

NAIM

NAIM HOLDINGS BERHAD

Company No. 585467-M

Annual Report 2009

Ranked a Top Mid-Cap
Company for Best Practices in
Corporate Governance

Winner of SHEDA
Excellence Award 2009
Top Developer In Residential
Development



Implemented more than
RM2 billion of contracts

Has construction order book
of RM3.5 Billion

Land bank 2,600 acres with
estimated GDV of RM6 billion

awards



2009
SHEDA 2009
 Top Developer In Residential Development

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

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

2005
 Malaysia
 Corporate
 & Social
 Environment
 Responsibility
 Award

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

2004
 KPMG
 Shareholder
 Value
 Awards

2004
 The
 Malaysian
 Construction
 Industry
 Excellence
 Awards
 Builder of
 The Year

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

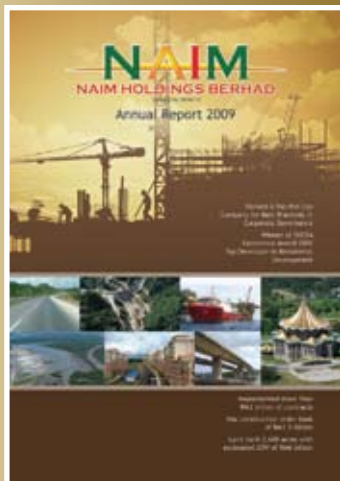
2004
 Malaysia
 Canada
 Business
 Council
 Business
 Excellence
 Award
 Industry
 Excellence
 for
 Construction
 Award

2003
 SCCI
 Annual
 Corporate
 Report
 Awards
 Best
 Annual
 Report
 Award

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

2002
 CIDB Builders
 Award
 Building
 Works
 Category
 Institutional
 Building
 Project





cover rationale

Our cover design for 2009 reflects the increasingly important role of our Construction Division, and the main photograph of steel erectors at work reflects the cooperation and sheer hard work that has made the division's success possible. The broad range of Naim's Property, Construction and Oil and Gas activities are reflected in the smaller photos. On the overlay, corporate highlights, key attributes and our latest industry award are all featured in order to give readers an at-a-glance overview of what Naim offers its stakeholders.

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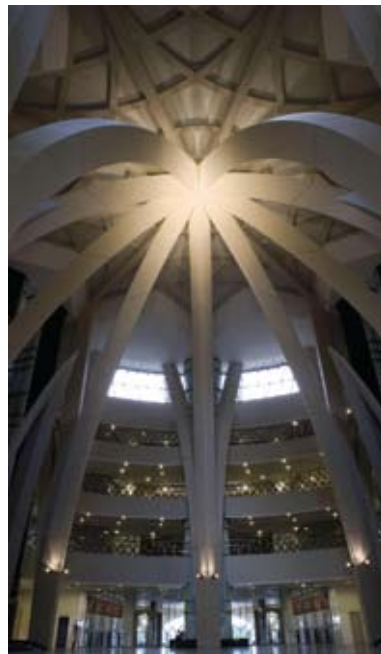
logo rationale



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

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





our vision

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

our mission

To provide the finest products and services to our customers.

To provide increasing value and superior returns for our shareholders.

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

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

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





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



valuing our customers

More than anybody else it is our customers who contribute to the Naim Group's success. Therefore we go to great lengths to appreciate them and give them the quality, value and efficient service they deserve.

Our Construction Clients

Our construction clients, so far, are mostly Government Departments. But at Naim we are fully aware that it is not the Government's money they are spending but yours and ours, as we all contribute to government revenue in one way or another. Therefore we do our level best to give value to the taxpayer, through enhanced quality, rapid completion of projects, innovative solutions and prudent project financing. And most importantly we liaise closely with our clients' representatives throughout the duration of the projects, keeping them fully updated on every development.

This policy has resulted in a number of positive benefits to our clients;

- Projects are always completed on time and frequently ahead of schedule.
- Our quality always matches or exceeds the client's specifications, which is confirmed by the many prestigious quality awards we have received.

- We are prudent with our clients' money; in some cases we are even able to refund clients from the savings we have made.
- We are completely transparent in our corporate governance and financial disclosure; every decision and every Sen is fully disclosed and accounted for.
- We offer innovative solutions to clients' problems, which add value to their projects.

With the successful introduction of our Zero Defects Policy during 2009, and our ongoing efforts to improve all our business processes, we confidently expect to be able to offer our clients even better quality and value in the future.

Our Property Buyers

The overwhelming majority of our property buyers are making the single biggest investment of their entire lives, and we are therefore morally obliged to ensure they get the best that we can offer. Our reputation for reliable and timely completion of new homes is one of the best in our industry, and we do our utmost to ensure the quality and value of Naim homes.

We are committed to taking care of our buyers, and we achieve this through a variety of strategies;

- Our projects are always fully integrated with all necessary amenities and attractive layout and landscaping, so that buyers buy into vibrant living communities.
- Naim homes are always finished to the highest possible standards commensurate with price.
- When costs go up we trim our margins rather than increase prices or reduce quality, in order that our customers keep faith with us.
- We follow up on all our developments with on-site security and on-site after sales service and maintenance.
- We maintain a warm and friendly relationship with our buyers, through community events and activities designed to raise their quality of life.
- We are the most reliable developer in our region for rapid and timely completion and issuance of COF.

As a result of these strategies, Naim homes enjoy above average resale values, low defect rates, and happy families as occupants. With the introduction of our unique 2-year Extended Warranty, which applies to all new properties, we are confident that we now offer the best overall value of any developer in Malaysia.

The location is right for us, my children can just walk to school, the shops are just round the corner, it's very convenient.

I like Naim House, everything is spacious, the land size is generous, so I can do my gardening.

