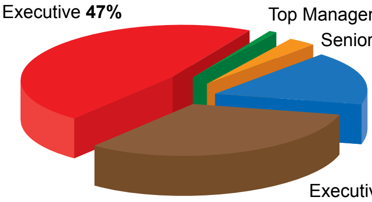
Performance Management
2012 saw the 3rd year Key Performance Indicators (KPI) implementation, with the inclusion of non-executive employees. In addition to the final yearly review, quarterly performance reviews were also carried out to encourage greater interaction between superiors and subordinates, discuss their work performance and improvement plans.

We have also introduced an online Employee Self Services (ESS) Performance Review to facilitate the review process, analysis of information and reporting process in this regard.

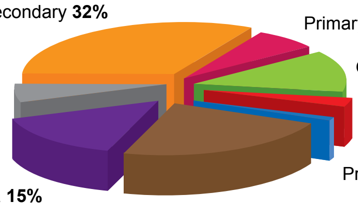
Our Workforce and Workplace Diversity
The Group encourages workplace diversity and provides equal opportunity for all team members – all team members irregardless of age, gender, race, religion, nationality and education work in harmony and have equal opportunity to succeed.

We also believe in recruiting the best talent available and developing them to achieve their full potential. As at 31 December 2012, with a total of 681 monthly staff working at various locations, 50% holds tertiary and technical qualification, consistent with our objective to absorb more young graduates and technically qualified employees into the workforce. Among our executive level employees, 78% possesses professional and/or postgraduate qualifications.

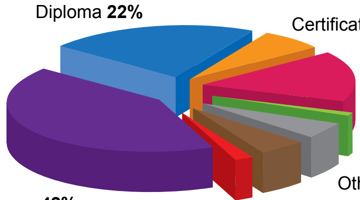
Manpower Distrubtion by Job Category as at 31 December 2012



Manpower Distrubtion for Monthly Paid Employees as at 31 December 2012



Manpower Distrubtion for Monthly Paid Employees (Executive & Above) as at 31 December 2012



Our Awards and Accolades

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

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

2007
The Malaysian Construction Industry Excellence Awards:
Contractor Award Grade7

2008
FIABCI Malaysia Property Award:
Property Man of The Year

2009
SHEDA Execellence Awards:
Top Developer In Residential Development

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

2004
KPMG Shareholder Value Awards

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

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

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

2005
Malaysia Corporate & Social Environment Responsibility Award

2002
CIDB Builders Building Works Category Awards:
Institutional Building Project

2003
SCCI Annual Corporate Report Awards:
Best Annual Report Award

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

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

Business Review

Letter to our Shareholders

Dear Shareholders

Despite the challenging economic climate, we have resiliently weathered storms, embraced changes, advanced with a stronger, more united team and made winning strides in 2012. You will be happy to hear that we have achieved net profit attributable to owners which is the **second highest in our group's history.**

We are growing stronger.


Perspective of Proposed Bintulu Paragon (An icon of Bintulu)

FINANCIAL PERFORMANCE

The Group achieved a commendable revenue of **RM492.8 million** for 2012, which represented a 19.6% increase as compared with 2011.

Overall Results

The Group achieved commendable revenue of RM492.8 million for 2012, which represented a 19.6% increase as compared with 2011. Profit before tax was up 97.5% at RM 112.9 million, and profit attributable to shareholders was up 91.9% at RM89.5 million, compared with 2011. Earnings per share rose by 91.9% to 37.77 sen as compared with 19.68 sen in 2011.

Contributions to Results
Contributions to overall revenue of RM492.8 million were as follows:
Property Division : RM 228.5 million / 46.4%
Construction Division : RM 223.4 million / 45.3%
Others : RM 40.9 million / 8.3%

Apart from revenue, other contributions to profit included a share of results in relation to our associates amounting to RM42.6 million and share of results of joint ventures of RM11.3 million.

Since its listing, Naim has consistently rewarded shareholders with good dividend payouts, amounting to an average payout ratio of 37%

Dividends

Despite the fact that Naim does not pursue a written dividend policy since its listing, it has consistently rewarded shareholders with good dividend payouts, amounting to an average payout ratio of 37% illustrated as follows:

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Gross Dividend rate	9%	12%	12%	15%	15%	13%	8%	10%	8%	8%	110%
Payout Ratio	46.4%	43.2%	37.5%	55.4%	48.1%	39.0%	22.3%	24.2%	40.7%	21.2%	
Gross Dividend payout (RM million)	22.5	29.7	29.5	36.7	36.7	31.2	19.0	23.7	19.0	19.0	267


Perspective of Proposed Bintulu Paragon


Perspective of Proposed Bintulu Paragon

During 2012, a total of two interim single-tier dividends (totalling 8.0 sen per share tax exempt) were declared and paid. They represented a distribution of 21% of the Group's profits for the year ended 31 December 2012. The dividend yield is about 4.55% based on the year-end share price of RM1.76. In the Board's opinion, it offers adequate short term financial returns to our investors whilst maintaining reasonable cash reserves for future growth, expansion of land bank, expansion and upgrading of plant, and other investments outlined in 'Looking Ahead' (Page 29-33).

Since listing, Naim has paid a total of RM267 million in gross dividends, more than its paid-up capital of RM250 million.

The dividend yield is about
4.55%

Since listing, Naim has paid a total of
RM267 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 up by RM111.3 million, from RM117.2 million in 2011 to RM228.5 million in 2012. This was due primarily to higher property sales in 2011, resulting in higher quantum of revenue recognised. We also experienced an increase in property sales in 2012, the resulting revenue of which will contribute positively to the Group's profit over the next 24 months.

The Property Division's contribution to revenue was up by RM111.3 million, from RM117.2 million in 2011 to **RM228.5 million in 2012**.

Bandar Baru Permyjaya, Miri

The Group secured two contract packages for the construction of six elevated stations for the **Klang Valley Mass Rapid Transit (KVMRT)** project in Peninsular Malaysia

Construction Division

The Construction Division's contribution to revenue was down by RM36.1 million, from RM259.5 million in 2011 to RM223.4 million in 2012 due to completion of certain projects.

On a more positive note, the Group secured two contract packages for the construction of six elevated stations for the Klang Valley Mass Rapid Transit (KVMRT) project in Peninsular Malaysia for which works are at the initial stage.

Other Division

The Other Division's contribution to revenue was up by RM5.7 million, from RM35.2 million in 2011 to RM40.9 million in 2012. This is a commendable performance, as this segment only managed to turn around from loss making to profit making in 2011. This was due primarily to lower operational cost in relation to the quarry operations.

Associate Company – Dayang Enterprise Holdings Bhd.

Dayang Enterprise Holdings Bhd. performed very well throughout 2012, registering a profit after tax of RM101 million, an increase of approximately 22% as compared with 2011. With its ongoing contracts of approximately RM1.2 billion to last at least until 2016, we expect this investment to contribute positively to the Group's results.

Riveria Bay Apartments

Other Oil and Gas Project

In 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 for 2012.

LOOKING AHEAD

Economic Situation

The global economy is still struggling to recover years after the occurrence of the global financial crisis in 2008, which saw thousands of investors being swept into the red, with no clear recovery in sight. The eurozone financial market and sovereign distress, slow recovery in the US and the less than expected growth in major emerging market economies caused global growth to drop to almost 3% in 2012.

Despite the weak and uncertain global economic conditions, Malaysia's economy has weathered the global slowdown remarkably well in 2012, due to strong domestic fundamentals, spurred by strong domestic demand. However, while it is undeniable that Malaysia's economic growth in 2013 would remain supported by strong domestic demand, the global economy looks set to remain uncertain, characterised by lacklustre growth and high dependence on government policies. The

Dayang Maju

> We are poised to set a new benchmark not only for Bintulu but also in Sarawak, with our iconic integrated development in Bintulu known as the **Bintulu Paragon**, the first phase of which was launched on 12 February 2013 in Bintulu and Sibu simultaneously

eurozone crisis is not 'out of the woods' yet and as such, would have significant impact on the global economy. As such, 2013 is going to be another challenging year for us.

We have exercised great caution in planning, embarked on changes in processes and key personnel towards continuous improvement, maintained operational excellence and worked as one in 2012 – our strong results this year is the outcome of the fruits of our labour. We will continue to charge on and are cautiously optimistic for the medium and long terms, for reasons highlighted herein.

Property

This is a challenging sector, with increased competition, higher construction costs, stricter bank lending regulations and high land cost. Nevertheless, we have finalised our plan to aggressively launch a range of new products which meet the market demand. We are poised to set a new benchmark not only for Bintulu but also in Sarawak, with our iconic integrated development in Bintulu known as the Bintulu Paragon, the first phase of which was launched on 12 February 2013 in Bintulu and Sibu simultaneously, starting with its Street Mall development. This was followed by its SOVO (Small Office Versatile Office) units, launched in April 2013. Response towards its Street Mall units has been overwhelming. In view of its prime location at the Bintulu old airport site and Bintulu's bustling business environment brought about by the Sarawak Corridor of Renewable Energy (SCORE), we expect great things of the Bintulu Paragon development for the longer term. Our land bank are located in key growth areas, perfect to leverage on the growth in these areas – this includes our land bank in Bintulu, which is perfectly located to capitalise on the SCORE 'boom'. Besides Bintulu, we have planned to launch new products ranging from commercial, highrise and landed properties in Kuching and Miri throughout 2013.

Perspective of Proposed Bintulu Paragon

Going beyond Sarawak, we have also set up an office in Kuala Lumpur to facilitate our expansion into those market regions.

Construction

We should be able to sustain short term earnings growth with our existing order book. For the short to medium term, we have submitted tenders for a number of sizeable projects and have already been shortlisted for a few of them, and with our strong track record, we are in a good position to leverage on this. Encouraged by the success of our bids for the MRT projects in Peninsula Malaysia and our road construction projects in Fiji (for which we have received commendation by the Fiji Government), we are also seeking further opportunities in those market regions.

For the longer term, we have our eyes firmly on SCORE – with more than RM40 billion worth of investments, some of which will be translated into construction contracts and materials supply over the next decade. As a local contractor who has a track record for delivery on or ahead of time to the quality expected by our clients and within budget, we are capable of tackling these projects.

Other

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

Associate Company

Our associate, Dayang Enterprise Holdings Bhd. is expected to contribute positively to our results in the near future. Its bid for works in relation to the Pan Malaysia hook-up commissioning job if successful, would provide a good replenishment to its order book.

Oil and Gas

Our alliance Joint Venture with Samsung and Petronas for Sabah Oil and Gas Terminal is progressing smoothly. With the experience garnered from this venture, we are bidding for a few sizeable construction projects in relation to infrastructure works in the oil and gas industry for 2013, which we are cautiously optimistic of securing some.

> As infrastructure development is one of the main focus areas by the Sarawak Government, we expect more government funds to be allocated for this purpose

> For the longer term, we have our eyes firmly on **SCORE**


Sabah Oil and Gas Terminal (SOGT)

CORPORATE AFFAIRS

Corporate Governance

We 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 organisation. The main objective of maximising long-term economic value shall and will remain the Group's core value, whilst maintaining a sustainable business growth.

Human Resources

2012 saw the 3rd year of our Key Performance Indicators (KPI) implementation, with the inclusion of non-executive employees. We have also embarked on notable initiatives such as the introduction of online Employee Self Services (ESS) Performance Review to facilitate performance management process and setting up of the HR Reform Committee and its four labs to look into improvements in HR policies, procedures and practices. All such initiatives allow us to fully leverage on our human capital to drive performance towards sustainable growth.

Corporate Social Responsibility

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

> The Group is committed to its triple bottom line and its determination to fulfill this responsibility can be seen to extend far beyond statutory obligations and compliance with legislation

We have always taken into consideration the interests of community in which we operate and to assume the responsibility for the impact of our business activities on customers, suppliers, employees, shareholders, communities and the environment. The Group is committed to its triple bottom line and its determination to fulfill this responsibility can be seen to extend far beyond statutory obligations and compliance with legislation.

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


Festive Cheer To PERKATA School

Salvation Army's Sale of Work

NAIM Office at Sublot 12, Rock Commercial Center, Jalan Green

ACKNOWLEDGEMENTS

Our good performance in 2012 was a great achievement and for that we wish to acknowledge the outstanding work by our team which includes not only our employees, but also our Directors, joint venture partners, sub-contractors, consultants, financiers, associates and service providers who have worked along with us every step of the way. Our sincere gratitude also goes to all Ministries, Departments, Statutory Bodies and Regulatory Agencies who have co-operated and guided us in 2012.

We would also like to express our heartfelt thanks to our customers and shareholders for your unwavering support throughout the years. Your faith in us challenged us to continuously improve ourselves and forms the cornerstone upon which we strive for profitability and excellence.

On this note, we would like to acknowledge the contribution of our outgoing Directors for their support over the years. We wish to convey our thanks to Dato William Wei How Sieng, Mr Kueh Hoi Chuang and Cik Sulaihah Binti Maimunni for their efforts. We would also like to welcome our new Directors, Ms Wong Ping Eng, Tan Sri Izzuddin Bin Dali and Datin Mary Sa'diah Binti Zainuddin to the Naim family – we greatly look forward to their kind guidance and assistance to bring Naim to greater heights for the benefit of all stakeholders.

For 2013, we have set ourselves a modest target – with the support of our customers and clients, and commitment of our team and barring any unforeseen circumstances and factors beyond our control, we are confident we can achieve this and look forward to an even more exciting year ahead!

Thank you and our warmest regards.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Performance Overview


Small Office Versatile Office (SOVO) Perspective, Bintulu Paragon


Small Office Versatile Office (SOVO) Perspective, Bintulu Paragon


Small Office Versatile Office (SOVO) Perspective, Bintulu Paragon

Property was the main driver of earnings for the Group, contributing to approximately 46.4% of total revenue in FY2012. This was followed by Construction and Others, which contributed approximately 45.3% and 8.3% respectively.

PROPERTY DIVISION

Property Sales

The Group achieved record breaking sales in 2012 with a total sales value of RM329 million. A total of 783 units comprising residential and commercial properties were sold, with successful launches being held in Kota Samarahan, Kuching and Bandar Baru Permyjaya, Miri throughout the year.

New Property Developments

Phase 1 of our much awaited integrated development in Bintulu known as the Bintulu Paragon was launched in February 2013, commencing with its Street Mall development component, followed by Small Office Versatile Office (SOVO) units in April 2013. With its total GDV of approximately RM2 billion and the 'boom' created by the SCORE investments, Bintulu Paragon will provide earnings for the longer term. For our Batu Lintang development, we are in the final stage of relevant approvals and we target to launch the development in Q2 2013. Moving forward, we have also planned for launches in Kuching, Bintulu and Miri throughout 2013 comprising apartments, condominiums, terrace, semi-detached and detached houses, and also shoplots. With over 2,600 acres of prime land bank located at Sarawak's key growth areas namely Bintulu, Miri and Kuching, we can expect a bright future for the group. We are also looking at expanding our land bank through direct purchase of suitable land and joint ventures.

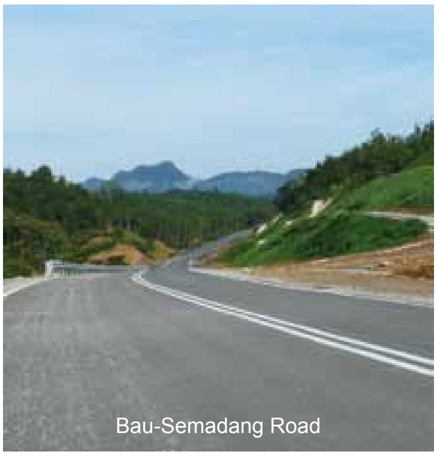

Street Mall Perspective, Bintulu Paragon

Property Investment Division

Permy Mall located in Miri, our first property investment project launched in December 2011, has done very well for 2012. The mall is about 94% tenanted and is yielding a good return on investment. With its strategic location, good tenant mix and Giant Hypermarket as its anchor tenant, Permy Mall receives good response not only from residents of Bandar Baru Permyjaya but also residents from other areas.

In anticipation of Miri's expanding population, plans are underway to provide more retail offerings, a hotel and an apartment.

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


Bau-Semadang Road

CONSTRUCTION DIVISION

Completed Projects

During the year, the Division successfully completed two projects in Sarawak, namely the Kompleks Islam Sarawak (Sarawak Islamic Complex), Kuching and Bau-Semadang Road.

The Kompleks Islam Sarawak located in the Kuching city area was built as part of the Government's initiative to provide more opportunities and benefits for the Islamic community to participate in business. It comprises of a single-block multi-purpose hall and a 17-storey office block to house offices, retail outlets and library. It boasts a unique architecture, where the contemporary and the classic meet.

The Bau-Semadang Road comprises a 12.4km access into the mountainous hinterland to Kampung Puruh Semadang/Kampung Puruh Garung in the Padawan district, Kuching, as well as concrete bridges over Sg Krokong, Sg Raden and Sg. Sarawak Kiri. The road provides easy vehicular access to the Bengoh Resettlement Scheme.


Kompleks Islam Sarawak
(Islamic Complex)


Permy Mall, Miri


Bengoh Resettlement Scheme


Bengoh Resettlement Scheme


Bengoh Resettlement Scheme

Ongoing Projects

The Terbat/Pankalan Amo/Tebedu Road Project at the Samarahan Division comprises two sections:
Section A – 7 kms from Kampung Terbat to Kampung Tragu
Section B – 1.4 kms from Kampung Tragu to Kampung Mapu Kijabu

Upon completion of these access roads, residents of these villages are able to transport their products or produce to nearby towns such as Serian and Tebedu for sale.

Works for the project are proceeding on schedule and the project is expected to complete in early 2014.

Works for the 204 units of Rumah Mesra Rakyat (RMR) at the Bengoh Resettlement Scheme are ongoing and expected to complete by mid 2013. This project will benefit residents of the four villages affected by the Bengoh Dam impoundment. In addition to the houses, residents will also be provided with agricultural plots and infrastructure facilities/ services such as access roads, water and electricity supply and telecommunications services. In addition, Naim, as part of its corporate social responsibility initiatives will be contributing community halls, church and chapel and priests' quarters for the scheme.

Other ongoing projects include the Murum Resettlement Projects and Fiji National Highway Rehabilitation Project, which are expected to complete on schedule.

Peninsular Malaysia, Here We Come

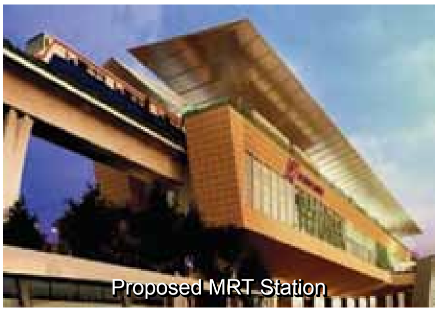
We were awarded two station packages under the multi-billion Klang Valley Mass Rapid Transit (KVMRT) project, namely Station Package S4 which includes Section 16, Pusat Bandar Damansara and Semantan, as well as Station Package S2 which includes Bandar Industri Sg Buloh, PJU 5 and Dataran Sunway. Naim was the first East Malaysian Contractor to be awarded such packages. The projects are expected to complete by early 2016.


Bengoh Resettlement Scheme

Dayang Berlian

Future Projects

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



Proposed MRT Station

Proposed MRT Station

Oil and Gas Division

The Oil and Gas Division's first major project, the Sabah Oil and Gas Terminal (SOGT) is an Alliance Contract with Samsung of Korea and Petronas. In addition to the income derived, we have gained valuable experience and exposure in this highly internationally competitive sector.

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

Associate Company

Dayang Enterprise Holdings Bhd. (Dayang) achieved a stellar performance this year, with a profit after tax of RM101 million, due to higher contribution from its business segments.

With the Government's efforts to expand the oil and gas production, which led to among other things, the PAN Malaysian hook up and commission contract, there will be good opportunities for Dayang to replenish its order book should it be successful in bidding for such jobs.

Corporate Social Responsibility

Our approach to corporate social responsibility is firmly based on the values which have been stated in our Group's vision and mission statements, and our corporate responsibilities statement.

Our engagement in corporate sustainability has the following objectives:

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

One of the notable efforts towards this end is the setting up of Tabung Amanah Naim (Naim Trust Fund) in 2004 which seeks to provide assistance in areas namely education, relief of distress, promotion of unity through sports, arts and culture, religious worship or advancement of religion and other patriotic or charitable purposes. The trust fund is expanded on an annual basis by donations from the Group and its subsidiaries. To date, the fund has contributed close to RM3.7 million for various purposes.

We have also established a scholarship scheme under Tabung Amanah Naim in 2005, which covers full academic fees, lodging and books. Since its establishment, we have awarded a total of 25 scholarship.

In addition, we have made corporate donations of some RM800,000 for various welfare, charitable, sports, religious, disasters and education purposes during the year.

We endeavour to integrate our role as a corporate citizen with our day to day activities. We are committed to our Triple Bottomline – people, planet, profit.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE) POLICY

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

We are determined that our activities shall not have any detrimental health and safety impact on our employees, subcontractor's employees, customers or any member of the community at large. Our QHSE Management is a coherent system of ISO 9001:2008, OHSAS 18001:2007 and EMS 14001:2004 and is recognised by the Moody International. We have also engaged a well qualified HSE Manager recognised by the Department of Safety and Health who is tasked to focus on QHSE related matters. Due to our rigorous enforcement of our QHSE policies, we achieved safety milestones of more than one million manhours without lost time injury (LTI) for our Kompleks Islam Sarawak Project and the Bengoh Resettlement Scheme Project as well as five million manhours without LTI for our Sabah Oil and Gas Terminal (SOGT) Project.


1) 13 & 14 November 2012


2) 15 December 2012


3) Ongoing Tool Box QHSE Safety Briefing

1) 13 & 14 November 2012

Safety Training
NIOSH and PERKESO held the Behavioural Based Safety (BBS) training and 20 Naim staff attended the said training.

2) 15 December 2012

Naim Celebrates 1 Million Manhours Without Lost Time Injury (LTI)
1 million manhours without Lost, Time and Injury (LTI) celebration at the Bengoh Resettlement Scheme.

3) Ongoing Tool Box QHSE Safety Briefing
Such briefings are held to create awareness towards QHSE, inculcate the QHSE culture in the minds of staff and address current QHSE related issues.


Kompleks Islam Sarawak
(Proper chemical storage area to prevent pollution)


Balingian Bridge
(Usage of used tyres in construction)

ENVIRONMENTAL RESPONSIBILITY

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

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

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


1) 31 December 2012


2) 28 October 2012


3) 19 – 22 December 2012

1) 31 December 2012

Gotong Royong Event
Naim staff participated in landscaping and tree planting at Kompleks Kebajikan Hamidah Yakup in Miri.

2) 28 October 2012

'World Walking Day'
Rain failed to dampen the spirits of 59 staff, as they enthusiastically walked for the event.

3) 19 – 22 December 2012

Naim Doing Its Part For Fiji
Post disaster clean-up efforts in Nadi, Fiji after it was hit by the devastating Cyclone Evan.

1) 10 January 2012

2) 23 - 25 March 2012


3) 8 April 2012


4) 14 April 2012

COMMUNITY

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

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

1) 10 January 2012

Naim Sponsors The 'Crocs'
Naim contributed RM300,000 to the Football Association of Sarawak's (FAS) youth and sports development programme for the second consecutive year. Our Group MD, Datuk Hasmi presented the mock cheque to FAS President, Datuk Sudarsono Osman before the new training season.

2) 23 – 25 March 2012

Naim Team Tennis Invitational Tournament
Naim Land Sdn Bhd was one of the main sponsors of the Naim Team Tennis Invitational Tournament organized by the Miri Division Lawn Tennis Association (MDLTA), held at the Miri Tennis Centre. The tournament saw over 40 participants with teams from Sabah and Kuala Lumpur apart from Sarawak.

3) 8 April 2012

Naim Celebrates Easter With Young Patients At The Sarawak General Hospital
30 Naim staff brought Easter cheers to children who were patients at the Sarawak General Hospital (SGH). It was a few hours of fun time with the children, with Easter eggs and other tidbits being distributed.

4) 14 April 2012

Naim Sponsors The Youth Badminton Development Programme
Naim sponsored the Sarawak Junior Badminton Development Training Programme for the seventh consecutive year. On hand to receive the sponsorship was Dominic Lim, the coach for programme, witnessed by 10 trainees.


1) 15 April 2012


2) 16 May 2012


3) 19 May 2012


4) 22 May 2012


5) 23 June 2012

1) 15 April 2012

Naim Joins 'Spread The Love' Fundraising Event
Naim participated in the 'Spread The Love' charity fundraising event organised by the Young Malaysians Movement (YMM) Sarawak, in aid of the Kuching Autistic Association and PERKATA Special School.

2) 16 May 2012

Naim Contributes To Miri City Day
Naim made a RM150,000 contribution towards the annual Miri City Day, an event held to commemorate the day when Miri was declared a city. The contribution was handed over to Miri City Council. Naim has been a major sponsor for the event since 2005.

3) 19 May 2012

Naim Helps Create Organ Donation Awareness
Naim sponsored 177 staff for the 'Race Against Time' organ donation awareness fun run jointly organised by The Malaysian Society of Transplantation, Sarawak General Hospital, Sarawak State Health Department, the Pullman Kuching and Novartis. Participation consisted of a 7km race or 5km fun run.

4) 22 May 2012

Sharing Is Caring
Naim and the Society for Kuching Urban Poor (SKUP) jointly organised a charity event at Sg Apong where necessities and other goodies were handed to 47 recipients. The items contributed for each recipient were a bag of 2kg of rice, bread and cakes. Naim staff also contributed other items such as clothings, bags and scarves to recipients.

5) 23 June 2012

Naim Organises Blood Donation Drive
Naim, Sarawak General Hospital and Red Crescent Society jointly organised a blood donation drive to replenish the hospital's blood bank supply. More than 26 staff participated in the said drive.

1) 29 July 2012

2) 31 July 2012

3) 31 August 2012

4) 28 September 2012

5) 4 November 2012

1) 29 July 2012

Naim Carboot Sale

Naim organised a carboot sale, with proceeds being donated to the Kuching Autistic Association to fund the construction of its new centre.

2) 31 July 2012

Naim Promotes Goodwill During Ramadhan Season

Naim handed over contributions to one masjid and five surau in the Samarahan district as part of its annual Ramadhan contribution. The recipients were chosen as they were located in close proximity to our Desa Ilmu and Riveria townships.

3) 31 August 2012

Naim Doing Its Part For Less Fortunate Children

Naim participated in Salvation Army's Sale of Work event in aid of the less fortunate children under the latter's care, as part of its commitment to assist the needy.

4) 28 September 2012

Naim Contributes To 'Majlis LAN Berambeh Anak Sarawak' Event

Naim contributed RM20,000 to the said event, which was organised by the Persatuan Anak Sarawak Semenanjung at the Putra World Trade Centre, Kuala Lumpur to promote camaraderie among the Sarawakian students in Peninsular Malaysia.

5) 4 November 2012

Naim Lends A Helping Hand To PIBAKAT

Naim took part in a charity sale organised by PIBAKAT, a non-profit organization which provides an avenue for parents of special children to look into the welfare of, as well as advocacy for, their children.


1) 6 - 7 December 2012


2) 20 December 2012


3) 23 December 2012


4) Interns In Action

1) 6 – 7 December 2012

Naim Teams Up With Sarawak Energy For Pesta Penan Murum

Naim and Sarawak Energy Berhad jointly organized the first ever Murum Penan Sports Carnival where more than 1000 Penans from Murum and 100 guests from the surrounding community – namely Punan, Kejaman, Sekapan and Tanjong – attended and participated in the activities held during the carnival. The event was held to promote better camaraderie among all concerned.

2) 20 December 2012

Naim Brings Festive Cheer To PERKATA School

Naim upheld the spirit of giving by throwing a X'mas party for some 40 special needs students of the Association for the Welfare of Intellectually Disabled Children (PERKATA) school at their premises in Jalan Ong Tiang Swee. 60 Naim staff were on hand to entertain the children with Christmas carolling, games sessions and gifts distribution.

3) 23 December 2012

Naim Brings Festive Cheer To Single Mother

Naim, together with Hope Church shared the joy of Christmas with the family of Engker Jiseng, a single mother of 15 children by holding a X'mas party for them at Engker's parents' residence at Kampung Apar Bau. Among the activities for the evening were Christmas caroling and distribution of gifts. The team presented the family with basic necessities and RM5,000 cash donation.

4) INTERNSHIP PROGRAMME

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

In this regard, Naim has an ongoing internship program which provides undergraduates and graduate students opportunities to perform their industrial training with Naim as part of their course requirements. In 2012, a total of 43 students underwent their internship with us.

Naim in the News

Naim bullish backed by strong property division

Naim launches Riveria Bay project, expects quick grab

LOTS OF SPACE: An artist's impression of the Oak double-storey detached units.

Limited Oak double-storey detached units available

Youth badminton development gets corporate sponsorship

纳英9年内设房产信托

Company offers cash vouchers to house buyers

Customers queue up for Naim's single-storey properties

Bengoh Dam Resettlement Scheme progressing well

Changing town's skyline

Naim embarks on multi-faceted Bintulu Paragon development

By JACK WONG

Naim becomes first East Malaysian contractor to win main package job for massive MRT project

KUCHING: Naim Holdings Bhd (Naim) became the first East Malaysian construction company to be awarded one of the main packages of the Klang Valley My Rapid Transit (MRT) project.

According to the research arm of TA Securities Holdings Bhd (TA Securities), there were 11 out of the total 14 pre-qualified tenderers who had submitted their bids for the package.

"This is one of the first two station works packages awarded by Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) to Naim," said TA Securities.

Semantan elevated stations and other associated works.

The research firm noted that by securing this prominent project, Naim's penetration into the MRT project in Klang Valley would allow the group to price itself more competitively for future packages, including those of line two and line three, due to partial savings from the costs of mobilisation of construction team and some preliminary items.

The group is expected to complete this project by the second quarter of 2015.

Based on 10 times cycle year 2013

Naim treats 40 special students to X'mas party

Naim's latest launch receives great response

Corporate Diary 2012


1) 12 January 2012


2) 10 February 2012


3) 10 March 2012

4) 10 - 11 March 2012

1) 12 January 2012

HR Reform Committee's (HRRC) First Meeting Session

As a follow up to the Management meeting held at the end of 2011, Naim formed the HRCC to look into reforms of its current HR policies, procedures and practices. The HRCC held its first meeting on 12th January 2012, focusing on the roles and responsibilities of the said committee and its four labs.

2) 10 February 2012

'Out of Quality, Out Of Business' Talk @ Construction Division Office

The second session of the Employee Engagement and Productivity Improvement Programme was conducted by Project Director, Mr. Teo King Heng on the topic "Out of Quality, Out of Business'.

3) 10 March 2012

Earth Breaking Ceremony @ Bengoh Resetllement Scheme (BRS)

The Earth Breaking Ceremony for BRS was officiated by the Minister of Resource Planning and Environment (II), Minister of Public Utilities and Minister of Industrial Development, Sarawak, YB Datuk Amar Haji Awang Tengah Bin Ali Hassan. The event marked the start of construction of the Rumah Mesra Rakyat (RMR) units for villagers affected by the Bengoh Dam impoundment.

4) 10 - 11 March 2012

RTM Roadshow @ Permy Mall, Miri

Hosted by Permy Mall, the RTM roadshow made headlines with the event 'Miri.fm bersama Agensi-agensi Kerajaan dan Swasta'. The event was officiated by the Minister of Energy, Green Technology and Water, Malaysia, YB Dato' Sri Peter Chin Fah Kui.

Corporate Diary 2012 (continued)


1) 21 – 22 March 2012


2) 29 March 2012

3) 2 April 2012


4) 1 May 2012

1) 21 – 22 March 2012

In-House Executive Certificate In Management @ Wisma Naim

A total of 20 Naim personnel attended the training session which facilitated by Mr. Tan Kwang How, HR Consultant. The course aimed to sharpen, develop and broaden the skills and knowledge of young executives in the company.

2) 29 March 2012

SHEDA Annual Dinner 2012 & Excellence Awards 2011 @ BCCK

The Sarawak Housing and Real Estate Developers Association (SHEDA) held their annual dinner and excellence awards ceremony at the Borneo Convention Center Kuching (BCCK) with the theme ‘Red Gala Night’. Naim was one of the co-sponsors of the event.

3) 2 April 2012

Naim’s Managing Director’s Address @ Pullman Hotel, Kuching

Naim’s MD, Datuk Hasmi Hasnan gave an address to the staff on the Company’s latest update and business direction.

4) 1 May 2012

Labour Day Celebration @ BRS & Dewan Dato Permaisuri, Bandar Baru Permyjaya

In conjunction with the Labour Day, a walkathon was organized at the Bengoh Resettlement Scheme where staff and members of the public walked the distance of 3.5kms. Naim’s staff in Miri also had their celebrations at the Dewan Dato Permaisuri, Bandar Baru Permyjaya. Among the fun activities held were jogathon and wheel-barrow race.

1) 8 May 2012

2) 28 - 31 May 2012

3) 15 June 2012

4) 14 September 2012

5) 28 - 30 September 2012

1) 8 May 2012

The BrandLaureate Best Brands Awards 2011-2012 Gala Dinner @ Sunway Resort Hotel & Spa, PJ

Naim was awarded a special category award, The BrandLaureate Conglomerate Awards under the BrandLaureate Best Brands Awards 2011-2012 by the Asia Pacific Brands Foundation. The award was presented during the gala dinner held at Sunway Resort Hotel and Spa, Petaling Jaya.

2) 28 – 31 May 2012

Achieving Personal Excellence (APEX) Programme @ 360 Hotel, Kuching

20 Naim staff from various divisions/departments attended the 4-day leadership training programme developed for individuals actively involved in team-based competitive environments.

3) 15 June 2012

Annual Dinner 2012 @ Pullman Hotel, Kuching

Some 300 Naim staff attended the Floral-themed annual dinner last year at the Pullman Hotel. The dinner was packed with various performances by staff, with special awards presented to various staff in recognition of their exemplary performance in the Company.

4) 14 September 2012

Management Brainstorming Session @ Pullman Hotel, Kuching

Naim's management team came together for a brainstorming session at the Pullman Hotel to chart the future growth of the Company.

5) 28 - 30 September 2012

SHEDA Home & Property Roadshow @ BCCK

Naim's Property Sales team participated in the 3-day roadshow organized by the Sarawak Housing and Real Estate Developers Association (SHEDA) at the Borneo Convention Center Kuching (BCCK).

1) 3 November 2012

SCCI Corporate Report Awards 2012 & 61st Annual Dinner@ Hilton Hotel, Kuching

Naim was adjudged one of the winners for the Sarawak Chamber of Commerce and Industry (SCCI) Annual Corporate Report Awards 2012, with the award presentation held during its annual dinner event attended by various Naim's representatives. Naim's Independent Non-Executive Director, Datu (Dr) Haji Abdul Rashid Bin Mohd Azis received the award on behalf of the Company.

2) 16 November 2012

Naim Miri's Media Night @ Parkcity Everly Hotel, Miri

Members of the press were invited to our Miri Media Night themed "70's Night". It was a night filled with great food and fun games.

3) 30 November 2012

Chief Minister Environmental Award (CMEA) 2011/2012 Night @ Pullman Hotel, Kuching

Naim was adjudged the winner for the CMEA 2011/2012 in relation to the Large Enterprise Industries (Construction) category. The event was officiated by the Chief Minister of Sarawak, YAB Pehin Sri Haji Abdul Taib Mahmud and representing Naim to receive the award were its Executive Director, Abang Hasni Bin Abang Hasnan and Senior Director for Corporate Services, Kho Teck Hock.

4) 14 December 2012

Kuching Media Nite @ LightHouse, Kuching

Naim organised a Media Nite for its media friends in Kuching at the LightHouse, Brighton Square. About 120 media personnel attended the event.