Since I bought Naim Shophouse, the value has gone up very fast. I think I made the right choice.

We buy Naim Homes because Naim is a reliable developer. We are happy to move in early.



2009 at a glance

Financial Performance		% Change From 2008
Revenue (RM'000)	566,920	+ 8.25
Profit Before Tax (RM'000)	115,532	+ 10.76
Net Profit Attributable to Equity Holders of the Company (RM'000)	84,981	+ 5.24
Total Assets (RM'000)	1,057,162	+ 10.59
Shareholders' Equity (RM'000)	652,363	+ 11.01
Earnings Per Share (sen)	35.85	+ 7.59
NA Per Share (sen)	260.94	+ 11.18
Return On Equity (%)	13.03	- 5.17
Gross Dividend (sen)	8.00	- 38.46
Gross Dividend Yield (%)	2.72	**

** Gross Dividend Yield for 2008 was 9.03%. Effect of % change in yield is not presented.

Investor Relations Service

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

Senior Director, Corporate Services & Human Resource

Tel : +6082-411667

Fax : +6082-429869

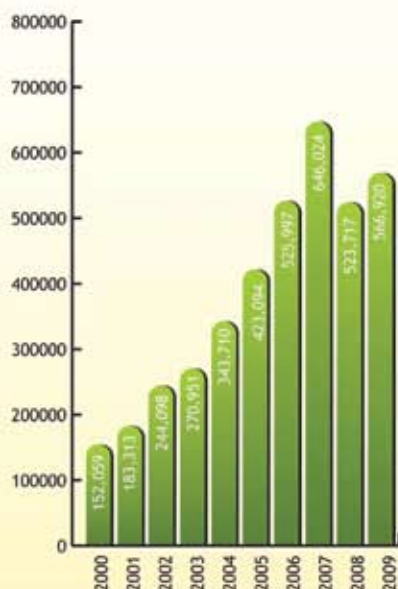
E-mail : ricky.kho@naim.com.my

Financial Calendar

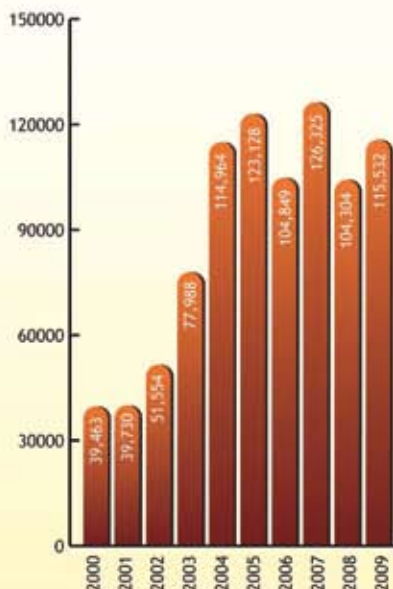
Financial Year End		31 Dec 2009
Announcement of Results	1st quarter	26 May 2009
	2nd quarter	26 Aug 2009
	3rd quarter	17 Nov 2009
	4th quarter	24 Feb 2010
Notice of Annual General Meeting		26 May 2009
Annual General Meeting		18 June 2009
First Interim Single-tier Dividend	Declaration	26 Aug 2009
	Book closure	15 Sept 2009
	Ex-date	11 Sept 2009
	Payment	28 Sep 2009
Second Interim Single-tier Dividend	Declaration	24 Feb 2010
	Book closure	16 March 2010
	Ex-date	12 March 2010
	Payment	14 April 2010

10-year financial highlights (in RM000)

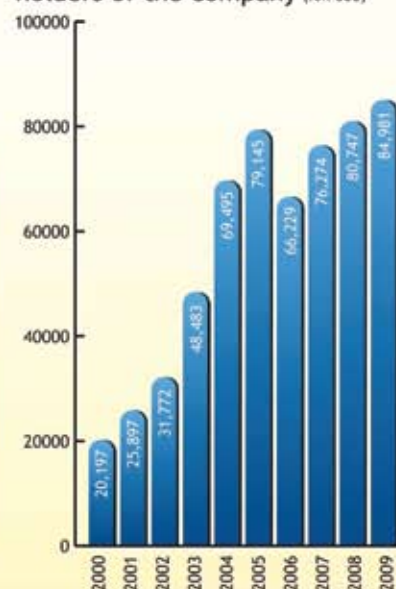
revenue (RM'000)



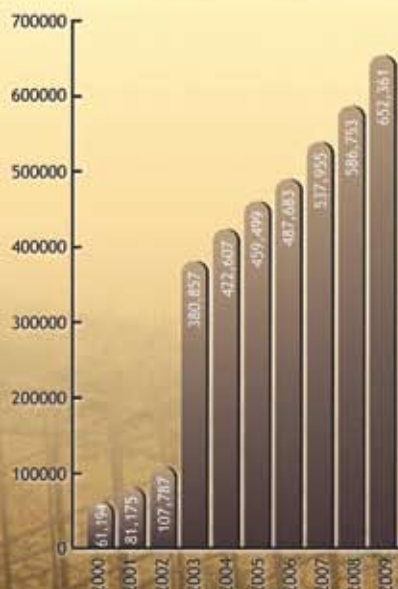
profit before tax (RM'000)



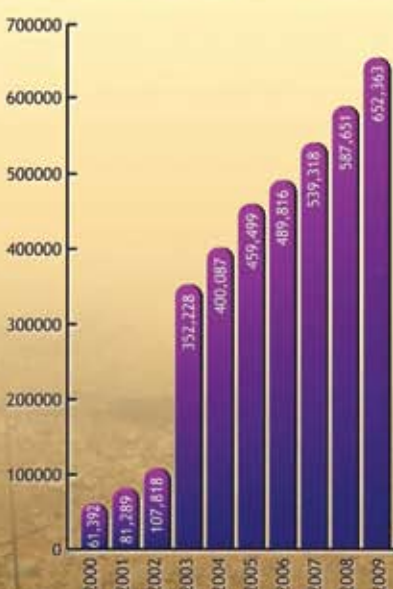
net profit attributable to equity holders of the company (RM'000)



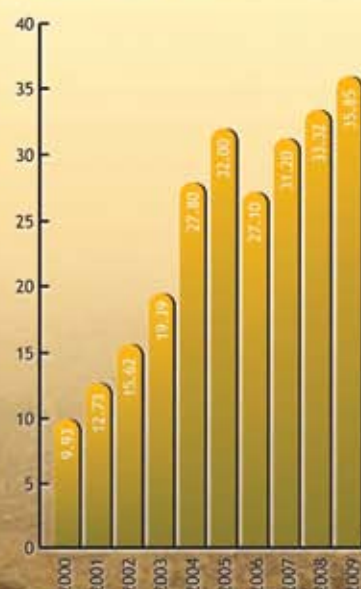
net tangible assets (RM'000)



shareholders' equity (RM'000)



earnings per share (sen)



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenue	152,059	183,313	244,098	270,951	343,710	423,094	525,997	646,024	523,717	566,920
Profit before taxation	39,463	39,730	51,554	77,988	114,964	123,128	104,849	126,325	104,304	115,532
Net Profit Attributable to Equity Holders of the Company	20,197	25,897	31,772	48,483	69,495	79,145	66,229	76,274	80,747	84,981
Total Assets	144,862	191,583	222,851	567,301	657,481	710,277	793,841	906,918	955,920	1,057,162
Net Tangible Assets	61,194	81,175	107,787	380,857	422,607	459,499	487,683	537,955	586,753	652,361
Shareholders' Equity	61,392	81,289	107,818	352,228	400,087	459,499	489,816	539,318	587,651	652,363
Total Number of Shares	203,425	203,425	203,425	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Earnings Per share (sen)	9.93	12.73	15.62	19.39	27.80	32.00	27.10	31.20	33.32	35.85
Gross Dividend Rate (%) *	2.46%	2.95%	15.24%	9.00%	12.00%	12.00%	15.00%	15.00%	13.00%	8.00%
Net Tangible Assets Per Share (sen)	30.08	39.90	52.99	152.34	169.041	83.80	195.07	215.18	234.70	260.94
Gearing Ratio	0.06	0.09	0.07	0.006	0.002	0.001	0.007	0.202	0.230	0.564