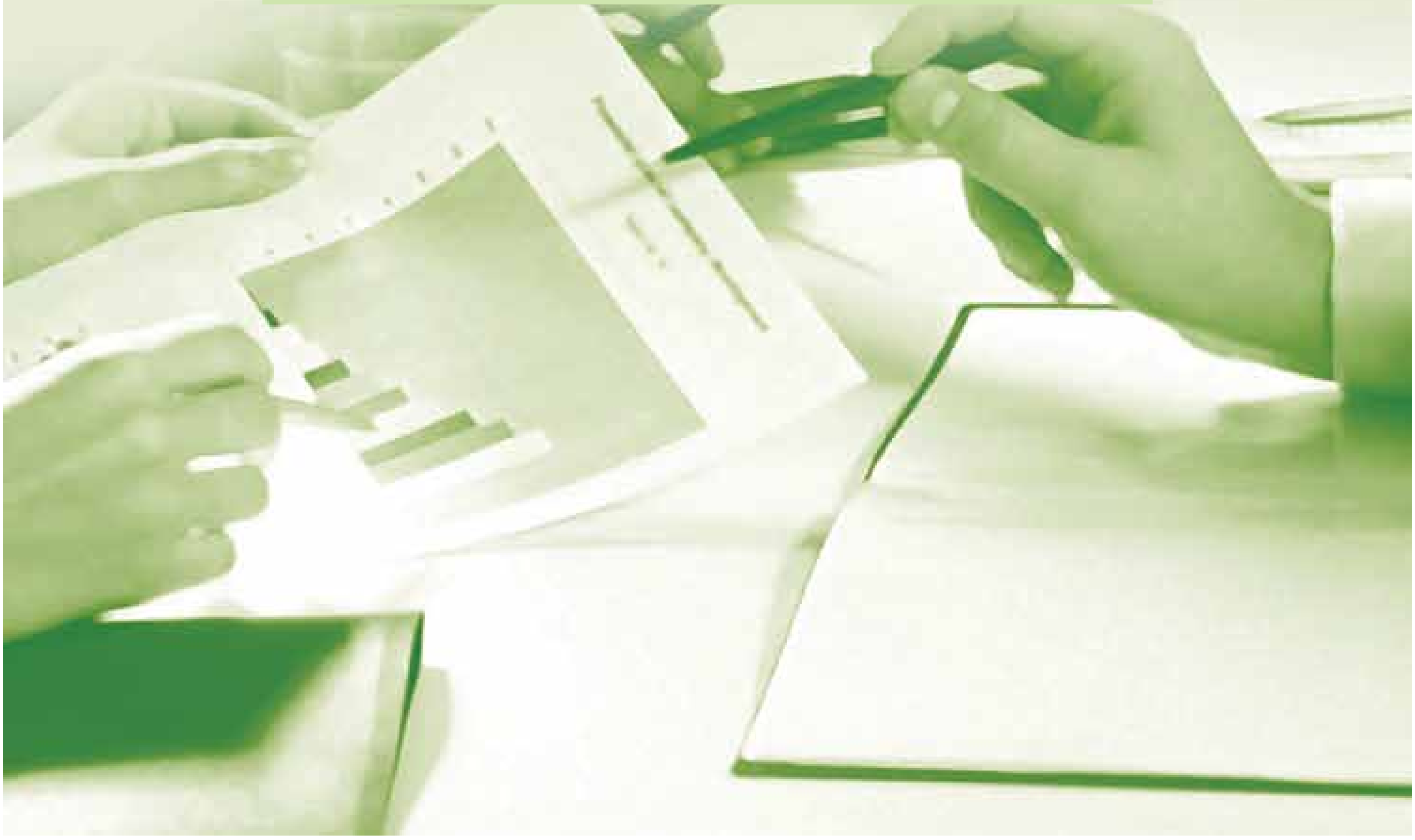
5) 12 - 14 February 2013

Launching of Bintulu Paragon @ Bintulu & Sibu

February 2013 saw the official launch of Naim's Bintulu Paragon integrated development (Phase 1), commencing with its Street Mall component. The launch in Bintulu was officiated by MD Datuk Hasmi Bin Hasnan at the Naim Sales Gallery while the Sibu launch was officiated by Chairman, Datuk Amar Abdul Hamed Bin Haji Sepawi at the RH Hotel.

These were followed by roadshows held in Bintangor and Saikei on 16 February, Kuching on 1 March and Miri on 8 March.

Corporate Governance



Corporate Governance Statement

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

The Group will continue to strive for the highest standards of business integrity and is continually taking steps to review and uphold the best practices and maintain an exemplary corporate governance framework. The main objective of maximising 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, strategies, policies, annual budgets and major capital expenditures, monitors the performance and ensures accountability to the shareholders, the relevant authorities and other stakeholders.

The Board is also responsible for the review of performance 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, three (3) Executive Directors left the Company:

a. Dato William Wei How Sieng resigned on 27 April 2012.
b. Cik Sulaihah Binti Maimunni retired by rotation at the 2012 Annual General Meeting on 15 June 2012 and did not seek for re-election.
c. Mr. Kueh Hoi Chuang retired as a full-time employee and relinquished his directorship from the Board on 15 June 2012.

Ms. Wong Ping Eng was added to the Board on 29 November 2012. She was redesignated as the Deputy Managing Director on 9 January 2013.

The Board's composition during the year under review was as follows:

Category	No. of Directors	%
Executive Directors	3	33
Non-Executive Directors	2	22
Independent Non-Executive Directors	4	45
Total	**9**	**100**

On 27 February 2013, two (2) new directors, Tan Sri Izzuddin Bin Dali and Datin Mary Sa'diah Binti Zainuddin were added to the board. These two (2) new directors possess extensive experience in the oil, gas and energy industries, multi-national corporations and government. The appointment of these two (2) directors on board brings new expertise to the board in tandem with the future business plans of the Group. The appointment of two (2) woman members on the Board reflects that the Board recognizes the benefits of having gender-balanced Board.

On 25 April 2013, Datuk Haji Hamden Bin Haji Ahmad having served more than 9 years as independent director, was re-designated as Non-Independent Non-Executive Director pursuant to Recommendation 3.2 of the Malaysian Code of Corporate Governance 2012 ("MCCG 2012"). On the same day, two (2) directors, Abang Hasni Bin Abang Hasnan and Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik, resigned as Executive Director and Non-Executive Director respectively. Their resignations enable the Company to comply with Recommendation 3.5 MCCG 2012 which requires the Board to comprise a majority of independent directors where the chairman of the Board is not an independent director.

The Board's current composition is as follows:

Category	No. of Directors	%
Executive Directors	2	22
Non-Executive Directors	2	22
Independent Non-Executive Directors	5	56
Total	**9**	**100**

Notes:
Paragraph 15.02, Bursa Malaysia Securities Listing Requirements requires 1/3rd of the Board to comprise 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 9 Board members. 22% of the Board comprises Executive Directors and the balance of 78% comprises Non-Executive Directors. Of the 78% Non-Executive Directors, 71% (56% of the total Board) are independent. The Board is made up of a diverse group of individuals with broad experience and accomplishments in finance, property, construction 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 Group. 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 segregation of duties between Executive and Non-Executive Directors is to ensure an appropriate balance of role and accountability at the Board level.

The Board has designated one of its members, Datuk Haji Hamden Bin Haji Ahmad 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 were as follows:

Name of Director	Number of Board Meetings attended	Percentage
Datuk Amar Abdul Hamed Bin Haji Sepawi	5/5	100%
Datuk Hasmi Bin Hasnan	5/5	100%
Datuk Haji Hamden Bin Haji Ahmad	4/5	80%
Dato Ir. Abang Jemat Bin Abang Bujang	5/5	100%
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	5/5	100%
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	5/5	100%
Wong Ping Eng [1]	1/1	100%
Tan Sri Izzuddin Bin Dali [2]	N/A	N/A
Datin Mary Sa'diah Binti Zainuddin [2]	N/A	N/A
Dato William Wei How Sieng [3]	1/1	100%
Sulaihah Binti Maimunni [4]	3/3	100%
Kueh Hoi Chuang [5]	3/3	100%
Abang Hasni Bin Abang Hasnan [6]	5/5	100%
Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik [6]	5/5	100%

Notes:
1 *Appointed on 29 November 2012*
2 *Appointed on 27 February 2013*
3 *Resigned on 27 April 2012*
4 *Resigned on 15 June 2012*
5 *Relinquished on 15 June 2012*
6 *Resigned on 25 April 2013*

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

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. On top of to the quarterly meeting, the Board held 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 and block meeting dates in advance in their calendar.

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

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

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

ACCESS TO ADVICE AND INFORMATION

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

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

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

CODE OF ETHICS

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

DELEGATION AND DIVISION OF BOARD RESPONSIBILITIES

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

The Board deliberates, if deemed fit, approves and/or endorses the following:

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

The Group is in the process of developing a Board Charter that defines the respective roles, responsibilities and authorities of the Board of Directors and management in setting the direction, the management and the control of the organisation.

DIVISION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

The Chairman chairs all Board meetings and is responsible for the overall leadership of the Board, whereas the Managing Director oversees and monitors the performance of the 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 the 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 sectors.

CORPORATE RESPONSIBILITIES STATEMENT

The Group's corporate responsibilities are summarised as follows:

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

Please refer to page 38 to 44 for details in relation to Corporate Social Responsibility.

RESTRICTION ON DEALING IN SECURITIES

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

Additionally, no dealing in the Company's securities is allowed from the time that price sensitive information is obtained up to the date of 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 one (1) Executive Director was appointed to the Board on 29 November 2012 and two (2) Independent Non-Executive Directors were added to the Board on 27 February 2013.

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 Director(s) 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 Boards 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 independence of the candidate pursuant to Bursa Malaysia Listing Requirements, the number and nature of directorships held in other companies and the calls on their time from other commitments, in order to ensure their full contribution as effective Board members.

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

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

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

RE-ELECTION OF DIRECTORS

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

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

DIRECTORS' TRAINING

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

Corporate Governance

- Minority Shareholders Watchdog Group ("MSWG")–Corporate Governance–The Competitive Advantage
- Corporate Governance Symposium 2012

Industry / Business

- MICG–National Procurement Forum for the Public & Private Sector 2012
- Trade Seminar and Individual Business Marketing
- 5th Malaysian Property Summit 2012
- APEX Program
- London Commercial Real Estate Workshop 2012

Strategy / Risk / Investment
- Malaysian Institute of Certified Public Accountants (“MICPA”)–Risk Management

Human Capital Management
- Zero-Based Manpower Planning
- Human Competency and Capability Development in Oil & Gas

Performance Management
- Developing an Objective Based Performance Management

Finance / Audit
- Investor Relations and Financial Communications
- Infrastructure & Public-Private Partnership Project Finance
- International Financial Reporting Standards (“IFRS”) Conference 2012
- Investors Relation Professional Association Singapore (“IRPAS”) Seminar Series-Decoding Your Investors through Financial
- Carving Out the Economic Architecture
- Tax Seminar 2013 Budget Proposals
- MFRS Update Seminar 2012/2013

In-House
- HR Reform Management Steering Committee Meeting
- Brainstorming – Review of Business Plan

Ms. Wong Ping Eng, Tan Sri Izzuddin Bin Dali and Datin Mary Sa’diah Bin Zainuddin have attended and completed the Mandatory Accreditation Programmed (MAP) within four (4) months of their appointments.

BOARD COMMITTEES

Each Board Committee comprises members of the Board of Directors and Senior Management which is mandated to carry out specified functions, programs or projects assigned by the Board. The main objective for the establishment of Committees is to assist the Board in the execution of its duties, to allow detailed consideration of complex issues, and to ensure diversity of opinions, suggestions and recommendations. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles, including Board performance evaluation by the 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 is 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 members are sufficient to enable the Committee to discharge its responsibilities in accordance with the charter. Members of each Committee are drawn from the Board and the Group’s senior management team, based on their respective skills, responsibilities and areas of expertise.

The Nomination Committee periodically reviews the committee assignments and make recommendations to the Board for rotation of assignments and appointments as deemed appropriate. The Chairman of each Committee develops the agenda for each meeting and determines the frequency of the meetings.

The summary of committees' memberships is as follows:

Name of Directors/ Management staff	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		
Datuk Hasmi Bin Hasnan			√	√ (Chairman)
Datuk Haji Hamden Bin Haji Ahmad	√ (Chairman)	√		√
Dato Ir. Abang Jemat Bin Abang Bujang	√		√ (Chairman)	
Datu (Dr) Abdul Rashid Haji Azis	√	√	√	
Kho Teck Hock				√
Wong Ping Eng				√
Sivakumar A/L Ramasamy				√
Leong Jee Van				√
Yong Kei Seng				√
Khaw Mooi Hock, Richard				√
Mohd Ashraf Assai Abdullah				√
Shirley Noivont David				√ (Internal Auditor)
Anita Kho Lee Choo (Secretary)				√
Total No. of members	**3**	**3**	**3**	**11**

Management Committees managing specific projects were also set up. The Committees manage projects as a group of people instead of one individual and the advantage would be access to the groups' collective wisdom. The Committees serve as a focal point throughout the life span of the project and enable discussions of pressing matters.

SHAREHOLDER COMMUNICATION

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

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

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

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

The Company has always made the necessary preparation for poll voting for all its resolutions at General Meetings. Recommendation 8.2 of the Malaysian Code of Corporate Governance 2012 on poll voting is hereby noted.

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

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

DIRECTORS' PERFORMANCE AND REMUNERATION

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

A target including quantifiable baselines and stretched targets, and incentives in the form of individual and team reward are pre-approved by the Board at the time the budget for subsequent year is tabled.

During the year under review, the Managing Director and Chairman's remuneration package were recommended by the Remuneration Committee to the Board for approval. Fees for non-executive directors are proposed by the Board and approved by shareholders at the Annual General Meeting.

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

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

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 Indicators.

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

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

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

As aforementioned, Executive Directors are entittled to salary and bonus, however they are not entitled to fees and allowances such as meeting allowance or other alloweces unless deemed appropriate in special circumstances.

No Director is involved in determining his own remuneration.

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2012 are as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Above RM2,600,001 to RM2,650,000	1	-
Above RM1,350,001 to RM1,400,000	-	1
Above RM250,001 to RM300,000	-	1
Above RM150,001 to RM200,000	1	-
Above RM100,001 to RM150,000	-	1
Above RM50,001 to RM100,000	-	3
Above RM1 to RM50,000	1	-

The details of remuneration paid to each Director for the financial year ended 31 December 2012 are as follows:

Remuneration (RM)	Executive	Non-Executive	Total
Salaries	1,683,091	-	1,683,091
Allowances	474,473	1,212,095	1,686,568
Fees	-	419,159	419,159
Bonus & Incentive	284,723	-	284,723
EPF	265,709	136,090	401,799
Benefit-in-kind	19,008	51,657	70,665
Others	149,820	238,800	388,620
Total	**2,876,824**	**2,057,801**	**4,934,625**

ACCOUNTABILITY AND AUDIT

Statement of Directors' Responsibility in preparing the Financial Statements

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

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

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

- The Company and the Group have applied the appropriate accounting policies on a consistent basis supported by prudent judgements and estimates.
- All applicable approved accounting standards have been complied; and
- Proper accounting records are kept to ensure that all source documents used for preparing the financial statements are properly filed and accurate.

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

Internal Control

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

The Internal Audit reports regularly to the Audit Committee on its findings on the adequacy and effectiveness of the control systems. The Internal Audit operation covers all business operations, units, processes and functions of the Group. The Head of Internal Audit is Madam Shirley Noivont David. Further details of the internal audit function are as outlined in page 73 of this annual report.

The Group's Statement on Risk Management and Internal Control is described in pages 74 to 75 of this annual report.

Relationship with the External Auditors

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

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

Prior to the commencement of audit for the financial year ended 31 December 2012, the Audit Committee met the external auditor on 22 November 2012 to discuss the audit plan, audit methodology and during the meeting the external auditors, Messrs KPMG declared that its network firm, engagement partner and audit team's independence and objectivity were in compliance with relevant ethical requirements.

ADDITIONAL COMPLIANCE

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

Share Buy-Back

The total cumulative treasury share as at 31 December 2012 was 13,056,000.

During the financial year ended 31 December 2012, the Company did not purchase any of its own shares. In addition, none of the treasury shares were resold or cancelled.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group (for services such as tax compliance, tax advisory, limited review of financial statements, consolidation review, review of the Statement on Risk Management and Internal Control and compilation of realised and unrealised profits) in the financial year ended 31 December 2012 amounted to RM356,000.

Variation in Results

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

Profit Guarantee

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

Utilization of Proceeds

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

Related Party Transactions

The related party transactions are disclosed on page 135 to 137 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.

This statement is made in accordance with a resolution of the Board dated 25 April 2013.

Board Committees Report

NOMINATION COMMITTEE

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

Datuk Amar 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
(Non-Independent Non-Executive Director)

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

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

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

As a result of the re-designation of Datuk Haji Hamden Bin Haji Ahmad from Independent Non-Executive Director to Non-Independent Non-Executive Director on 25 April 2013 pursuant to the requirements of the Malaysian Code of Corporate Governance 2012 Recommendation 3.2, the percentage of Independent Directors on the Nomination Committee has fallen from 67% to 33%. The Malaysian Code of Corporate Governance 2012 Recommendation 2.1 and the Nomination Committee Term of Reference require a majority of members have to be Independent. The Board is aware of the requirement and it is taking steps to address the issue.

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, Skill and Experience**
  Commercial knowledge, business acumen skill and experience of Board member against the strategic direction of the Group.
- **Strategy and Vision**
  With the requisite knowledge as afore mentioned, Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends and evaluating strategies.
- **Business Judgment**
  Shareholders rely on the Board to make rational and sensible decisions on their behalf to bring about a reasonable return on their investments. The Board has to maintain a track record of sound business decisions that add value to the long-term strategic advantage of the Company.
- **Financial Management Skills**
  Board members must be capable of monitoring the management's performance 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 with regards to time to attend and participate in regular and special meetings of the Board and its committees. A large portion of this time is devoted to reviewing materials relating to the business and preparing for meetings of the Board and its committees.

- **Other Directorships**
  The Committee will also take into consideration whether a Director is otherwise retired or to be retired from full time employment and, thereby, able to take up additional directorships.

- **Conflict of interest**
  Candidates are required to disclose to the Board details of any contract or other interest involving the Group 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 Group 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 evaluates the following:
1. Criteria for selection of directors
2. Board structure, size and the balance of representation on the Board in light of both business needs and the Listing Requirements;
3. Performance of the Board and Board Committees;
4. Review the mix of skills and experience, including core competencies of non-executive Directors;
5. Directors' Rotational Retirement Schedule

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

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

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 13 November 2003. The Committee consists of the following members:

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

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

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

Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik ceased to be member on 25 April 2013

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

Category	No. of directors	Percentage
Independent Non-Executive Directors	2	66.7%
Executive Director	1	33.3%
Total	**3**	**100%**

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

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

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

The Remuneration Committee met once during the year 2012 to deliberate on the performance-related scheme i.e. the Key Performance Indicators rating for the Managing Director and recommend the Managing Director's and the Chairman's remunerations to the board for endorsement.

Risk Management Committee

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

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

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

Kho Teck Hock as member of the Risk Management Committee
(Senior Director – Special Operations)

Wong Ping Eng as member of the Risk Management Committee
(Deputy Managing Director)

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

Leong Jee Van appointed member of the Risk Management Committee effective 27 February 2013
(Chief Operating Officer – Property)

Yong Kei Seng appointed member of the Risk Management Committee effective 27 February 2013
(Chief Operating Officer – Property Investment & REIT Division)

Khaw Mooi Hock, Richard appointed member of the Risk Management Committee effective 27 February 2013
(Director/Senior vice President – Group Business Development)

Mohd Ashraf Assai Abdullah appointed member of the Risk Management Committee effective 27 February 2013
(Head of Oil & Gas cum Chief Operating Officer)

Anita Kho Lee Choo appointed secretary of the Risk Manangement Committee effective 27 February 2013
(Manager - Risk)

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
Non-Independent Non-Executive Director	1	9.10%
Executive Directors	2	18.20%
Management Staff	6	54.50%
Internal Auditor	1	9.10%
Secretary	1	9.10%
Total	**11**	**100.00%**

The Board acknowledges that the Group operates in a highly dynamic environment and recognises the need to manage risks that affect the achievement of the Group's business objectives.