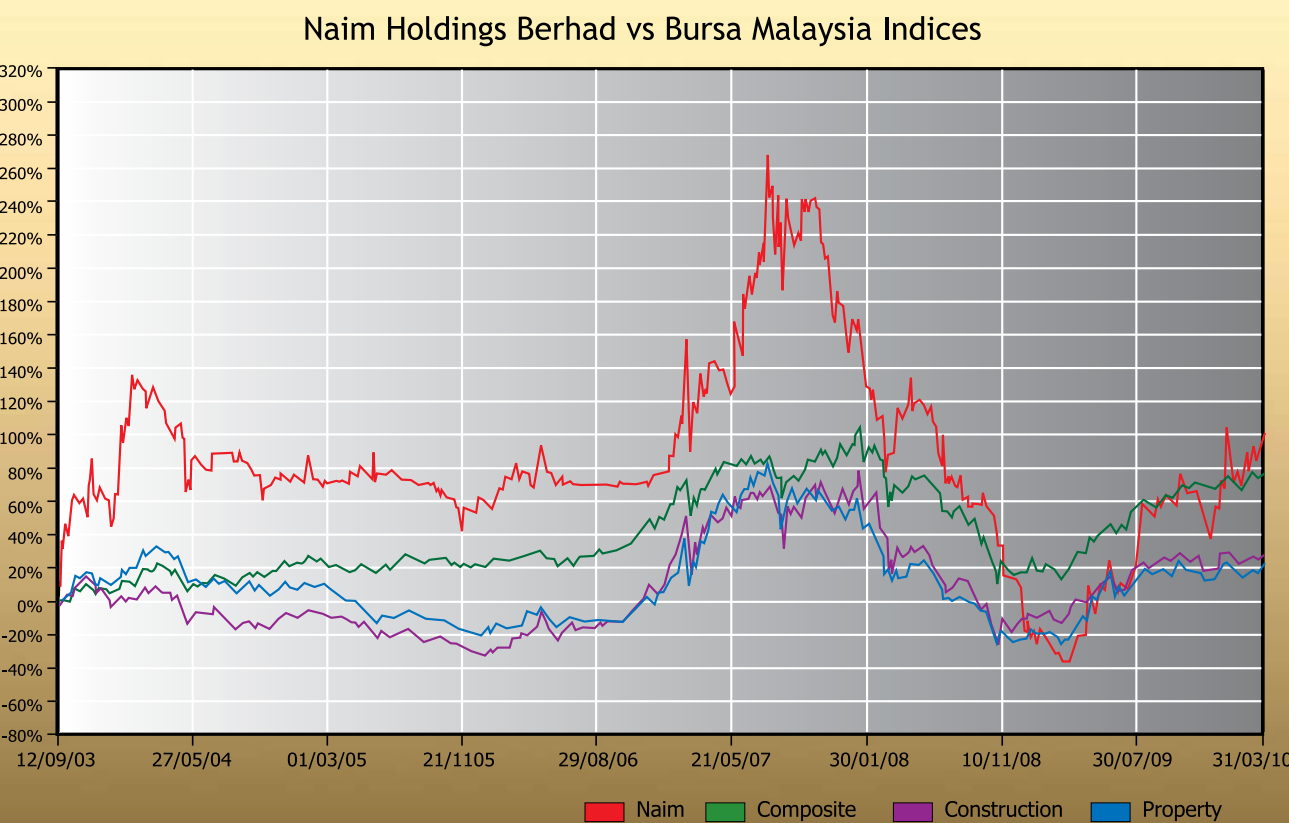
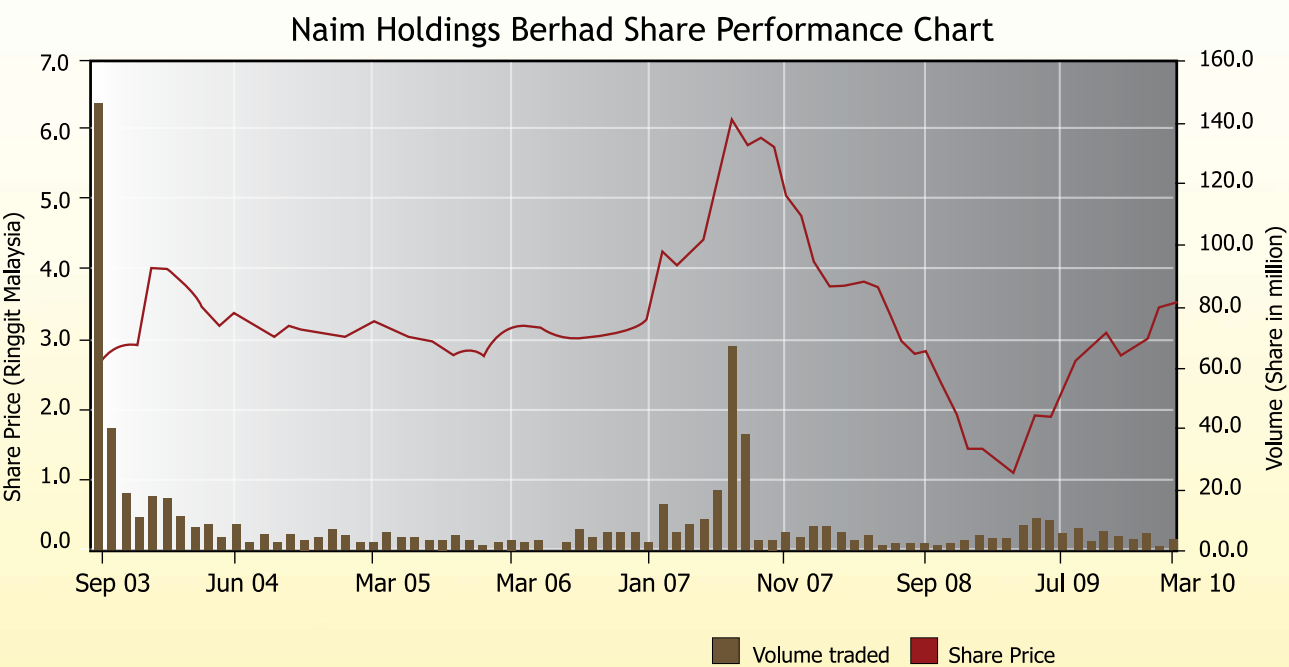
Note: The financial highlights for the years ended 31 December 2000 to 2002 are presented on a pro-forma basis (as if Naim Cendera Sdn Bhd (NCSB) and its subsidiaries were part of the Naim Holdings Group since 1 January 2000), and are for illustrative purposes only.

* based on the gross dividend declared and paid by naim cendera sdn. bhd. of rm5,000,000, rm6,000,000 and rm6,000,000 in respect of financial years ended 31 december 2000, 2001, 2002 respectively and the number of shares assumed in issue of 203,425,000 shares. In 2003 the gross dividend paid was rm22,500,000 based on the number of shares in issue, i.e. 250,000,000 shares.

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



share performance



corporate information



NAIM HOLDINGS BERHAD

BOARD OF DIRECTORS

Chairman

Datuk Abdul Hamed Bin Haji Sepawi

Managing Director

Datuk Hasmi Bin Hasnan

Executive Directors

Dato William Wei How Sieng

Kueh Hoi Chuang

Haji Radzali Bin Haji Alision

Leong Chin Chiew

Abang Hasni Bin Abang Hasnan

Sulaihah Binti Maimunni

Senior Independent

Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad

Non-Executive Director

Ir. Abang Jemat Bin Abang Bujang

Independent Non-Executive Directors

Sylvester Ajah Subah @ Ajah Bin Subah

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

Professor Dato' Abang Abdullah Bin

Abang Mohamad Alli

Company Secretaries

Kho Teck Hock (MIA 5836)

Bong Siu Lian (MAICSA 7002221)

Registrars

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 2282 1886

Stock Exchange Listing

Bursa Malaysia

On 12 September 2003

Sector: Property

Stock Code: 5073

Stock Name: Naim

Incorporation

5 July, 2002 in Malaysia

Under the Companies Act, 1965

Auditors

KPMG (Firm No AF0758)

Chartered Accountants

Level 6, Westmoore House

Twin Tower Centre

Rock Road, 93200 Kuching

Sarawak, Malaysia

Solicitors

Alvin Chong & Partners Advocates

Lots 176-177 (2nd Floor)