The Risk Management Committee (RISCO) provides risks oversight of the Group's risk management activities and reports to the Board. The Risk Management Committee (RISCO) reviews the Corporate Risk Profile on a bi-annual basis and escalates key risks to the Board. The Board retains the overall risk management responsibility.

The Group adopts an Enterprise Risk Management (ERM) framework which sets out a common approach used by the Group in identification of risks which impact the Group's business objectives, formulation of response strategies, control, monitoring and reporting of risks. The business units, being the first line of defense are responsible for identifying, mitigating and managing risks within their respective areas.

The Risk Management Committee (RISCO) is supported by a Risk Management Unit (RMU) in the coordination of the Group's risk management activities.

The Risk Management Committee (RISCO) continuously review its risk management framework and processes in its effort to further embed risk management practices into the Group's business processes and structures. Amongst others, this include the appointment of members inplace of those who have resigned/retired and appointment of additional members from new business units to the Risk Management Committee (RISCO). The RISCO includes Heads of core business units such as Property Development, Property Investment, Business Development and Oil & Gas. In order to strengthen the Group's risk management practices an independent Risk Management Unit (RMU) has been set up reporting directly to the Risk Management Committee (RISCO).

As part of its strategy to enhance the Group's risk management practices, the Group is also in the process of reviewing its risk management framework, risk policy, processes and structures to ensure that key risks are managed within tolerable ranges.

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

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

Audit Committee Report

Members

The Audit Committee comprises the following:

Datuk Haji Hamden Bin Haji Ahmad – Chairman
(Non-Independent Non-Executive Director)

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

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

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible for assessing the risks 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 is currently comprised majority of Independent Non-Executive Directors as follows:

Category	No. of Directors	Percentage
Independent Non-Executive Director	2	66.67%
Non-Independent Non-Executive Director	1	33.33%
Total	**3**	**100%**

1. ATTENDANCE OF MEETINGS

The Audit Committee met eight (8) times during the 2012 and the details of attendance were as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Datuk Haji Hamden Bin Haji Ahmad	5/8	62.5
Datu Haji Abdul Rashid Bin Mohd Azis	8/8	100
Dato Ir. Abang Jemat Bin Abang Bujang	8/8	100

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

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

2. COMPOSITION AND TERMS OF REFERENCE

2.1 Objectives

The objectives of the Audit Committee are to:

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

2.2 Composition

a. The Audit Committee shall be appointed by the Board from among their number and shall comprise no fewer than three (3) members. A majority of members must be Independent Non-Executive Directors and at least one (1) member shall be a member of the Malaysian Institute of Accountants (MIA).
b. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board shall within 3 months of the event, appoint such number of new members as may be required to fill the vacancy.

2.3 Frequency of Meetings

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

2.4 Quorum

A quorum shall consist of two (2) members.

2.5 Secretary

The Secretary of the Committee shall be the Company Secretary.

2.6 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.

2.7 Duties and Responsibilities

The Audit Committee shall undertake the following duties and responsibilities:

a. Internal Audit

i. Review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work
ii. Evaluate the internal audit programmes, processes and the results of internal audit programmes, processes or investigation undertaken, and whether or not appropriate action 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
   iii. compliance with accounting standards and other legal requirements

e. **Related Party Matters**
Review the related party transactions and the conflict of interest situations that may arise within the Naim Group including any transactions, procedures or courses of conduct that raise questions of management integrity. They are also required to ensure that the Directors report such transactions annually to the shareholders via the annual report.

f. **Other Matters**
To consider such other matters as the Committee deems appropriate or as authorised by the Board of Directors.

3. SUMMARY OF ACTIVITIES

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

3.1 Financial Reporting

a. Reviewed and discussed audited financial statements and the quarterly unaudited financial statements with management and both external and internal auditors to ensure compliance with the generally accepted accounting principles and Financial Reporting Standards.
b. Discussed with auditors matters required to be discussed on the Statement on Risk Management and Internal Control.
c. Based on the satisfactory review and discussion referred to in 1 and 2 above, the Audit Committee recommended to the Board of Directors:
   i. that the audited financial statements be approved for tabling at the shareholders' meeting
   ii. that the quarterly unaudited financial statements be approved for announcement to Bursa Malaysia Securities Berhad

3.2 Related Party Transactions

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

   together with the basis of its opinion.

3.3 Internal Audit

a. Reviewed and discussed the internal audit plan, scope of work and reports.
b. Reviewed and discussed the audit plan, scope of work and reports with the external auditors.
c. Reviewed the assistance given by employees to the external auditors.

4. INTERNAL AUDIT FUNCTION

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

4.1 Authority

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

4.2 Independence

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

4.3 Duties and Responsibilities

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

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

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

4.4 Internal Audit Functions and Activities

The Internal Audit department has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2012, the internal activities carried out included, inter alia, the following:

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

Follow-up audit was also conducted and the status of implementation on the agreed upon or targeted actions plan was highlighted to the Audit Committee. During the year, 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 RM401,000 was incurred by the Internal Audit department in respect of the financial year under review.

Statement on Risk Management and Internal Control

Introduction

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

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

Responsibility

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

Risk Management Framework

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

The Risk Management Committee comprising representatives from the Board, senior management and an Internal Audit representative provides risks oversight of the Group's risk management activities and reports to the Board. The Committee is supported by a Risk Management Unit, a secretariat setup to assist in the coordination and implementation of the risk management activities.

At the core of the risk management function is an Enterprise Risk Management Framework, which sets out the policies, processes and organisational structure to ensure that significant risks are managed within tolerable limits appropriate to the Group. The enterprise Risk Management framework was adopted by the Board following an external review and consultation and sets out a common approach used by the Group in identification of risk, formulation of response strategies, control, monitoring and reporting of risks. The Risk Management Committee is also tasked with reviewing the Enterprise Risk Management framework and recommending improvements thereto which, when approved by the Board, will be implemented as part of the Group's long term strategy to enhance sustainable risk management practices into its business processes, structures and culture.

The respective business units regularly identify, monitor, manage and mitigate risks impacting the Group's business strategies and objectives and reports the key risks and controls biannually to the Risk Management Committee which, after reviewing the same, escalates them to the Board.

A web-based Enterprise Risk Management System had been developed internally by the Information Technology (IT) Department and acts as a central repository to ensure consolidated risk reporting.

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, inter alia, include setting limits for approving expenditure and procurements. The procedures and manual are reviewed regularly and updated when necessary.
- 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.
- A performance management system whereby business objectives are clearly defined and targets are set for each individual employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

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

Internal Audit

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

Conclusion

In the financial year under review, based on inquiry, information and assurance provided by the Risk Management Committee of which Managing Director and Deputy Managing Director are members, the Board is of the view that the system of internal control within the Group is sound and adequate. There will be continual focus on measures to protect and enhance shareholder value and business sustainability.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and reported to the Board of Directors that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

This statement is made in accordance with a resolution of the Board of Directors dated 25 April 2013.

Investor Relations Activities

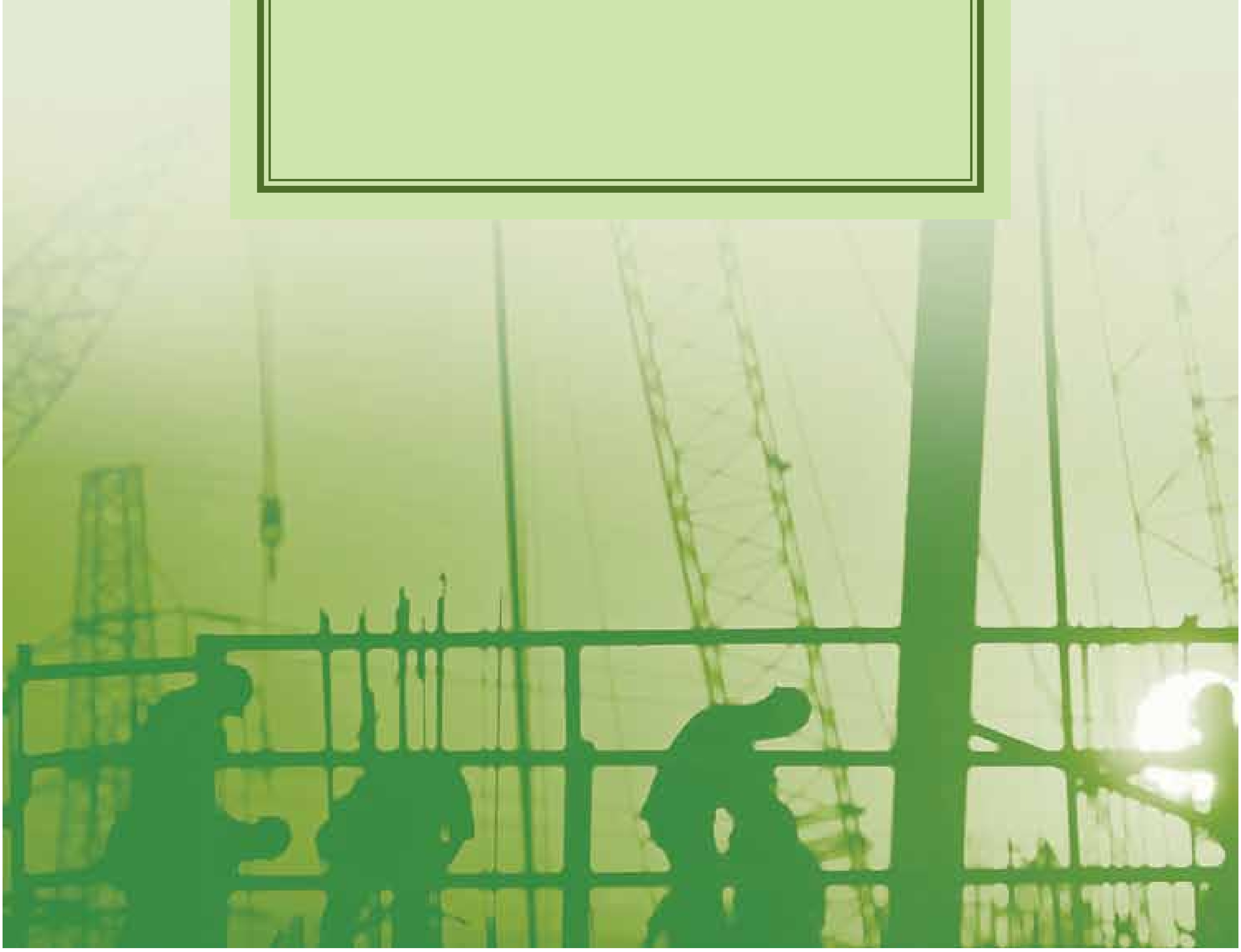
Naim has always strived to develop and maintain close relationships with our stakeholders in addition to creating value for all stakeholders. Our key focus of investor relations activities is to consistently update and inform shareholders, institutional investors and research analysts with relevant comprehensive,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

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

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

Kenanga & PNB Visit, 23 April 2012
Representatives from Kenanga Research and Permodalan Nasional Berhad (PNB) paid a courtesy visit to Naim's headquarter for the evaluation of the Company's performance and rating in Kuala Lumpur Stock Exchange (KLSE).

Economic Outlook



Economic Outlook

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2013 and beyond. Unless otherwise stated, these organisations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

Malaysian Institute of Economic Research (MIER) 18 January 2013,
http://www.mier.org.my/outlook/

The Malaysian economy remains surprisingly resilient. In 3Q2012, its GDP growth moderated to a still commendable 5.2 per cent year-on-year from a revised 5.6 per cent in the second quarter. The growth was driven by strong domestic demand, with impressive albeit slightly slower year-on-year growth in private consumption and private and public investment outlays. Net exports had meanwhile contracted further due to the deterioration in external demand for manufactured goods and commodities.

Consumer confidence is still holding up and is expected to remain largely intact going forward, as indicated by the results of MIER's Consumer Sentiments Survey. The Consumer Sentiments Index (CSI) ended the fourth quarter marginally higher at 118.7 points, compared to 118.3 points in the previous quarter. Of the three components that make up the CSI, Current Financial Position gained 1.5 points qoq while Expected Financial Position was flat qoq. Expected Availability of Jobs was the only component that registered a decline (-0.9 points). All three components remain above the neutral 100-point level.

On account of the results of MIER's fourth quarter surveys, we are keeping to our full-year 2012 growth estimate at 5.1 per cent in this economic update. Going forward, we expect domestic demand to remain resilient and to continue picking up the slack of weak external demand. We are keeping to our 2013 GDP growth forecast 5.6 per cent for the time being. As for Malaysia's real GDP growth in 2014, we expect it to register within the 5.0 and 6.0 per cent range

Bank Negara Malaysia 31 January 2013
http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=2752(

In the domestic economy, a broad set of indicators suggests robust expansion in the fourth quarter of 2012. Growth was driven by sustained domestic consumption and investment activity with some improvements in the external sector. Looking ahead, domestic demand is expected to continue to expand, underpinned by firm private sector activity. Private consumption will be supported by income growth and stable employment conditions while investment will be led by capital spending in the domestic-oriented sectors, the oil and gas industry and the on-going implementation of infrastructure projects. The external sector is also expected to gradually improve and provide additional support to the economy.

CIMB Equity Research 11 December 2012,
https://cimbequityresearch.cimb.com/

Amid a still-uncertain external outlook, we believe buoyant consumption and investment will continue to lift domestic demand, helping to deliver our estimate of 5.5% real GDP growth for 2013, further strengthening from an estimated 5.2% in 2012. Domestic demand has been resilient since 2010, marking a fundamental shift towards internal growth rebalancing and a new normal in Malaysia's growth cycle as it embarks on its catalytic transformation journey via the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP). Measures aimed at boosting income and consumption should support private consumption, bolstered by manageable inflation, low interest rates and a firm labour market.

The World Bank
29 November 2012, http://www.worldbank.org/en/news/feature/2012/11/29/mem-nov-2012, Malaysian Economic Monitor, November 2012

- Malaysia is expected to register real GDP growth of 5.1 percent in 2012 and 5.0 percent in 2013
- Propelled by domestic demand, Malaysia's economy is likely to weather a weak global environment
- Malaysia's near term growth momentum owes much to commodities
- To ensure that growth is sustained into the medium term, Malaysia needs to accelerate the implementation of reforms, as outlined in the Government's New Economic Model

OUTLOOK FOR 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 industrialisation 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.

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

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

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

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

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

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

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

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

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

Financial Statements

Directors' Report
for the year ended 31 December 2012

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 2012.

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	89,490	9,416
Non-controlling interests	5,710	-
	95,200	9,416
	========	========

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

i. a second interim 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 on 16 April 2012; and

ii. a first interim dividend of 3.0 sen per ordinary share of RM1.00 each totalling RM7,108,320 in respect of the year ended 31 December 2012 on 12 October 2012.

On 27 February 2013, the Directors declared a second interim single-tier exempt dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,200 in respect of the year ended 31 December 2012. The dividend was paid on 18 April 2013.

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 Amar Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Datuk Haji Hamden Bin Haji Ahmad
Dato Ir. Abang Jemat Bin Abang Bujang
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Wong Ping Eng (appointed on 29.11.2012)
Tan Sri Izzuddin Bin Dali (appointed on 27.2.2013)
Datin Mary Sa'diah Binti Zainuddin (appointed on 27.2.2013)
Sulaihah Binti Maimunni (resigned on 15.6.2012)
Kueh Hoi Chuang (resigned on 15.6.2012)
Abang Hasni Bin Abang Hasnan (resigned on 25.4.2013)
Haji Jeli Bohari Bin Biha @ Jeli Umik (resigned on 25.4.2013)

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) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2012/ date of appointment	**Bought**	**Sold**	**At 31.12.2012**
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	12,150,000	-	-	12,150,000
Datuk Hasmi Bin Hasnan	16,668,850	-	-	16,668,850
Wong Ping Eng	4,000	-	-	4,000

Directors' Report
for the year ended 31 December 2012 (continued)

Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.1.2012	Bought	Sold	31.12.2012
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,992,700	-	-	27,992,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	2,550,000	-	-	2,550,000
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	9,998	-	9,999
Lotus Paradigm Sdn. Bhd.	-	70	-	70
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	40,480,500	-	-	40,480,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	2,550,000	-	-	2,550,000
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	9,998	-	9,999
Lotus Paradigm Sdn. Bhd.	-	70	-	70

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

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

The other Directors holding office at 31 December 2012 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain entities of the Group in the ordinary course of business (see also Note 34 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 financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 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 Amar Abdul Hamed Bin Haji Sepawi

……………………………………............…
Datuk Hasmi Bin Hasnan

Kuching,

Date: 25 April 2013

Statements of Financial Position
as at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Property, plant and equipment	3	102,396	118,430	6,505	5,807
Prepaid lease payments	4	2,483	2,508	-	-
Investment in subsidiaries	5	-	-	331,212	329,962
Investment in associates	6	246,173	215,950	142,361	144,670
Investment in joint ventures	7	19,789	13,840	-	-
Land held for property development	8	111,806	110,563	-	-
Investment properties	9	64,044	51,840	-	-
Intangible assets	10	8,279	8,959	-	-
Deferred tax assets	11	6,991	5,130	-	-
Other investments	12	48	48	-	-
Total non-current assets		562,009	527,268	480,078	480,439
Inventories	13	30,936	26,847	-	-
Property development costs	14	233,430	216,133	-	-
Trade and other receivables	15	337,126	280,112	158,256	114,535
Deposits and prepayments	16	5,676	6,032	19	18
Current tax assets		18,783	19,212	2,953	3,290
Cash and bank balances	17	209,493	213,456	36,270	83,757
Total current assets		835,444	761,792	197,498	201,600
Total assets		1,397,453	1,289,060	677,576	682,039
Equity					
Share capital	18	250,000	250,000	250,000	250,000
Reserves	19	581,963	497,182	121,301	126,101
Total equity attributable to owners of the Company		831,963	747,182	371,301	376,101
Non-controlling interests		21,658	16,316	-	-
Total equity		853,621	763,498	371,301	376,101
Liabilities					
Loans and borrowings	20	345,644	339,087	300,000	300,000
Deferred tax liabilities	11	43,741	46,268	-	-
Total non-current liabilities		389,385	385,355	300,000	300,000
Loans and borrowings	20	6,491	7,911	-	-
Trade and other payables	21	146,503	131,276	6,275	5,938
Current tax liabilities		1,453	1,020	-	-
Total current liabilities		154,447	140,207	6,275	5,938
Total liabilities		543,832	525,562	306,275	305,938
Total equity and liabilities		1,397,453	1,289,060	677,576	682,039

The notes on pages 91 to 139 are an integral part of these financial statements.