Jalan Song Thian Cheok, 93100 Kuching

Sarawak, Malaysia

Principal Bankers

CIMB Bank Berhad

Ground Floor, Lot 1.1

Bangunan Satok, Jalan Satok/Kulas,

93400 Kuching, Sarawak, Malaysia

HSBC Bank Malaysia Bhd

Bangunan Binamas

Jalan Padungan, 93100 Kuching

Sarawak, Malaysia

AmBank Bhd

No. 164, 166 & 168

Jalan Abell, 93100 Kuching

Sarawak, Malaysia

Registered and Corporate Office

9th Floor, Wisma Naim, 2½ Mile

Rock Road, 93200 Kuching

Sarawak, Malaysia

Tel: 6 082 423668 Fax: 6 082 419667

Kuching

Sublots 12 to 16

Rock Commercial Centre

Jalan Green, 93150 Kuching

Sarawak, Malaysia

Tel: 6 082 411667 Fax: 6 082 429869

Email: enquiries@naim.com.my

Website: www.naim.com.my

Kuala Lumpur

16th Floor, Menara Dion

27 Jalan Sultan Ismail

50250 Kuala Lumpur

Miri

Lot 5906-5911, Block 10

Desa Pujut Shoplot

Bandar Baru Permyjaya

P.O. Box 369, 98107, Lutong

Miri, Sarawak, Malaysia

Miri Sales Office

Ground Floor, Lot 889, 9 MCLD

Miri Waterfront Commercial Centre

98000 Miri, Sarawak, Malaysia

Fiji

Level 4A, Ra Marama Building

91 Gordon Street, Suva, Fiji

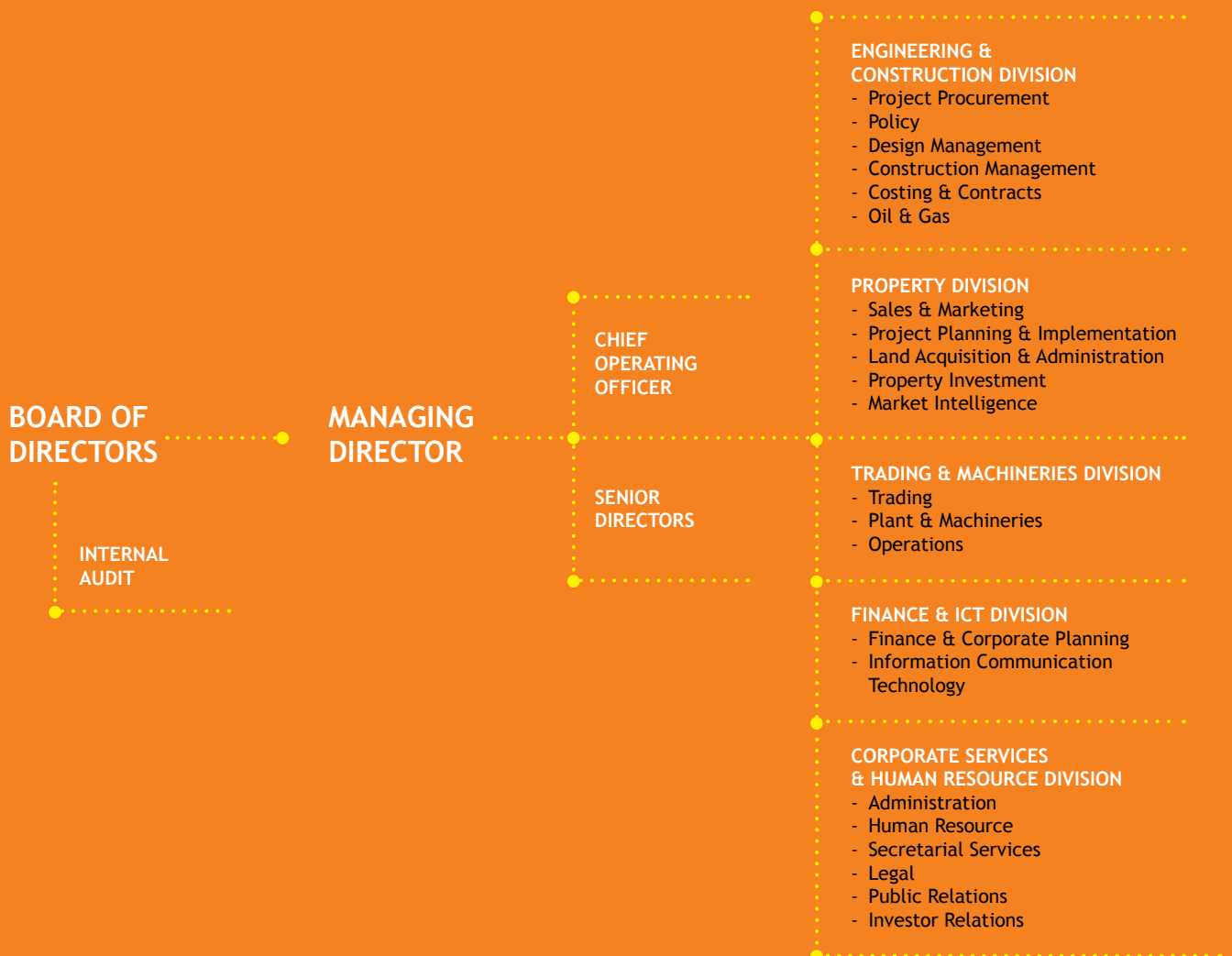
Tel: 6 79 3100077

Fax: 6 79 3300074

corporate structure (at date of Annual Report)



organisational structure





cautionary statement regarding forward-looking statements

This Annual Report contains some forward-looking statements in respect to the Naim Group's financial condition, results of operations and business. These forward-looking statements represent the Naim Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding the Naim Group. The Board and the Naim Group shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report. The Board have however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Statement on Corporate Governance on pages 45 to 64.



corporate profile

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

The Company is the holding company for its 100% owned subsidiary, Naim Cendera Sdn Bhd (NCSB). The subsidiary is primarily involved in property development and construction. NCSB was formed on 12 April 1993 and has been active in the property and construction fields since September 1995. The Group focuses its business efforts on three principal areas: integrated property developments combining residential, commercial and industrial properties with infrastructure public amenities; contracting of construction, civil engineering and infrastructure projects; and oil and gas through its investment in Dayang Enterprise Holdings Berhad.

Naim's flagship property developments are Bandar Baru Permyjaya in Miri, Desa Ilmu in Kota Samarahan, and the up-market Riveria satellite township in Kuching's southern corridor. They are reinforced by a number of smaller residential and commercial developments in Sarawak's major population centres. Together these developments will provide more than 25,000 homes and commercial buildings with a combined population of over 110,000. Upon completion, their combined GDV is estimated to be in excess of RM6 billion. Future growth is assured by a vast land bank of over 2,600 acres, spread throughout key growth areas of Sarawak. Naim is also a Class A Bumiputera Contractor with ISO 9001 certification. As well as implementing NCSB's own development projects, it has carried out more than RM2 billion of Federal and State Government contracts, and has a construction order book worth over RM3.5 billion. It focuses on excellent quality

and timely delivery, a philosophy that has earned Naim a host of industry awards including the following:

- 2009:** SHEDA 2009 Top Developer In Residential Development
- 2008:** Malaysia Property Award Property Man Of The Year 2008 By FIABCI Malaysia
- 2007:** Winner of the Malaysia Construction Industry Excellence Award (MCIEA) in Contractor Award (Grade G7) from the Construction Industry Development Board 2007.
- 2007:** Ranked 12th overall in Malaysia for compliance with local and international corporate governance and best practice by Minority Shareholder Watchdog Group.
- 2005:** Winner of the 17th International Construction & Global Quality Management (GQM) Award, European Trade Leaders' Club, Madrid, Spain.
- 2005:** Winner of the Corporate, Social & Environment Responsibility (CSR) Award from the Bahrain Malaysia International Trade & Investment Bureau.
- 2005:** Winner of the KPMG Shareholder Value Award 2004 Construction & Properties Sector, awarded by KPMG and The Edge.
- 2004:** Winner of the prestigious Builder Of The Year Award from the Construction Industry Development Board.
- 2004:** Bestowed Industry Excellence for Construction Award under the Malaysia Canada Business Council's Business Excellence Awards for 2004.
- 2004:** Winner of the Malaysia Construction Industry Excellence Award (MCIEA) in Medium Scale Building Project from the Construction Industry Development Board 2004.
- 2003:** Winner of Most Outstanding Annual Corporate Report (non-listed company) from the Sarawak Chamber of Commerce & Industry.
- 2002:** First (and still the only) Sarawak-based company to win the Construction Industry Development Board's Best Contractor Award.

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

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

message to our shareholders

On behalf of the Board of Directors it gives us great pleasure to present your Company's Annual Report for the year ended 31 December 2009, our 14th full year of operations.

OPENING STATEMENT

After two years of challenging economic circumstances brought about by the global financial crisis, we are now beginning to see the green shoots of recovery. Compared to 2008, the year in review has been very satisfactory. We enjoyed an increase in revenue and were able to achieve savings in our operating costs, resulting in an increase in both pre-tax profit and profit attributable to shareholders.

When taking into account the exceptional economic situation, we believe both our Property and our Construction Divisions have performed well under the circumstances. We have once again

expanded our order book. Our Recession Management Plan, which we have been working on since 2005, has spared us the worst impacts of the global economic crisis. And we have successfully maintained our status as one of Malaysia's leading proponents of good corporate governance.

Having successfully weathered a recession more severe than any we have previously faced in the lifetime of the Company, we are confident that the economic situation is steadily improving. We strongly believe, and with good reason, that we are better equipped than most to take advantage of the improving economic conditions. Our track record shows that we can adapt rapidly to changing market conditions and transform challenges into opportunities, and our financial position remains amongst the strongest in our industry, with substantial cash available to fund growth and expansion. This suggests that we have both the ability and the resources to maintain and enhance shareholder value, both in the short term and for the foreseeable future. Full details are given in this Message to Shareholders, below, and in the next chapter, Review of Operations.

FINANCIAL PERFORMANCE

The Group recorded a modest increase in revenue to RM566.92 million in the year under review, compared to RM523.72 million for 2008. Profit before tax was





RM115.53 million, compared to RM104.30 million for 2008, and profit attributable to shareholders was RM84.98 million compared to RM80.75 million for 2008. Therefore the financial results for 2009 are higher than 2008, with basic earnings of 35.85 sen per ordinary share compared to 33.32 sen in 2008.

Contributions to revenue were as follows. The property division contributed 29.98%, the construction division contributed 61.38%, and others (the trading & manufacturing division, etc) contributed 8.641%. For the corresponding period in 2008, these contributions were 40.05%, 53.42% and 6.53% respectively.

In our opinion, these results represent a best-case performance in an industry sector in which investor and buyer sentiment has been deteriorating since mid-2007, and which is only just starting to recover.

Note: Although operating profit was significantly higher compared to 2008, profit attributable to shareholders was only slightly higher. This is due to a gain on deemed disposal of shares in Dayang Enterprise Holdings Berhad amounting to RM13.94 million in 2008.

Dividends

The board is not recommending a Final Dividend for the financial year ended 31 December 2009. The Interim Dividends (totaling 8 sen per share tax exempt) already declared and paid represent a

distribution to Shareholders of RM18.96 million tax exempt, or 22.31% of the Group's profits for the year ended 31 December 2009. The dividend yield is 2.72% based on the year-end share price of RM2.94 and in the Board's opinion offers adequate short term financial returns for our investors whilst maintaining reasonable cash reserves for future growth, expansion of the land bank, expansion and upgrading of plant, and other investments outlined in Prospects, below.

Creation of Shareholder Value

The primary objective of all of the Naim Group's activities is the creation of added value for our shareholders, a goal we have once again successfully achieved. For example, our net assets have grown more than 159 times, from RM6.61 million in 1996 to RM1.057 billion at the end of 2009.