Statements of Profit or loss and other Comprehensive Income
for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	22	492,782	411,893	20,470	36,101
Cost of sales	22	(381,539)	(347,959)	-	-
Gross profit		111,243	63,934	20,470	36,101
Other income		8,657	13,879	3,676	13,045
Selling and promotional expenses		(5,200)	(5,110)	-	-
Administrative expenses		(42,755)	(48,862)	(6,576)	(6,229)
Other expenses		(1,445)	(2,126)	-	-
Results from operating activities	23	70,500	21,715	17,570	42,917
Finance income	24	6,679	3,934	6,536	2,837
Finance costs	24	(18,267)	(14,036)	(14,283)	(9,774)
Net finance costs		(11,588)	(10,102)	(7,747)	(6,937)
Share of results of equity accounted:					
- associates		42,632	32,708	-	-
- joint ventures	7	11,317	12,837	-	-
Profit before tax		112,861	57,158	9,823	35,980
Income tax expense	26	(17,661)	(9,011)	(407)	(3,079)
Profit for the year		95,200	48,147	9,416	32,901
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		96	(99)	-	-
Share of fair value changes of available-for-sale financial assets of an associate		9,411	962	-	-
Total other comprehensive income for the year		9,507	863	-	-
Total comprehensive income for the year		104,707	49,010	9,416	32,901
Profit attributable to:					
Owners of the Company		89,490	46,628	9,416	32,901
Non-controlling interests		5,710	1,519	-	-
Profit for the year		95,200	48,147	9,416	32,901
Total comprehensive income attributable to:					
Owners of the Company		98,997	47,491	9,416	32,901
Non-controlling interests		5,710	1,519	-	-
Total comprehensive income for the year		104,707	49,010	9,416	32,901
Basic/Diluted earnings per ordinary share (sen)	27	37.77	19.68		

The notes on pages 91 to 139 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity
for the year ended 31 December 2012

		Attributable to owners of the Group									
		Non-distributable						*Distributable*			
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Translation reserve RM'000**	**Fair value reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
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)	962	-	46,628	47,491	1,519	49,010
Total distributions to owners											
- Dividends to owners of the Company	28	-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Changes in ownership interests in subsidiaries	35	-	-	-	-	-	-	(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	962	(34,748)	419,100	747,182	16,316	763,498
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	(Note 19)	(Note 19)				

Group (continued)	Note	Attributable to owners of the Group Non-distributable 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	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012		250,000	86,092	25,756	20	962	(34,748)	419,100	747,182	16,316	763,498
Foreign currency translation differences for foreign operations		-	-	-	96	-	-	-	96	-	96
Share of fair value changes of available-for-sale financial assets of an associate		-	-	-	-	9,411	-	-	9,411	-	9,411
Total other comprehensive income for the year		-	-	-	96	9,411	-	-	9,507	-	9,507
Profit for the year		-	-	-	-	-	-	89,490	89,490	5,710	95,200
Total comprehensive income for the year		-	-	-	96	9,411	-	89,490	98,997	5,710	104,707
Total transactions with owners of the Company											
- Dividends to owners of the Company	28	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
Total transactions with non-controlling interests											
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2012		250,000	86,092	25,756	116	10,373	(34,748)	494,374	831,963	21,658	853,621
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	(Note 19)	(Note 19)				

The notes on pages 91 to 139 are an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2012

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 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	28	-	-	-	(23,694)	(23,694)
At 31 December 2011/1 January 2012		250,000	86,092	(34,748)	74,757	376,101
Profit/Total comprehensive income for the year		-	-	-	9,416	9,416
Dividends paid to owners of the Company	28	-	-	-	(14,216)	(14,216)
At 31 December 2012		250,000	86,092	(34,748)	69,957	371,301
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	

The notes on pages 91 to 139 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit before tax	112,861	57,158	9,823	35,980
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	680	-	-
- investment properties (Note 9)	1,224	205	-	-
- prepaid lease payments (Note 4)	25	61	-	-
Depreciation of property, plant and equipment (Note 3.2)	11,432	10,771	150	34
Property, plant and equipment written off	483	270	-	-
Dividend income	(3)	(2)	(18,645)	(34,794)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(122)	1,302	-	-
- subsidiaries (Note 35)	-	1,306	-	-
- associate	(2,801)	(10,005)	(3,674)	(13,045)
Finance costs (Note 24)	18,267	14,036	14,283	9,774
Finance income	(6,679)	(3,934)	(8,361)	(4,144)
Share of results of equity accounted:				
- associates	(42,632)	(32,708)	-	-
- joint ventures (Note 7)	(11,317)	(12,837)	-	-
Unrealised foreign exchange gain	(1,462)	(3,708)	-	-
Operating profit/(loss) before changes in working capital	79,956	22,595	(6,424)	(6,195)
Changes in working capital:				
Inventories	3,413	7,086	-	-
Land held for development	(1,243)	(120)	-	-
Property development costs	(24,563)	34	-	-
Trade and other receivables, deposits and prepayments	(50,371)	31,559	(43,706)	(106,180)
Trade and other payables	14,081	3,927	317	(24,667)
Cash generated from/(used in) operations	21,273	65,081	(49,813)	(137,042)
Income tax (paid)/refunded	(25,933)	(29,122)	(69)	270
Interest received	-	-	1,808	1,307
Net cash (used in)/from operating activities	(4,660)	35,959	(48,074)	(135,465)
Cash flows from investing activities				
Acquisition of:				
- non-controlling interests in an existing subsidiary (Note 35)	-	(300)	-	-
- property, plant and equipment [Note (i)]	(15,530)	(31,437)	(848)	(5,819)
- investment properties (net of interest capitalised)	(719)	(30,084)	-	-
- new subsidiary (Note 35)	-	-	(1,250)	-
Additions to prepaid lease payments (Note 4)	-	(63)	-	-
Increase in investment in associate	-	(43,549)	-	(43,549)
Proceeds from disposal of:				
- property, plant and equipment	296	1,176	-	-
- subsidiaries (net of cash disposed)	-	(405)	-	-
- associate	5,983	20,743	5,983	20,743
Decrease/(Increase) in deposits pledged to banks	180	(154)	-	-
Dividends received	18,648	19,232	18,645	30,794
Distribution of profits by joint ventures	13,120	10,037	-	-
Interest received	5,568	3,027	6,536	2,837
Net cash from/(used in) investing activities	27,546	(51,777)	29,066	5,006

Statements of Cash Flows
for the year ended 31 December 2012 (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from financing activities				
Net proceeds from borrowings	7,849	224,516	-	242,500
Repayment of finance lease liabilities	(2,818)	(2,748)	-	-
Dividends paid to:				
- owners of the Company (Note 28)	(14,216)	(23,694)	(14,216)	(23,694)
- non-controlling interests	(368)	(368)	-	-
Interest paid	(17,082)	(7,792)	(14,263)	(4,830)
Net cash (used in)/from financing activities	(26,635)	189,914	(28,479)	213,976
Net (decrease)/increase in cash and cash equivalents	(3,749)	174,096	(47,487)	83,517
Effect of exchange rate fluctuations in cash held	(34)	(8)	-	-
Cash and cash equivalents at beginning of year	212,776	38,688	83,757	240
Cash and cash equivalents at end of year [Note (ii)]	208,993	212,776	36,270	83,757

Notes

i. ***Acquisition of property, plant and equipment***

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Paid using internal funds	15,530	31,437	848	5,819
In the form of finance lease assets	105	-	-	-
Total (see Note 3)	15,635	31,437	848	5,819

ii. ***Cash and cash equivalents***

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed bank with maturities less than three months	151,122	161,077	15,053	72,030
Short term cash funds	20,500	13,000	20,000	10,000
Cash in hand and at banks	37,371	38,699	1,217	1,727
Total cash and cash equivalents as shown in the statements of cash flows (also see Note 17)	208,993	212,776	36,270	83,757

The notes on pages 91 to 139 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 of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “group entities”) and the Group’s interests in associates and/or joint ventures. The financial statements of the Company as at and for the year ended 31 December 2012 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 25 April 2013.

1. Basis of preparation

a. Statement of compliance

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

The Group and the Company have early adopted Amendments to FRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the Amendments to FRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

The following accounting standards, amendments and interpretations of the FRS framework issued by the Malaysian Accounting Standards Board (“MASB”), which are effective for future annual periods, have not been adopted by the Group and the Company:

FRS / Amendment / Interpretation	**Effective date**
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 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Government Loans*	1 January 2013
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*	1 January 2013
Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*	1 January 2013
Amendments to FRS 11, *Joint Arrangements: Transition Guidance*	1 January 2013
Amendments to FRS 12, *Disclosure of Interests in Other Entities:* Transition Guidance	1 January 2013
Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*	1 January 2014
FRS 9, *Financial Instruments (2009)*	1 January 2015
FRS 9, *Financial Instruments (2010)*	1 January 2015
Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*	1 January 2015

1. Basis of preparation (continued)

a. Statement of compliance (continued)

The Group and the Company plan to apply for the annual period beginning on 1 January 2013 those standards, amendments and interpretations that are effective for annual periods beginning on 1 January 2013, except those assessed as being presently not applicable to the Group or the Company. The latter includes Amendments to FRS 1, FRS 119 and IC Interpretation 20.

Material impacts of the initial application of those standards, amendments or interpretations, which are or are those likely to be applicable to the Group and/or the Company for the annual period beginning on 1 January 2013 and which are to be applied retrospectively, are discussed below:

i. FRS 10, *Consolidated Financial Statements*

FRS 10 introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation - Special Purpose Entities*. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

ii. FRS 11, *Joint Arrangements*

FRS 11 establishes the principles for classification and accounting for joint arrangements and supersedes FRS 131, *Interests in Joint Ventures*. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

iii. Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

The Amendments to FRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Currently, the Group classifies spare parts as inventory. Upon the adoption of the Amendments to FRS 116, the Group will reassess and retrospectively classify those spare parts that meet the definition of property, plant and equipment from inventory to property, plant and equipment. The initial application of this standard is not expected to have material impacts on the financial statements of the Group.

The initial application of the other standards, amendments or interpretations that are effective for annual periods beginning on or before 1 January 2013 is not expected to have any material financial impacts on the financial statements of the Group and the Company.

Migration to new accounting framework

The Group's and Company's financial statements for the annual period beginning on 1 January 2014 will be prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by MASB and International Financial Reporting Standards. As a result, the Group and the Company will not be adopting the FRSs, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014 listed earlier. They are nevertheless assessing the impact on the financial statements if any of the FRSs, interpretations and amendments is adopted, insofar as there are equivalent standards, amendments and interpretations under the MFRS framework.

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 disclosed in the ensuing page:

1. Basis of preparation (continued)

d. Use of estimates and judgements (continued)

i. Profit from construction contracts

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

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

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

ii. Profit from property developments

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

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

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

2. Significant accounting policies

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

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company 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 or distribution. 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. Business combinations

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

Acquisitions on or after 1 January 2011

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

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

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

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

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

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

ii. 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. Acquisitions of non-controlling interests

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

iv. Acquisitions of entities under common control

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

v. Loss of control

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.

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 associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

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

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.

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

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

vii. Joint ventures

Jointly ventures 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

Jointly-controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, 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 joint ventures, 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 joint venture, 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 joint venture.

Investment in joint venture 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

A jointly-controlled operation is a joint venture carried out by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses it incurs and its share of income that it earns from the joint operation.

viii.Non-controlling interests

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

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

ix. Transactions eliminated on consolidation

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

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

b. **Foreign currency**

i. Foreign currency transactions

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

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

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

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

2. Significant accounting policies (continued)

b. Foreign currency (continued)

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

The assets and liabilities of operations denominnated 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.

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

b. Held-to-maturity investments

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

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

c. Loans and receivables

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

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

2. Significant accounting policies (continued)

c. Financial instruments (continued)

ii. Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

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

Fair value through profit or loss category comprises financial liabilities that are 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. Financial guarantee contract

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

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

iv. Regular way purchase or sale of financial assets

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

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

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

v. Derecognition

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

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

c. **Financial instruments** (continued)

*v. **Derecognition*** (continued)

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 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(t)]. 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 or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “administrative expenses” respectively in profit or loss.

*ii. **Subsequent costs***

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

*iii. **Depreciation***

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each 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 48 years to 99 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 at the end of the reporting period and adjusted as appropriate.

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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease after the lease adjustment is confirmed.

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

ii. Operating lease

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

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

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

f. Intangible assets

i. Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity accounted 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 investees.

ii. Other intangible asset

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

iii. Amortisation

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

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

Stone quarry licence is amortised over the term of licence of 15 years.

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

g. Investment properties

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

Recognition and measurement

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

2. Significant accounting policies (continued)

g. Investment properties (continued)

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

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

Amortisation

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

Leasehold land	85 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 presented in statement of cash flows consist of cash in hand, balances and deposits with banks (other than pledged deposits) and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments, net of bank overdrafts.

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

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 date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective exists, then the financial assets recoverable amount is estimated.

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

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

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

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

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

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.

2. Significant accounting policies (continued)

n. Impairment (continued)

ii. Other assets (continued)

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs 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 a group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

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

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 (treasury shares)

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

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

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

p. Employee benefits

i. Short-term employee benefits

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

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

ii. State plans

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

2. Significant accounting policies (continued)

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 not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r. Payables

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

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 financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

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 to 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 2011	667	45,978	1,815	12,959	4,925	20,235	9,846	68,446	1,952	3,866	170,689
Additions	-	426	-	5,788	1,198	1,102	2,092	3,411	-	17,420	31,437
Disposals/Write-offs	-	-	-	-	(581)	(788)	(380)	(4,182)	-	-	(5,931)
Reclassifications	-	-	(52)	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/ 1 January 2012	667	46,404	1,782	18,799	4,985	20,597	12,098	69,086	1,952	4,946	181,316
Additions	-	5,135	-	3,053	2,967	1,013	1,824	364	-	1,170	15,526
Disposals/Write-offs	-	(283)	-	-	(1,055)	(1,348)	(595)	(1,127)	-	-	(4,408)
Transfers	-	-	-	-	-	-	200	-	-	(200)	-
Transfer to investment properties (Note 9)	-	(14,997)	-	-	-	-	-	-	-	-	(14,997)
Effect of movements in exchange rates	-	-	13	-	3	28	31	899	-	-	974
At 31 December 2012	667	36,259	1,795	21,852	6,900	20,290	13,558	69,222	1,952	5,916	178,411
Depreciation											
At 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	10,930	390	-	15,850
Disposals/Write-offs	-	-	-	-	(375)	(285)	(293)	(2,338)	-	-	(3,291)
Reclassifications	-	-	(6)	6	-	-	-	26	-	-	26
Disposal of a subsidiary	-	-	-	-	-	-	(3)	-	-	-	(3)
Effect of movements in exchange rates	-	-	-	-	(108)	6	114	155	-	-	167
At 31 December 2011/ 1 January 2012	-	4,582	331	2,144	3,105	17,559	8,863	33,318	715	-	70,617
Depreciation for the year	-	393	72	520	539	1,422	1,437	11,300	390	-	16,073
Disposals/Write-offs	-	-	-	-	(884)	(1,284)	(525)	(60)	-	-	(2,753)
Transfer to investment properties (Note 9)	-	(2,288)	-	-	-	-	-	-	-	-	(2,288)
Effect of movements in exchange rates	-	-	2	-	-	9	8	271	-	-	290
At 31 December 2012	-	2,687	405	2,664	2,760	17,706	9,783	44,829	1,105	-	81,939
Carrying amounts											
At 1 January 2011	667	42,166	1,555	11,216	1,763	4,095	1,965	43,901	1,627	3,866	112,821
At 31 December 2011/ 1 January 2012	667	41,822	1,451	16,655	1,880	3,038	3,235	35,768	1,237	4,946	110,699
At 31 December 2012	667	33,572	1,390	19,188	4,140	2,584	3,775	24,393	847	5,916	96,472

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 2011	170,689	1,355	14,604	186,648
Additions	31,437	-	-	31,437
Disposals/Write-offs	(5,931)	-	(260)	(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 2011/1 January 2012	181,316	1,351	14,279	196,946
Additions	15,526	109	-	15,635
Disposals/Write-offs	(4,408)	(59)	-	(4,467)
Transfers	-	-	-	-
Transfer to investment properties (Note 9)	(14,997)	-	-	(14,997)
Effect of movements in exchange rates	974	-	-	974
At 31 December 2012	178,411	1,401	14,279	194,091
Depreciation (continued)				
At 1 January 2011	57,868	626	4,464	62,958
Depreciation for the year	15,850	179	2,808	18,837
Disposals/Write-offs	(3,291)	-	(152)	(3,443)
Reclassifications	26	-	(26)	-
Disposal of a subsidiary	(3)	-	-	(3)
Effect of movements in exchange rates	167	-	-	167
At 31 December 2011/1 January 2012	70,617	805	7,094	78,516
Depreciation for the year	16,073	185	2,729	18,987
Disposals/Write-offs	(2,753)	(45)	(1,012)	(3,810)
Transfer to investment properties (Note 9)	(2,288)	-	-	(2,288)
Effect of movements in exchange rates	290	-	-	290
At 31 December 2012	81,939	945	8,811	91,695
Carrying amounts (continued)				
At 1 January 2011	112,821	729	10,140	123,690
At 31 December 2011/1 January 2012	110,699	546	7,185	118,430
At 31 December 2012	96,472	456	5,468	102,396

3. Property, plant and equipment (continued)

Company	Building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Asset under construction RM'000	Total RM'000
Cost						
At 1 January 2011	-	9	50	-	-	59
Additions	5,776	3	20	-	20	5,819
At 31 December 2011/1 January 2012	5,776	12	70	-	20	5,878
Additions	-	23	95	1	729	848
Transfers	-	158	41	550	(749)	-
At 31 December 2012	5,776	193	206	551	-	6,726
Depreciation						
At 1 January 2011	-	2	35	-	-	37
Depreciation for the year	19	2	13	-	-	34
At 31 December 2011/1 January 2012	19	4	48	-	-	71
Depreciation for the year	116	7	18	9	-	150
At 31 December 2012	135	11	66	9	-	221
Carrying amounts						
At 1 January 2011	-	7	15	-	-	22
At 31 December 2011/1 January 2012	5,757	8	22	-	20	5,807
At 31 December 2012	5,641	182	140	542	-	6,505

3.1 Titles to properties

Strata titles to two (2011: two) buildings costing RM5,879,000 (2011: RM5,879,000) are in the process of being obtained from local authorities.

3.2 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Recognised in profit or loss (Note 23)	11,432	10,771	150	34
Capitalised in:				
- property development costs (Note 14)	237	204	-	-
- construction work-in-progress (Note 15.2)	7,318	7,862	-	-
	18,987	18,837	150	34

3.3 Security

Assets under finance leases are charged to financial institution as security for the finance lease liabilities of the Group (see Note 20).

Freehold land of a subsidiary costing RM667,000 (2011: RM667,000) is charged to a bank as security for a term loan facility granted to another subsidiary (see Note 20).

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 2011	2,993	-	2,993
Additions	63	-	63
Reclassifications	(3,056)	3,056	-
At 31 December 2011/1 January 2012 and 31 December 2012	-	3,056	3,056
Amortisation			
At 1 January 2011	487	-	487
Depreciation for the year (Note 23)	61	-	61
Reclassifications	(548)	548	-
At 31 December 2011/1 January 2012	-	548	548
Depreciation for the year (Note 23)	-	25	25
At 31 December 2012	-	573	573
Carrying amounts			
At 1 January 2011	2,506	-	2,506
At 31 December 2011/1 January 2012	-	2,508	2,508
At 31 December 2012	-	2,483	2,483

5. Investment in subsidiaries – Company

	2012 RM'000	2011 RM'000
Unquoted shares, at cost	331,212	329,962

5. **Investment in subsidiaries – Company** (continued)

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 (%) 2012	2011
Direct subsidiaries			
Naim Land Sdn. Bhd. ("NLSB")	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
Naim Assets Sdn. Bhd. (formerly known as Naim Citra Sdn. Bhd.)	Investment holding (previously as civil contractor)	100.0	-
Subsidiaries of NLSB			
Total Reliability Sdn. Bhd. ("TRSB")	Property developer and civil and building contractor	51.0	51.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Provision of site clearing and earthwork as well as sale of ready mix piles	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0
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 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.	Dormant	100.0	100.0
Harmony Faber Sdn. Bhd.	Dormant	100.0	-
Lotus Paradigm Sdn. Bhd.	Dormant	70.0	-
Naim Assets Sdn. Bhd.	Investment holding (previously as civil contractor)	-	100.0

5. Investment in subsidiaries – Company (continued)

Name of subsidiary	Principal activities	Effective ownership interest (%) 2012	2011
Subsidiaries of NLSB (continued)			
Naim Capital Sdn. Bhd. ("NCSB") (formerly known as Naim Management Sdn. Bhd.)	Dormant	-	100.0
Subsidiary of TRSB			
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
Subsidiaries of NESB			
Naim Premix Sdn. Bhd.	Manufacture and sale of asphalt	100.0	100.0
Naim Binaan Sdn. Bhd.	Civil contractor, hire of machinery as well as manufacture and sale of RC pile and ready mix	100.0	100.0
Naim Overseas Sdn. Bhd.	Investment holding	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	100.0	100.0
Naim Capital Sdn. Bhd.	Dormant	100.0	-
Bintulu Paragon Sdn. Bhd. (formerly known as Sincere Metro Sdn. Bhd.)	Dormant	100.0	-
Unique Composite Sdn. Bhd.	Dormant	100.0	-
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Civil engineering and construction works	99.9	99.9
Naim Quarry (Fiji) Limited ("NQFL") #	Quarry operator	99.9	99.9
Naim Premix (Fiji) Limited ("NPFL") #	Manufacture and sale of premix products	99.9	99.9
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB") *	Dormant	99.9	99.9
Naim Vanua Levu (Fiji) Limited ("NVLFL") * #	Dormant	99.9	50.0**
Subsidiaries of NCSB			
Naim Capital Housing Sdn. Bhd. (formerly known as Pioneer Paradigm Sdn. Bhd.)	Dormant	100.0	-
Naim Capital Port Sdn. Bhd. (formerly known as Global Serijuta Sdn. Bhd.	Dormant	100.0	-

* *The consolidated financial statements for the year ended 31 December 2012 include the unaudited accounts of NECSB (2011: NECSB and NVLFL) for the year ended 31 December 2012, which are not material to the Group.*

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

** *Although the Group owned only 50% equity interest in NVLFL in 2011 and consequently had only half of the voting power, the Group still regarded NVLFL as a subsidiary as at 31 December 2011 as it was able to exercise control and govern the financial and operating policies of the company since its acquisition.*

6. Investment in associates

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At cost:				
Unquoted shares	5,832	5,832	-	-
Quoted shares in Malaysia	142,361	144,670	142,361	144,670
Share of share premium	25,713	25,713	-	-
Share of other post-acquisition reserves	72,267	39,735	-	-
	246,173	215,950	142,361	144,670
	========	========	========	========

The associates are all incorporated in Malaysia and the summarised financial information for associates, not adjusted for the percentage ownership held by the Group, 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
2012					
Dayang Enterprise Holdings Bhd. ("DEHB")	33.6**	401,215	101,242	738,419	141,109
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	-	(3)	*	7
TR Concrete Sdn. Bhd.	29.1#	21,900	3,229	19,933	4,165
SINOHYDRONAIM Sdn. Bhd.	49.0^	-	67	1,318	4,701
Samalaju Property Development Sdn. Bhd.	39.0^	72,250	17,020	76,785	48,273
Bima Galeksi Sdn. Bhd.	30.0^ $	-	*	*	5
		========	========	========	========
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 Sdn. Bhd.	39.0^	22,105	8,352	37,072	25,580
		========	========	========	========

** *In April 2012, the Company disposed of 3,000,000 ordinary shares of RM0.50 each in its associate, DEHB for a total cash consideration of RM5,983,000, net of transaction costs. The resultant group interest in DEHB has consequently reduced from 34.2% to 33.6%. The Group and the Company have recognised a gain of RM2,801,000 and RM3,674,000 respectively from the disposal [also see Note 23].*

* *Negligible*

^ *Held through NLSB*

\# *Held through TRSB and NLSB*

$ *On November 2012, NLSB acquired 30% equity interest in Bima Galeksi Sdn. Bhd. for a cash consideration of RM3.00.*

The market value of the quoted investment in Dayang Enterprise Holdings Bhd. as at 31 December 2012 is RM440,176,000 (2011: RM343,945,000).

Notes to the Financial Statements (continued)

7. Investment in joint ventures

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

	Group 2012 RM'000	Group 2011 RM'000
Non-current assets	-	3
Current assets	29,440	45,250
Current liabilities	(9,651)	(31,413)
Share of assets	19,789	13,840
Income	19,771	77,582
Expenses	(4,687)	(59,553)
Share of profit before tax	15,084	18,029
Income tax expense (Note 26)	(3,767)	(5,192)
Share of profit after tax	11,317	12,837

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

Name	Principal activities	Ownership interest (%) 2012	Ownership interest (%) 2011
Samsung-Naim JV	Construction contractor	10.0	10.0
PPES Works – Naim Cendera JV	Construction contractor	45.0	45.0
Syarikat Usahasama Naim Cendera Sdn. Bhd. – RSB Management Services Sdn. Bhd. JV	Construction contractor	90.0	90.0
Sinohydro-Naim Sdn. Bhd. JV	Construction contractor	50.0	50.0

8. Land held for property development – Group

	RM'000
At cost	
At 1 January 2011	110,443
Additions	120
At 31 December 2011/1 January 2012	110,563
Additions	1,243
At 31 December 2012	111,806

9. Investment properties – Group

	Long-term leasehold land RM'000	Building RM'000	Building under construction RM'000	Total RM'000
Cost				
At 1 January 2011	3,593	-	17,408	21,001
Additions	-	-	31,174	31,174
Reclassification	-	48,582	(48,582)	-
At 31 December 2011/1 January 2012	3,593	48,582	-	52,175
Additions	719	-	-	719
Transfer from property, plant and equipment (Note 3)	14,997	-	-	14,997
At 31 December 2012	19,309	48,582	-	67,891
Amortisation				
At 1 January 2011	130	-	-	130
Amortisation for the year (Note 23)	130	75	-	205
At 31 December 2011/1 January 2012	260	75	-	335
Amortisation for the year (Note 23)	336	888	-	1,224
Transfer from property, plant and equipment (Note 3)	2,288	-	-	2,288
At 31 December 2012	2,884	963	-	3,847
Carrying amounts				
At 1 January 2011	3,463	-	17,408	20,871
At 31 December 2011/1 January 2012	3,333	48,507	-	51,840
At 31 December 2012	16,425	47,619	-	64,044
Estimated fair value				
At 1 January 2011	3,574	-	#	3,574
At 31 December 2011/1 January 2012	3,574	85,000	-	88,574
At 31 December 2012	37,574	85,000	-	122,574

\# *The Group was unable to determine reliably the fair value of investment property under construction as at 1 January 2011 until the construction is complete and their future annual cash flows can be measured reliably, whichever is earlier.*

9.1 Investment property with a carrying amount of RM50,997,000 (2011: RM51,840,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 20.1).

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

	Group	
	2012 RM'000	**2011 RM'000**
Rental income	7,451	5,065
Direct operating expenses:		
- income generating investment properties	4,360	676
- non-income generating investment properties	353	433

9. Investment properties – Group (continued)

9.3 Additions to the building under construction during the year ended 31 December 2011 included the following:

	Group 2011 RM'000
Interest expense	1,090
Personal expenses	
- contributions to state plans	48
- wages, salary and others	402
Rental of equipment	23
	========

Interest was capitalised at the rates ranging from 4.41% to 4.75% per annum for the year ended 31 December 2011.

10. Intangible assets - Group

	Stone quarry licence RM'000
Cost	
At 1 January 2011, 31 December 2011/1 January 2012 and 31 December 2012	10,206
	========
Amortisation	
At 1 January 2011	567
Amortisation for the year (Note 23)	680
At 31 December 2011/1 January 2012	1,247
Amortisation for the year (Note 23)	680
At 31 December 2012	1,927
	========
Carrying amounts	
At 1 January 2011	9,639
	========
At 31 December 2011/1 January 2012	8,959
	========
At 31 December 2012	8,279
	========

Intangible asset comprises expenditure incurred to acquire a stone quarry licence.

11. Deferred tax assets and liabilities – Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(43,586)	(45,750)	(43,586)	(45,750)
Property, plant and equipment	-	-	(1,810)	(995)	(1,810)	(995)
Financial instruments	2,673	3,515	-	-	2,673	3,515
Capital allowances carried forward	1,092	419	-	-	1,092	419
Tax losses carried forward	487	195	-	-	487	195
Other items	4,394	1,478	-	-	4,394	1,478
Tax assets/(liabilities)	8,646	5,607	(45,396)	(46,745)	(36,750)	(41,138)
Set off of tax	(1,655)	(477)	1,655	477	-	-
Net tax assets/(liabilities)	6,991	5,130	(43,741)	(46,268)	(36,750)	(41,138)

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

Movements in deferred tax during the year are as follows:

Group	At 1.1.2011 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	At 31.12.2011/ 1.1.2012 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	At 31.12.2012 RM'000
Fair value adjustment on acquisition of subsidiaries	(47,629)	1,879	-	(45,750)	2,164	-	(43,586)
Property, plant and equipment	(2,163)	1,168	-	(995)	(787)	(28)	(1,810)
Financial instruments	1,238	2,277	-	3,515	(842)	-	2,673
Capital allowances carried forward	592	(173)	-	419	673	-	1,092
Tax losses carried forward	604	(57)	(352)	195	292	-	487
Other items	1,145	338	(5)	1,478	2,916	-	4,394
	(46,213)	5,432	(357)	(41,138)	4,416	(28)	(36,750)
		(Note 26)			(Note 26)		

Unrecognised deferred tax assets

Deferred tax assets of RM5,944,000 (2011: RM4,915,000) 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	
	2012 RM'000	2011 RM'000
Property, plant and equipment	(3,864)	(5,892)
Tax losses carried forward	16,478	13,945
Capital allowances carried forward	17,996	15,660
Other items	(6,487)	(6,129)
	24,123	17,584

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

Unrecognised deferred tax assets (continued)

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amounting to RM32,840,000 (2011: RM29,605,000) do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

Following changes in the tax law in Fiji, all unutilised tax losses of the subsidiaries incorporated in Fiji incurred prior to 1 January 2012 are no longer available for carry forward as from 1 January 2012. The unutilised tax losses carried forward of the said subsidiaries amounting to RM1,634,000 as at 31 December 2012 arising from the year then ended can be claimed as a deduction against future taxable income within four years of the incurrence of such losses.

12. Other investments

	Group 2012 RM'000	Group 2011 RM'000
Non-current		
Available-for-sale financial assets, at fair value		
- quoted shares in Malaysia	48	48
Representing item:		
Market value of quoted investment (Note 30.4)	48	48

13. Inventories

	Group 2012 RM'000	Group 2011 RM'000
At cost		
Developed properties held for sale	21,896	17,474
Manufactured/Trading inventories (construction and building materials)	4,367	6,179
Raw materials and consumables	4,422	2,240
	30,685	25,893
At net realisable value		
Manufactured/Trading inventories	251	954
	30,936	26,847

14. Property development costs – Group

	RM'000
At 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

14. Property development costs – Group (continued)

	RM'000
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/ 1 January 2012	
Property development costs	
Land	124,687
Development costs	164,334
	289,021
Accumulated costs charged to profit or loss	(72,888)
	216,133
Additions	
Land cost incurred during the year	19,716
Development costs incurred during the year	163,808
	183,524
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(158,904)
Transfer of completed properties to inventories	(7,323)
	(166,227)
At 31 December 2012	
Property development costs	
Land	134,838
Development costs	244,984
	379,822
Accumulated costs charged to profit or loss	(146,392)
	233,430

Property development costs incurred during the financial year include:

	Group	
	2012 RM'000	**2011 RM'000**
Depreciation of property, plant and equipment (Note 3.2)	237	204
Personnel expenses (including key management personnel):		
- contributions to state plans	212	636
- wages, salaries and others	3,021	5,296
Rental of equipment	64	13
Rental of premises	19	13

15. Trade and other receivables

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade				
Trade receivables	72,212	47,765	-	-
Less: Allowance for impairment losses	(257)	(265)	-	-
	71,955	47,500	-	-
Contract progress billings receivables (Note 15.1)	70,292	75,452	-	-
Accrued billings	31,201	19,322	-	-
Amount due from:				
- contract customers (Note 15.2)	146,743	116,512	-	-
- joint ventures	-	7,434	-	-
	320,191	266,220	-	-
Non-trade				
Other receivables	16,183	13,106	46	16
Less: Allowance for impairment losses	(288)	(288)	-	-
	15,895	12,818	46	16
Amount due from:				
- subsidiaries	-	-	158,210	114,517
- associates	1,040	1,074	-	2
	16,935	13,892	158,256	114,535
Total	337,126	280,112	158,256	114,535

15.1 Contract progress billings receivables

Included in the contract progress billings receivable of the Group are retention sums of RM28,836,000 (2011: RM26,367,000) relating to construction work-in-progress.

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

	Group 2012 RM'000	Group 2011 RM'000
Within 1 year	13,419	14,059
1 – 2 years	6,155	5,195
2 – 3 years	2,149	-
> 3 years	7,113	7,113
	28,836	26,367

15.2 Construction work-in-progress

	Group 2012 RM'000	Group 2011 RM'000
Aggregate costs incurred to-date	1,180,275	1,049,150
Attributable profits	227,239	194,229
	1,407,514	1,243,379
Progress billings	(1,264,170)	(1,137,141)
	143,344	106,238

15. Trade and other receivables (continued)

15.2 Construction work-in-progress (continued)

	Group	
	2012	2011
	RM'000	RM'000
Represented by:		
Amount due from contract customers	146,743	116,512
Amount due to contract customers reclassified under trade and other payables (Note 21)	(3,399)	(10,274)
	143,344	106,238
	========	========

Additions to aggregate costs incurred during the year include:

	Group	
	2012	2011
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 3.2)	7,318	7,862
Personnel expenses (including key management personnel):		
- contributions to state plans	690	2,036
- wages, salaries and others	12,260	16,969
Rental of premises	74	131
Rental of equipment	1,885	2,026
	========	========

15.3 Amount due from subsidiaries are unsecured and repayable on demand.
Included in the amount due from subsidiaries is an amount of RM150,264,000 (2011: RM109,562,000) bearing interest at 4.75% (2011: 4.43% to 4.75%) per annum. The remaining balances are interest free.

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

16. Deposits and prepayments

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits	3,707	3,840	19	18
Prepayments	1,969	2,192	-	-
	5,676	6,032	19	18
	========	========	========	========

Included in prepayments is an amount of RM908,000 (2011: RM1,693,000) 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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fixed deposits placed with licensed banks with maturities less than 3 months	151,122	161,077	15,053	72,030
Short term cash funds	20,500	13,000	20,000	10,000
Cash in hand and at banks	37,371	38,699	1,217	1,727
Total cash and cash equivalents	208,993	212,776	36,270	83,757
Deposits pledged with banks	500	680	-	-
Total cash and bank balances	209,493	213,456	36,270	83,757
	========	========	========	========

Fixed deposit of RM500,000 (2011: RM680,000) 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	
	2012 RM'000	2011 RM'000	2012 '000	2011 '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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Share premium	86,092	86,092	86,092	86,092
Capital reserve	25,756	25,756	-	-
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Translation reserve	116	20	-	-
Fair value reserve	10,373	962	-	-
Retained earnings	494,374	419,100	69,957	74,757
	581,963	497,182	121,301	126,101

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 15 June 2012, 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 its own shares by the Company during the current and previous financial years.

The total number of shares repurchased as at 31 December 2012 is 13,056,000 (2011: 13,056,000).

Translation reserve

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

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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-current				
Islamic Bonds (unsecured)	300,000	300,000	300,000	300,000
Term loans denominated in RM (secured)	44,243	35,000	-	-
Finance lease liabilities	1,401	4,087	-	-
	345,644	339,087	300,000	300,000
Current				
Term loans denominated in:				
- RM (secured)	3,729	1,600	-	-
- USD (unsecured)	-	3,417	-	-
Finance lease liabilities	2,762	2,894	-	-
	6,491	7,911	-	-
Total	352,135	346,998	300,000	300,000

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 RM3,276,000 (2011: RM5,816,000).

Term loans denominated in RM

A term loan granted to a subsidiary is secured by:

a. a fixed charge over the investment property of the said subsidiary (see Note 9.1), and
b. corporate guarantee from the Company.

Another term loan is secured over the freehold land of a subsidiary and covered by a corporate guarantee from another subsidiary (see Note 3).

Revolving credits

The revolving credit facility of the Company is granted on a clean basis. The revolving credit facilities granted to direct subsidiaries are covered by a corporate guarantee from the Company. The revolving credit facilities have not been utilised as at year end.