We are also delighted to note the steady recovery of our share price, which has risen from a 52-week low of RM1.37 and at the time of writing is hovering around the RM3.40 to RM3.50 mark. Even this price, however, does not truly reflect the tremendous growth and financial performance we have achieved over the last six years as a listed company.

However, we believe that market sentiment is slowly changing in our favour; for example, AmResearch, one of Malaysia's most prominent market intelligence operations, currently

maintains a buy rating on Naim stock with a fair value of RM4.60 (8th April 2010). Another leading analyst, KAF Research, believes our stock is trading at massive discounts. It recently raised its fair value target on Naim to RM5.50 (from a previous target of RM4.20) and lists Naim as its top pick within the mid-cap sector. Finally, OSK Research (6th May 2010) names Naim as its top construction selection, one of its top-5 small-cap selections and its preferred pick for access to Sarawak's developing infrastructure sector.

CORPORATE GOVERNANCE

Good corporate governance not only adds shareholder value but also protects the rights and interests of shareholders and other stakeholders for the benefit of all. Therefore the Board of Directors places great emphasis on good governance and prioritizes it as a key component of the overall value creation process.

The global financial crisis and the resulting recession here in Malaysia posed financial and operational challenges which could have placed considerable pressure on the governance framework within the organization, and there were also powerful arguments for easing the restrictions of good governance. However, we firmly believe that high standards of corporate governance continue to be a pre-requisite for achieving business success, even in the most challenging of circumstances, and thus our corporate governance function



message to our shareholders



has been maintained and even reinforced in specific areas. For further details, please see the chapter on corporate governance on pages 45 to 55 of this report.

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

For 2009, however, the CGSR abandoned its state and sectoral listings and switched to market capitalization rankings. As a result, we are delighted to note that Naim was ranked 2nd in Malaysia for Mid-Cap companies for demonstrating best practices in Corporate Governance. We will do our utmost to be first in 2010.

RECESSION MANAGEMENT & MITIGATION

As previously mentioned, we feel that our inherent strength and resilience, combined with our advantageous financial position, will help us to remain profitable throughout the current economic downturn. However we are not taking anything for granted, and we are proactively managing our response to this recession by implementing

a comprehensive Recession Management Plan which we have been working on since 2005. This plan is being implemented by our Recession Management Committee, comprising directors and senior managers, and targets every aspect of the Company's operations, as described below.

Finance

Our main priorities are to manage costs and preserve cash flows. We have money in the bank (RM90.1 million), an excellent relationship with the banking community, still maintain our AA3 credit rating and have an unused RM445 million Islamic bond facility, so in theory there should be little concern over our financial position. However we have built up this strong financial position in order to exploit business opportunities and enhance shareholder value, not as an insurance policy against difficult business conditions. We feel our financial strength is one of our greatest assets, and have no intention of weakening it in the face of the current recession. Instead we are proactively managing costs and cash flows through a variety of initiatives.

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

Increased Transparency: We have initiated dialogues with staff, sub-contractors and suppliers on our recession management plan and the need for cost savings.

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

Enhanced Risk Management: The Risk Management function has been expanded to include continuous monitoring and



managing of recession-related risks such as financial and liquidity management, operational and strategic risks and third party risks.

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

Operations - Achieving Super-Reactivity

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

Rightsizing, Not Downsizing - Managing Labour Costs & Productivity

We carried out major reviews on cost cutting during 2008, through reducing the labour force, implementing salary cuts by reducing the number of working days from 5.5 to 5 days a week, and cutting overheads such as refreshments at meetings. These initiatives have been well received by the workforce, who fully understand and appreciate the need for such measures, and as the financial



results for 2009 indicate, we are achieving wage reduction together with increased productivity.

More Effective Procurement

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

The Results

Thus far, we feel that our recession management strategy has been well implemented, and the proof of this is the concrete results achieved. Gross margins were down by less than 2% during the first full year of the recession (2008), despite a variety of spiralling cost factors which were and still are beyond our control. In fact, gross margins actually rose by 2% during 2009, to a very acceptable 23%, thanks to highly effective cost cutting.

Whilst nobody welcomes a recession, we feel that the Group has derived enormous benefit from successfully weathering the

financial storm. Out of sheer necessity we have been forced to examine ourselves closely, eliminate our weaknesses and build on our inherent strengths. In achieving this we have demonstrated our flexibility, our resourcefulness and our unflagging will to win. The Naim Group has emerged from the recession lean, mean and fighting fit, and is determined to reinforce its position as one of the strongest property players in Malaysia.

HUMAN RESOURCES - MOTIVATING AND REWARDING OUR WORKFORCE

Over the last few years we have been gradually introducing Key Performance Indicators (KPIs) to evaluate the performance of Executive Directors and Senior Managers. Being able to accurately assess a senior executive's performance allows us to offer appropriate rewards both to motivate the person and to retain his or her services and commitment in the long term. The benefits accruing from the introduction of these KPIs have been substantial, and therefore we are pleased to announce that the use of KPIs was extended to all permanent staff of the Group (plus contract staff, consultants, etc. where appropriate) during 2010. We keenly anticipate further increases in productivity and reduce staff turnover as a result.

ASSOCIATE COMPANY - DAYANG ENTERPRISE HOLDINGS BERHAD

Dayang Enterprise Holdings Berhad (Dayang) is one of Malaysia's leading oil and gas services groups. Naim acquired a 45% stake in Dayang on August 27th 2007. Dayang became the first oil and gas services company from Sarawak to be listed on the Main Board of Bursa Malaysia Securities on April 24th 2008, and saw its public spread of 17.6 million shares oversubscribed by 839 per cent. The floatation gave Dayang a market capitalization of approximately RM510.4 million, with Naim retaining a controlling 36% stake.