20.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2012 Future minimum lease payments RM'000	2012 Interest RM'000	2012 Present value of minimum lease payments RM'000	2011 Future minimum lease payments RM'000	2011 Interest RM'000	2011 Present value of minimum lease payments RM'000
Less than one year	2,923	161	2,762	3,315	421	2,894
Between one and two years	1,371	48	1,323	3,263	257	3,006
Between two and five years	83	5	78	1,115	34	1,081
	4,377	214	4,163	7,693	712	6,981

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade				
Trade payables	68,588	64,335	-	-
Progress billings	5,805	1,751	-	-
Amount due to:				
- contract customers (Note 15.2)	3,399	10,274	-	-
- associate	271	-	-	-
	78,063	76,360	-	-
Non-trade				
Accruals	28,581	21,967	6,036	5,757
Advance payments received from property buyers and contract customers	27,696	23,601	-	-
Other payables	4,902	9,348	239	181
Amount due to:				
- associate	781	-	-	-
- joint venture	6,480	-	-	-
	68,440	54,916	6,275	5,938
Total	146,503	131,276	6,275	5,938

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM31,824,000 (2011: RM38,116,000).

21.2 Amount due to joint venture and associate is unsecured, interest free and repayable on demand.

22. Revenue and cost of sales

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue				
Contract revenue	223,401	259,492	-	-
Sale of development properties and vacant land	228,457	117,179	-	-
Sale of goods	33,365	30,124	-	-
Hire of equipment	108	33	-	-
Rental income of investment properties	7,451	5,065	-	-
Interest on short-term funds and fixed deposits	-	-	1,825	1,307
Dividend income from:				
- associate (quoted)	-	-	18,645	18,794
- subsidiaries (unquoted)	-	-	-	16,000
	492,782	411,893	20,470	36,101
Cost of sales				
Contract costs recognised as an expense	184,765	231,283	-	-
Cost of development properties and vacant land sold	159,910	84,174	-	-
Cost of goods sold and other operation costs	36,864	32,502	-	-
	381,539	347,959	-	-

23. Results from operating activities

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Results from operating activities is arrived at after crediting:				
Dividend income from:				
- associate (quoted)	-	-	18,645	18,794
- subsidiaries (unquoted)	-	-	-	16,000
- quoted shares in Malaysia	3	2	-	-
Net foreign exchange gain				
- realised	-	301	-	-
- unrealised	1,462	3,708	-	-
Gain on disposal of:				
- associate	2,801	10,005	3,674	13,045
- property, plant and equipment	122	-	-	-
Hire of machineries	64	56	-	-
Rental income from property lease	99	72	-	-
Rental income from vehicles	15	84	-	-
Reversal of allowance for impairment loss on receivables	8	10	-	-
and after charging:				
Amortisation of:				
- intangible assets (Note 10)	680	680	-	-
- investment properties (Note 9)	1,224	205	-	-
- prepaid lease payments (Note 4)	25	61	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	308	293	36	36
- Overseas affiliates of KPMG Malaysia	66	101	-	-
- Non-audit fees				
- KPMG Malaysia	193	170	146	146
- Local affiliates of KPMG Malaysia	163	315	42	42
Bad debts written off	-	57	-	-
Depreciation of property, plant and equipment (excluding those capitalised in property development and construction cost (Note 3.2)	11,432	10,771	150	34
Property, plant and equipment written off	483	270	-	-
Loss on disposal of:				
- subsidiaries (Note 35)	-	1,306	-	-
- property, plant and equipment	-	1,302	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,656	3,684	38	34
- wages, salaries and others	39,412	36,660	818	817
Net realised foreign exchange loss	3,675	-	-	-
Rental of equipment	548	101	-	-
Rental of premises	882	269	48	36

24. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Finance income				
- interest income from fixed deposits and cash funds	5,650	3,115	-	-
- interest income from other financial assets	1,029	819	-	-
- interest charged to subsidiaries	-	-	6,536	2,837
	6,679	3,934	6,536	2,837
Finance costs				
- interest expense from loans and borrowings	16,802	11,112	14,283	9,268
- interest expense from other financial liabilities	1,465	2,924	-	-
- interest charged by subsidiaries	-	-	-	506
	18,267	14,036	14,283	9,774

25. Compensations to key management personnel

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
- Fees	419	493	419	489
- Short term employee benefits	6,418	7,061	-	-
	6,837	7,554	419	489
Other key management personnel				
- Fees	83	62	-	-
- Short term employee benefits	3,735	5,094	-	-
	3,818	5,156	-	-
Total	10,655	12,710	419	489

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 RM159,000 (2011: RM185,000).

26. Income tax expense

Major components of income tax expense include:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current tax expense				
Malaysian				
- current year	21,933	12,916	750	3,099
- prior year	144	1,527	(343)	(20)
	22,077	14,443	407	3,079
Deferred tax income (Note 11)				
- current year	(1,741)	(5,024)	-	-
- prior year	(2,675)	(408)	-	-
	(4,416)	(5,432)	-	-
Total income tax expense recognised in profit or loss	17,661	9,011	407	3,079
	========	========	========	========
Reconciliation of income tax expense				
Profit for the year	95,200	48,147	9,416	32,901
Total income tax expense	17,661	9,011	407	3,079
Profit excluding tax	112,861	57,158	9,823	35,980
Share of tax of equity accounted:				
- associates	12,937	9,599	-	-
- joint ventures (Note 7)	3,767	5,192	-	-
	16,704	14,791	-	-
	129,565	71,949	9,823	35,980
	========	========	========	========
Income tax calculated using Malaysian tax rate of 25% (2011: 25%)	32,391	17,987	2,456	8,995
Effect of different tax rates in foreign jurisdiction	(7)	370	-	-
(Losses)/Income of foreign source not subject to Malaysian tax	167	(231)	-	-
Non-deductible expenses	16,422	18,513	3,986	2,156
Non-taxable income	(13,625)	(12,679)	(5,692)	(8,052)
Movements in unrecognised deferred tax assets	1,548	(1,277)	-	-
	36,896	22,683	750	3,099
(Over-)/Under-provision in prior years	(2,531)	1,119	(343)	(20)
	34,365	23,802	407	3,079
Less: Share of tax of equity accounted associates and joint ventures	(16,704)	(14,791)	-	-
Total income tax expense	17,661	9,011	407	3,079
	========	========	========	========

27. Earnings per ordinary share – Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2012 was based on the profit attributable to ordinary shareholders of RM89,490,000 (2011: RM46,628,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2011: 236,944,000).

Weighted average number of ordinary shares

	2012 '000	2011 '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
	========	========

28. Dividends

28.1 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 2012	Company 2011
Gross dividend per share (sen)	8.00	8.00
	========	========

28.2 Dividends

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

2012	**Sen per share**	**Total amount RM'000**	**Date of payment**
Second interim 2011 ordinary	3.0 single-tier tax exempt	7,108	16 April 2012
First interim 2012 ordinary	3.0 single-tier tax exempt	7,108	12 October 2012
		14,216	
		========	
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	
		========	

On 27 February 2013, the Directors declared a second interim single-tier exempt dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,200 in respect of the year ended 31 December 2012. The dividend was paid on 18 April 2013 and will be taken up in the financial statements for the year ending 31 December 2013.

29. 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.

29. Operating segments (continued)

	Property development 2012 RM'000	Property development 2011 RM'000	Construction 2012 RM'000	Construction 2011 RM'000	Others 2012 RM'000	Others 2011 RM'000	Inter-segment elimination 2012 RM'000	Inter-segment elimination 2011 RM'000	Consolidated 2012 RM'000	Consolidated 2011 RM'000
Revenue from external customers	228,457	117,179	223,401	259,492	40,924	35,222	-	-	492,782	411,893
Inter segment revenue	-	-	-	-	37,995	49,318	(37,995)	(49,318)	-	-
Total segment revenue	228,457	117,179	223,401	259,492	78,919	84,540	(37,995)	(49,318)	492,782	411,893
Segment profit	44,465	14,116	19,872	599	2,467	700	(4,239)	(7,734)	62,565	7,681
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	32	158	8,096	3,921	-	-	8,128	4,079
- joint ventures	-	-	11,317	12,837	-	-	-	-	11,317	12,837
	44,465	14,116	31,221	13,594	10,563	4,621	(4,239)	(7,734)	82,010	24,597
Unallocated (expense)/income									(3,653)	3,932
Share of results of an associate, DEHB (in oil and gas segment)									34,504	28,629
Income tax expense									(17,661)	(9,011)
Profit for the year									95,200	48,147
Other comprehensive income									9,507	863
Total comprehensive income for the year									104,707	49,010
Non-controlling interests									(5,710)	(1,519)
Total comprehensive income attributable to the owners of the Company									98,997	47,491

	Property development 2012 RM'000	Property development 2011 RM'000	Construction 2012 RM'000	Construction 2011 RM'000	Others 2012 RM'000	Others 2011 RM'000	Inter-segment elimination 2012 RM'000	Inter-segment elimination 2011 RM'000	Consolidated 2012 RM'000	Consolidated 2011 RM'000
Included in the measure of segment profit/loss are:										
Depreciation and amortisation [including depreciation capitalised in property development and construction cost (see Note 3.2)]	1,261	683	11,735	13,226	7,920	5,874	-	-	20,916	19,783
Finance costs	4,817	3,750	2,734	2,799	10,716	7,487	-	-	18,267	14,036
Finance income	(786)	(324)	(243)	(495)	-	-	-	-	(1,029)	(819)

Major customers

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

	Revenue 2012 RM'000	Revenue 2011 RM'000	Segment
State Government/agencies	65,853	130,196	Construction
Fiji Government	-	72,000	Construction
	65,853	202,196	

29. Operating segments (continued)

Geographical information

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

	Revenue	
	2012 RM'000	2011 RM'000
Malaysia	459,768	362,116
Fiji	33,014	49,777
	492,782	411,893

30. Financial instruments

30.1 Categories of financial instruments

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

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

	2012			2011		
Group	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets/(liabilities)						
Other investments	48	-	48	48	-	48
Trade and other receivables	337,126	337,126	-	280,112	280,112	-
Cash and bank balances	209,493	209,493	-	213,456	213,456	-
Loans and borrowings	(352,135)	(352,135)	-	(346,998)	(346,998)	-
Trade and other payables	(109,603)	(109,603)	-	(95,650)	(95,650)	-

	2012		2011	
Company	Carrying amount RM'000	L&R/ (FL) RM'000	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets/(liabilities)				
Trade and other receivables	158,256	158,256	114,535	114,535
Cash and bank balances	36,270	36,270	83,757	83,757
Loans and borrowings	(300,000)	(300,000)	(300,000)	(300,000)
Trade and other payables	(6,275)	(6,275)	(5,938)	(5,938)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net gains/(losses) on:				
Loans and receivables	6,687	3,887	6,536	2,837
Financial liabilities measured at amortised cost	(18,267)	(14,036)	(14,283)	(9,774)
	(11,580)	(10,149)	(7,747)	(6,937)

30. Financial instruments (continued)

30.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

a. Credit risk

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

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of the receivables in the statements of financial position.

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

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

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Amount due from two (2011: two) subsidiaries	-	-	150,264	109,562
Trade receivables from three (2011: three) counterparties	145,673	139,987	-	-
	145,673	139,987	150,264	109,562

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

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Malaysia	268,913	246,729	158,256	114,535
Fiji	68,213	33,383	-	-
	337,126	280,112	158,256	114,535

30. Financial instruments (continued)

30.3 Financial risk management (continued)

a. Credit risk (continued)

Receivables (continued)

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
2012			
Not past due	145,886	-	145,886
Past due 0-30 days	101,781	-	101,781
Past due 31-60 days	15,200	-	15,200
Past due 61-90 days	7,111	-	7,111
Past due 91-180 days	12,708	(24)	12,684
Past due more than 180 days	54,985	(521)	54,464
Total receivables (see Note 15)	337,671	(545)	337,126
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

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

	Group 2012 RM'000	Group 2011 RM'000
At 1 January	553	563
Reversed	(8)	(10)
At 31 December	545	553

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.

The Company does not specifically monitor the ageing of the loans and advances to subsidiaries. However, there is no indication that the amounts due from subsidiaries of RM158,210,000 (2011: RM114,517,000) are not recoverable as at the end of the reporting period.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

30. Financial instruments (continued)

30.3 Financial risk management (continued)

a. Credit risk (continued)

Financial guarantees (continued)

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	
	2012 RM'000	2011 RM'000
Bank guarantees	163,072	151,209
Other loans and borrowings outstanding and recognised in financial statements	43,460	41,943
Total (see Note 32)	206,532	193,152
	========	========

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.

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
2012							
Trade and other payables	109,603	-	111,230	99,254	3,724	8,252	-
Loans and borrowings							
- Finance lease liabilities	4,163	4.60 – 8.16	4,377	2,923	1,371	83	-
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	340,030	14,244	157,659	138,332	29,795
- RM term loan	47,972	4.48 and 5.03	61,053	5,580	6,223	17,476	31,774
	========		========	========	========	========	========
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	354,313	14,283	14,244	294,713	31,073
- RM term loan	36,600	4.57	46,244	2,428	4,732	13,322	25,762
	========		========	========	========	========	========
Company							
2012							
Other payables	6,275	-	6,275	6,275	-	-	-
Loans and borrowings							
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	340,030	14,244	157,659	138,332	29,795
	========		========	========	========	========	========
2011							
Other payables	5,938	-	5,938	5,938	-	-	-
Loans and borrowings							
- Islamic Bonds	300,000	4.50, 4.90 and 5.15	354,313	14,283	14,244	294,713	31,073
	========		========	========	========	========	========

30. Financial instruments (continued)

30.3 Financial risk management (continued)

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/or borrowings denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

In the previous years, an unsecured term loan denominated in USD was obtained to finance the foreign operations in Fiji. The loan has been fully settled during the year.

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Group	
	2012 RM'000	**2011 RM'000**
Denominated in USD		
Cash and bank balances	13,400	1,038
Term loan	-	(3,417)
Exposure in the statement of financial position	13,400	(2,379)
	========	========

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

Currency risk sensitivity analysis

A 10 percent strengthening of the RM against USD at the end of the reporting period would have decreased/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	
	2012 RM'000	**2011 RM'000**
Group		
USD	(1,340)	238
	========	========

A 10 percent weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

ii. Interest rate risk

The Group's investments in fixed rate term deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures thereto. The management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

The investment in interest-bearing assets is mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as term deposits and cash funds.

30. Financial instruments (continued)

30.3 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	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Fixed rate instruments				
Financial assets	172,122	174,757	185,317	191,592
Financial liabilities	(304,163)	(306,981)	(300,000)	(300,000)
	========	========	========	========
Floating rate instruments				
Financial liabilities	(47,972)	(40,017)	-	-
	========	========	========	========

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			
	2012		2011	
	100bp increase RM'000	**100bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
Floating rate instruments				
- Group	(2,834)	2,834	(2,121)	2,121
	========	========	========	========

iii. Other price risk
Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk
Management monitors the equity investments on an individual basis.

The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

30. Financial instruments (continued)

30.4 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 (non-current portion), together with the carrying amounts shown in the statements of financial position are as follows:

	2012		2011	
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	(1,401)	(1,401)	(4,087)	(4,087)
Islamic Bonds	(300,000)	(300,000)	(300,000)	(300,000)
Term loan denominated in RM	(44,243)	(44,243)	(35,000)	(35,000)
	========	========	========	========
Company				
Islamic Bonds	(300,000)	(300,000)	(300,000)	(300,000)
	========	========	========	========

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:

	2012 %	**2011 %**
Islamic Bonds	4.50, 4.90 and 5.15	4.50, 4.90 and 5.15
Finance leases liabilities	4.60 - 8.16	4.60 - 8.99

30.4.1 Fair value hierarchy

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 2012.

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its business. The Directors determine, monitor and maintain an optimal debt-to-equity ratio for the Group that complies with debt covenants and regulatory requirements.

One of its capital management strategies is to maintain an interest cover ratio of at least 4 times and a debt-to-equity ratio of not exceeding 1.2 times to comply with the covenants of the Islamic Bonds facilities as disclosed in Note 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 0.68 (2011: 0.73) time, 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.

32. 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	
	2012	**2011**
	RM'000	**RM'000**
Corporate guarantees granted for banking facilities of certain subsidiaries (Note 30.3)	206,532	193,152
	========	========

33. Capital expenditure commitments

	Group	
	2012	**2011**
	RM'000	**RM'000**
Property, plant and equipment		
- Authorised but not contracted for	13,476	5,296
	========	========

34. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

34. Related parties (continued)

Significant related party transactions, other than compensations to key management personnel (see Note 25) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Nature of transaction		
Dividend income	-	(16,000)
Management fee expenses	2,709	3,244
Interest income	(6,536)	(2,837)
Interest expenses	-	506
Expenses on rental of premises	48	36
	========	========

Transactions with associates

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Nature of transaction				
Dividend income	-	-	(18,645)	(18,794)
Purchase of construction materials	5,504	1	-	-
Sale of construction materials	(4,876)	(63)	-	-
	========	========	========	========

Transaction with joint ventures

	Group	
	2012 RM'000	2011 RM'000
Nature of transaction		
Construction contract revenue	(1,619)	(13,915)
	========	========

Transactions with companies connected to certain major shareholders and Directors of the Company and of its subsidiaries

	Group	
	2012 RM'000	2011 RM'000
Nature of transaction		
Expenses on rental of premises	18	32
Income from rental of premises	-	(33)
	========	========

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

	Group	
	2012 RM'000	2011 RM'000
Nature of transaction		
Consultant fee paid	218	60
	========	========

The balances with subsidiaries, associates and joint ventures are disclosed in Notes 15 and 21 to the financial statements.

34. Related parties (continued)

The outstanding balances with other related parties are as follows:

	Group	
	2012 **RM'000**	**2011** **RM'000**
Amount due therefrom	875	6
Amount due thereto	(14)	(1)
	========	========

Related party transactions are based on negotiated terms.

35. 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 RM80 (2011: RM2), satisfied in cash:

Subsidiary	**Date of acquisition**	**% of equity interest acquired**
2012		
Naim Capital Housing Sdn. Bhd. (formerly known as Pioneer Paradigm Sdn. Bhd.)	13.6.2012	100.00%
Naim Capital Port Sdn. Bhd. (formerly known as Global Serijuta Sdn. Bhd.)	13.6.2012	100.00%
Bintulu Paragon Sdn. Bhd.(formerly known as Sincere Metro Sdn. Bhd.)	30.7.2012	100.00%
Harmony Faber Sdn. Bhd.	10.8.2012	100.00%
Lotus Paradigm Sdn. Bhd.	10.10.2012	70.00%
Unique Composite Sdn. Bhd.	24.12.2012	100.00%
2011		
Naim Vanua Levu (Fiji) Limited	4.10.2011	50.00%

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	
	2012 **RM'000**	**2011** **RM'000**
Net identifiable assets acquired, satisfied by cash	#	#
Less: Cash acquired	#	#
Net cash outflow on acquisition	-	-
	========	========

Representing net assets and cash acquired of RM80 (2011: RM2) respectively.

The acquisition of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the financial year ended 31 December 2012.

ii. Changes in investments in existing subsidiaries

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

  On 11 December 2012, Naim Land Sdn. Bhd. ("NLSB") subscribed for additional 9,999,998 ordinary shares of RM1.00 each in Peranan Makmur Sdn. Bhd., settled by way of set off against the amount owing to NLSB.

  During the last financial year, 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 & Logistic Sdn. Bhd. increased its issued and paid up capital from RM1,250,000 to RM5,000,000 on 22 February 2011, satisfied in cash. In the same month, another subsidiary, Total Reliability Sdn. Bhd. 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.

35. Acquisitions and disposals of subsidiaries (continued)

ii. Changes in investments in existing subsidiaries (continued)

- ***Increase in investments***

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"), settled in cash. NVLFL has since become a 99.9% owned subsidiary of the Group (2011: being 50% owned subsidiary). The subscription to the new ordinary shares of NVLFL does not have material impact to the Group as the subsidiary has been dormant since acquisition.

During the last financial year, 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 became a wholly-owned subsidiary of the Group.

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 became a wholly-owned subsidiary of the Group.

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
Net assets acquired	284
Goodwill on consolidation	16
Cash outflow on acquisition	300

The acquisitions of NBSB and NPSB during the last financial year ended 31 December 2011 were accounted for as equity transactions between the Group and non-controlling interests. Goodwill of RM16,000 arising from the acquisition was adjusted against group reserves as at 31 December 2011.

The Group also recognised a decrease in minority interests of RM284,000 for the year ended 31 December 2011.

- ***Decrease in investment***

During the last financial year, Samalaju Property Development Sdn. Bhd. ("SPDSB"), which was previously a 100% owned subsidiary, issued new ordinary shares to 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 has since been regarded as an associate of the Group (see Note 6). The Group has recognised a loss of RM1,306,000 from the disposal in the year ended 31 December 2011.

iii. Internal restructuring

During the financial year under review, the Company acquired the entire equity interest of Naim Assets Sdn. Bhd. (formerly known as Naim Citra Sdn. Bhd.) from its direct subsidiary, NLSB for a cash consideration of RM1,250,000. Simultaneously, NESB acquired the entire equity interest of Naim Capital Sdn. Bhd. (formerly known as Naim Management Sdn. Bhd.) from NLSB for a cash consideration of RM2.00.

During the last financial year, NESB acquired the entire equity interest of Naim Equipment Sdn. Bhd. ("NEquip") from NLSB for a cash consideration of RM2.00.

These acquisitions do not have a material impact to the Group as there are no changes in the group equity interest in these subsidiaries.

36. Contingent liabilities

Material litigations

i. 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 fixed the matter for trial on 25 to 28 June 2013.

b. On 20 March 2009, Naim Land 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 2012 to the Court of Appeal on the High Court's decision. The High Court has on 14 March 2013 dismissed the NCR claims made by the claimants against NLSB.

c. 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. The High Court has rescheduled the trial to 20 to 23 May 2013, 10 to 14 June 2013 and 24 to 28 June 2013.

d. On 5 August 2010, Khidmat Mantap Sdn. Bhd. ("KMSB") received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed a Statement of Defence on 16 August 2010. The High Court has fixed the matter for trial on 27 to 31 May 2013.

ii. Other legal suit

On 10 January 2012, NLSB received a Writ of Summons and Statement of Claim from a contractor seeking for, inter alia, a refund of Liquidated Ascertained Damages of RM55,849 and additional costs 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 date for continuation of the trial on 2, 3 and 6 May 2013.

Contingent claim

A construction contract to construct rural schools in Sarawak was awarded by the Ministry of Education (MOE) on 9 June 2008 to a joint venture ("JV"), of which a wholly-owned subsidiary, Naim Engineering Sdn. Bhd. ("NESB"), is a partner. The construction of the schools was divided internally between NESB and its JV partner. While NESB has been able to complete the schools allocated to it on a timely basis, its JV partner has not been able to do so for its share of the schools. MOE has to date imposed liquidated and ascertained damages ("LAD") of RM6 million for the delay in the completion of the schools handled by the JV partner and deducted it from the progress claims made by the latter. In view of the delay in the completion of the schools allocated to the JV partner, NESB as a party to the JV, and hence the Group, may be jointly and severally liable for the delay in the completion of the schools, thus exposing the Group to potential contingent loss, including additional LAD of up to RM6.9 million which may be imposed by MOE.

While awaiting the outcome of the JV partner's application for an extension of time to complete the remaining schools and contest/appeal against the LAD, concerted efforts have been put in to expedite the construction of the schools. Under the arrangement with the JV partner, NESB is indemnified against any loss, damage or liability, including LAD, arising from any failure to complete the schools within the contractual timeframe or delay in completing the same by the JV partner in respect of its share of the schools. At this juncture, the Group's exposure to potential contingent loss is uncertain and as such, no provision has been made for the contingent loss in the financial statements.

37. Subsequent event

Subsequent to the year end, a direct subsidiary of the Company, Naim Engineering Sdn. Bhd. entered into share subscription and share sale agreements with Kempas Sentosa Sdn. Bhd. ("KSSB") and its shareholders respectively to acquire an equity interest of up to 40% in Kempas Sentosa Sdn. Bhd., for a consideration of RM6,458,000, to be satisfied by way of cash and injection of plant and machinery. The acquisition of the equity interest in KSSB is expected to be completed by the first half of 2013.

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and subsidiaries				
- Realised	525,439	455,628	69,957	74,757
- Unrealised	8,299	8,321	-	-
	533,738	463,949	69,957	74,757
The share of retained earnings from associates				
- Realised	66,561	50,007	-	-
- Unrealised	(632)	(746)	-	-
	65,929	49,261	-	-
The share of retained earnings from joint ventures	18,895	14,836	-	-
	618,562	528,046	69,957	74,757
Less: Consolidation adjustments	(124,188)	(108,946)	-	-
Total retained earnings as per statement of changes in equity (also see Note 19)	494,374	419,100	69,957	74,757

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.

Statements 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 84 to 139 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 2012 and of their financial performance and cash flows for the year then ended, and

b. the information set out in Note 38 on page 140 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Datuk Amar Abdul Hamed Bin Haji Sepawi

....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 25 April 2013

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

I, **Wong Ping Eng**, the Director primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 84 to 140 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 25 April 2013

....

Wong Ping Eng

Before me: 1st Floor, Block B,
Lot 7898, Queen's Court,
Jalan Wan Alwi,
93350 Kuching, Sarawak

PESURUHJAYA SUMPAH
NO. Q 118
YONG NAM HUA
MALAYSIA

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 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 84 to 139.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b. We have considered the accounts and the audit reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 on page 140 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chin Chee Kong
Approval Number: 1481/01/15 (J)
Chartered Accountant

Kuching,
Date: 25 April 2013

Other Information

Analysis of Shareholdings
as at 30 April 2013

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 SHAREHOLERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	15	0.40	584	0.000
100 – 1,000	724	19.33	621,100	0.26
1,001 – 10,000	2,187	58.40	10,135,400	4.28
10,001 – 100,000	647	17.28	20,375,275	8.60
100,001 – 11,847,199 (*)	167	4.46	96,736,691	40.83
11,847,200 and above (**)	5	0.13	109,074,950	46.03
Total	**3,745**	**100.000**	**236,944,000#**	**100.000**

Remark: * - *Less than 5% of issued shares*
** - *5% and above of issued shares*
# - *The number of 236,944,000 ordinary shares was arrived at after deduction the number of 13,056,000 treasury shares retained by the Company from the original issued and paid-up share capital of 250,000,000 ordinary shares of the Company*

Top 30 Shareholders

NO.	NAME	NO. OF 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.)	13,070,100	5.52
6	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	4.08
7	ABDUL HAMED BIN SEPAWI	7,150,000	3.02
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDUL HAMED BIN SEPAWI (51401139418A)	5,000,000	2.11
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	4,273,200	1.80
10	HWS PROPERTIES SDN BHD	4,012,250	1.69
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.37
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR KBC SECURITIES N.V.	2,824,800	1.19
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,427,500	1.02
14	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR PRUSIK ASIAN SMALLER COMPANIES FUND PUBLIC LIMITED COMPANY	1,750,000	0.74
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	1,708,300	0.72
16	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET LONDON FUND OD77 FOR ISHARES III PUBLIC LIMITEDCOMPANY	1,692,500	0.71
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,368,000	0.58
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	1,320,000	0.56

Top 30 Shareholders (continued)

NO.	NAME	NO. OF SHARE HELD	% SHAREHOLDING
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR OSK-UOB EQUITY TRUST (3175)	1,300,000	0.55
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GROWTH FUND)	1,099,600	0.46
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ALLIANCE INV)	1,090,100	0.46
22	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR BAILLIE GIFFORD PACIFIC FUND (NAT WEST BK PLC)	1,081,800	0.46
23	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
24	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	1,010,500	0.43
25	PELITA HOLDINGS SDN BHD	1,000,000	0.42
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	987,600	0.42
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	976,700	0.41
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	873,300	0.37
29	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	827,400	0.35
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD BANK OF SINGAPORE LTD FOR SIAW LU HOWE	800,000	0.34

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 AMAR ABDUL HAMED BIN HAJI 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 AMAR ABDUL HAMED BIN HAJI 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	WONG PING ENG	4,000	0.002	10,000	0.004
4	DATUK HAJI HAMDEN BIN HAJI AHMAD	-	-	-	-
5	TAN SRI IZZUDDIN BIN DALI	-	-	-	-
6	DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
7	DATU' (DR) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
8	PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
9	DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-

Top 10 Properties

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Net Book Value RM'000
PROPERTIES UNDER LAND H ELD FOR DEVELOPMENT				
Long Term Leasehold Land				
Lot 3247 Block 11 Kuala Baram Land District, Miri (Old lot = Lot 4281, Block 10)	Land For Development	20.07.1995 Expiring 19.07.2094	678,984	28,618
Lot 5234, Block 25, Muara Tuang Land District (Old lot = Lot 1748)	Land For Development	29.05.2008 Expiring	1,807,980	26,709
Lot 2203, Lot 4172 and Lot 4173, Bintulu Land District	Land For Development	10.12.2009 Expiring 31.12.2069 26.09.2008 Expiring 04.07.2111 28.05.2068	22,130 146,927	22,436
Lot 819, Blk 13 Kuala Baram Land District Miri (Old lot = Lot 772)	Land For Development	21.08.1997 Expiring 20.08.2096	314,361	11,052
Lot 8619 Block 11, Kuala Baram Land District	Land For Development	27.07.2012 Expiring 11.09.2111	142,000	8,529
Lot 7506, Block 11, Kuala Baram Land District	Land For Development	27.07.2012 Expiring 11.09.2111	154,540	6,932
Lot 4711, Block 14, Salak Land District (Old lot = Lot 3625, Block 14)	Land For Development	22.06.2004 Expiring 21.06.2064	335,971	4,895
INVESTMENT PROPERTY				
Lot 3244, Block 11, KBLD	Commercial Land & Building	22.12.2009 Expiring 19.07.2094	34,130 (25,560)	50,822
Lots 30 & 31, Block 34, Kemena Land District, Bintulu (Old lot = Lot 23, Block 34)	Mixed Development	13.02.2001 Expiring 20.07.2111	4,010,000	13,223
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Long Term Leasehold				
Lot 3287, Block 10, KCLD	Mixed Development	03.08.2007 Expiring 02.04.2111	135,970	33,153
Building				
Unit A-39-1 Level 39, Menara UOA Bangsar, No. 5 Jalan Bangsar Utama 1, Bangsar 59000 Kuala Lumpur	Office building	17.08.2011	(5,501)	5,641

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting of Members of **NAIM HOLDINGS BERHAD** will be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Friday, 14 June 2013 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 2012. **ORDINARY RESOLUTION 1**

2. Approval of Directors' Fees
To approve Directors' Fees in respect of the financial year ended 31 December 2012.
ORDINARY RESOLUTION 2

3. Re-Election of Directors
To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association:

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

To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association:

Wong Ping Eng (Ms)	**ORDINARY RESOLUTION 6**
Tan Sri Izzuddin Bin Dali	**ORDINARY RESOLUTION 7**
Datin Mary Sa'diah Binti Zainuddin	**ORDINARY RESOLUTION 8**

4. Re-Appointment of Auditors
To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration.
ORDINARY RESOLUTION 9

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

5. ORDINARY RESOLUTION 10 - 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 10

6. ORDINARY RESOLUTION 11 - 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 2012 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 11

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

BY ORDER OF THE BOARD

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

Kuching, Sarawak
Dated this 23 May 2013

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 10 June 2013 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

Explanatory Notes on Special Businesses

a. Ordinary Resolution 10 – 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 15 June 2012. 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.

b. Ordinary Resolution 11 – Proposed Renewal of Authority to Purchase Own Shares

Please refer to the Statement to Shareholders in relation to The Proposed Renewal of Authority for Purchase of Own Shares dated 23 May 2013 for further information.

Statement accompanying Notice of Annual General Meeting

Directors standing for re-election at the 11th Annual General Meeting

The following are Directors retiring pursuant to Article 85 and Article 92 of the Company's Articles of Association:

i. Article 85 Retirement by rotation
Datuk Amar Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

ii. Article 92 – Retirement after appointment to fill casual vacancy
Wong Ping Eng (Ms)
Tan Sri Izzuddin Bin Dali
Datin Mary Sa'diah Binti Zainuddin

The respective profiles of the above Directors are set out in the Profile of Directors pages 15 to 20

The details of interest in securities of the Company (if any) held by the Directors are stated on page 147 of the Annual Report.

NAIM HOLDINGS BERHAD
585467-M (Incorporated in Malaysia)

CDS account no. of authorized nominee

FORM OF PROXY

I/We ____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

IC No./ID No./Company No. ____________________ (new) ____________________ (old)

of ____
(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint ____________________

____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

NRIC NO./Passport No ____________________ (new) ____________________ (old) of

____
(FULL ADDRESS)

or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak, Malaysia on Friday, 14 June 2013 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 : Datuk Amar Abdul Hamed Bin Haji Sepawi		
Ordinary Resolution 4	Re-election of Director: Datuk Hasmi Bin Hasnan		
Ordinary Resolution 5	Re-election of Director: Professor Dato' Abang Abdullah Bin Abang Mohamad Alli		
Ordinary Resolution 6	Re-election of Director: Wong Ping Eng (Ms)		
Ordinary Resolution 7	Re-election of Director: Tan Sri Izzuddin Bin Dali		
Ordinary Resolution 8	Re-election of Director: Datin Mary Sa'diah Binti Zainuddin		
Ordinary Resolution 9	Re-appointment of Auditors : Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 10	Authority to allot and issue shares		
Ordinary Resolution 11	Proposed renewal of authority to purchase own shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Dated this __________ day of __________ 2013.

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 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 10 June 2013 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

1. Fold here / Lipat di sini

STAMP

The Company Secretary

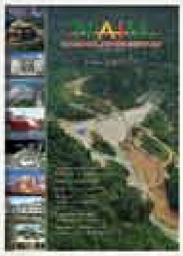
NAIM HOLDINGS BERHAD

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

2. Fold here / Lipat di sini

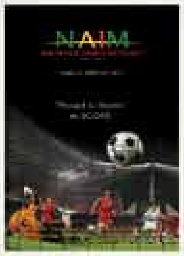
From where we Began . . .

Annual Report **2010**



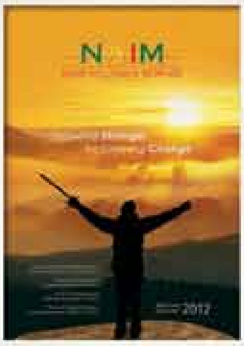
NAIM HOLDINGS BERHAD

Annual Report **2011**



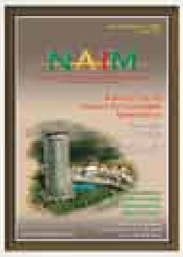
NAIM HOLDINGS BERHAD

Annual Report **2012**



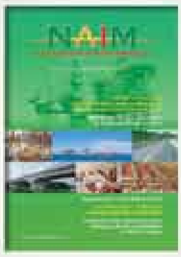
NAIM HOLDINGS BERHAD

Annual Report **2006**



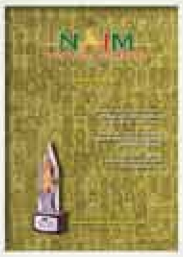
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2007**



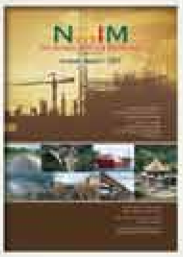
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2008**



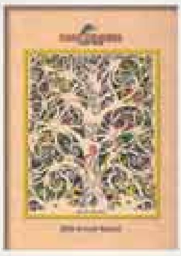
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)

Annual Report **2009**



NAIM HOLDINGS BERHAD

Annual Report **2002**



NAIM CENDERA SDN BHD

Annual Report **2003**

NAIM CENDERA
HOLDINGS BERHAD

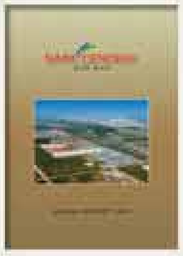
Annual Report **2004**

NAIM CENDERA
HOLDINGS BERHAD

Annual Report **2005**

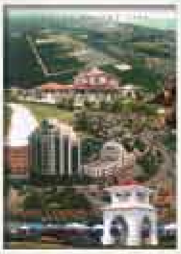
NAIM CENDERA
HOLDINGS BERHAD

Annual Report **1998**



NAIM CENDERA SDN BHD

Annual Report **1999**



NAIM CENDERA SDN BHD

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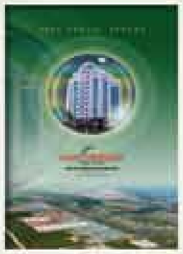

NAIM CENDERA SDN BHD

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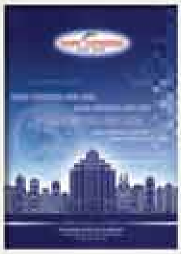

NAIM CENDERA SDN BHD

NAIM

A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD
(Company No.: 585467-M)

Registered and Head Office

9th Floor Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: 6 082 411667   Fax: 6 082 429869   E-mail: enquiries@naim.com.my
Website: www.naim.com.my

Kuala Lumpur | Kuching | Bintulu | Miri | Fiji