Dayang's net profit was down from RM71.445 million in 2008 to RM44.785 million in 2009, largely due to a non-recurring gain in the form of negative goodwill recognised in 2008 of RM22.54 million and increased operating costs beyond Dayang's control in 2009. However, in April 2010 Dayang signed a contract with Sarawak Shell Berhad for provision of Topside Maintenance Execution Services for SSB/SSPC Facilities. The total contract value is estimated at approximately RM400 million over 5 years. This represents the third contract secured in 2010.

Dayang completed its 40% acquisition of Syarikat Borcos Shipping Sdn Bhd in December 2009. Borcos will, by the end of 2010, have 39 offshore support vessels with a niche in fast crew boats. The RM132.08 million purchase came with a profit guarantee of RM65 million from the vendor for FY10. According to The Edge magazine's estimate, this should increase Dayang's 2010 profit by up to 44%, and thus Dayang is expected to contribute substantially to the Group's balance sheet for the foreseeable future.

Our heartiest congratulations are due to Dayang's founder and Executive Deputy Chairman, Mr Ling Suk Kiong, who in December 2009 received the Sarawak State Entrepreneur of the Year award from the Ministry of Industrial Development, Sarawak.



message to our shareholders

OUR FIRST MOVE INTO PROPERTY RENTALS

On March 30 2009 we concluded our first major property rental deal. Our subsidiary, Naim Realty, signed a rental agreement with GCH Retail (Malaysia) Sdn Bhd, the operator of the Giant chain of supermarkets and hypermarkets, to be the anchor tenant in Permy Mall, Bandar Baru Permyjaya. The proposed Giant Hypermarket is expected to open in late 2010 and will be the largest retailer in Miri, acting as a powerful magnet for other tenants and commercial property investors.

Permy Mall is a contemporary 2-storey shopping mall with a gross floor area of 269,000 sq ft spread over 8.5 acres and 560 internal car park bays. It has a net lettable area of 159,000 sq ft, of which 65,000 sq ft will be occupied by Giant. The building also houses 128 retail shops with sizes ranging from 200 to 12,000 sq ft.

PRIORITISING OUR CUSTOMERS - OUR UNIQUE 2-YEAR WARRANTY

We are determined to convince our buyers that we offer the best combination of quality and value available in the Sarawak market. With this in mind, we have introduced a Zero Defects Programme and in July 2009 we introduced an Extended 2-Year Warranty for all new homes, the first and only developer in Sarawak to do so. The vast majority of our home buyers are making the single biggest investment

of their lives, and we believe they will appreciate the additional peace of mind offered by this extended warranty. For further details, please see the special feature, Valuing Our Customers, on page 6 of this annual report.

OUR FIRST STEPS OVERSEAS

2009 marked the Group's first steps in its quest to become a major international property and construction player. During the year we were awarded and started work on two major road upgrading projects for the Government of Fiji. The upgrading of the 9.2 km Kings Road is worth Fiji\$36 million (RM59.5 million approx.) and is to be completed in August 2011. The rehabilitation of the Fiji National Highway is worth Fiji\$21 million (RM34.7 million approx.) on an ongoing basis. We are confident that our track record of total reliability and timely completion was the key to the award of these joint venture contracts, which are being financed by the Asian Development Bank and Exim Bank Malaysia.

During 2009 we also put a great deal of effort into building ties with overseas property partners, and our efforts were rewarded in March 2010 with the signing of a MOU with the General Board of Privatization & Investment (GBPI) of the Great Socialist People's Libyan Arab Jamahiriya (Libya). GBPI owns a 100 hectare parcel of land situated about 30km from the capital, Tripoli, which it is keen to develop into an integrated business,

academic and residential township to be known as the Solar Oasis Science & Business Park. GBPI wishes to appoint Naim to develop a concept for Solar Oasis which if accepted may be implemented over a period of five to ten years. It is envisaged that the eventual value of the project may be in excess of US\$3.5 billion (RM12.8 billion), subject to detailed feasibility studies. We are delighted to be chosen by GBPI to develop this concept, but are naturally cautious about discussing the eventual benefits at this early stage.

A Note of Caution - Sovereignty and Foreign Exchange Risks

We are fully aware of all the sovereignty and other political risks - as well as the foreign exchange risks - involved in our Fiji ventures. We have carried out extensive risk assessments for all known variables and are confident that the potential benefits of undertaking these two contracts more than outweigh any concomitant risks. The involvement of highly reputable international bankers in the financing of these contracts in Fiji adds further reassurance.

CHANGES IN BOARD MEMBERSHIP

Our Deputy Managing Director, Dr. Sharifuddin Abdul Wahab, resigned effective 31 December 2009 in order to pursue his own interests. A further two long serving executive directors also resigned effective 31 January 2010, namely Ir. Suyanto Bin Osman and Encik Ahmad Bin Abu Bakar. We would like to thank all three gentlemen for their excellent service to the Group, and we wish them every success in their future careers.

They are replaced by three new Executive Directors of equally impressive stature. Dato William Wei How Sieng is a co-founder of Naim and has been working with the group since its inception. He is Adviser and Immediate Past President to the Sarawak Housing Real Estate





Developers Association (SHEDA) and one of the most influential and respected figures in the Malaysian housing industry. We are therefore delighted to welcome him back to the Group as our new Chief Operating Officer.

Haji Radzali Bin Haji Alision joined the Group in January 2005 as Head of Property Investment and Overseas Business. In January 2008 he became Vice President, Market Intelligence, and was subsequently promoted to Vice President of the Property Division. He is a former director of international valuers and property consultants Williams Talhar Wong and Yeo, and brings vast experience to his position as Head of the Property Division.

Last but hardly least is Ms Sulaihah Binti Maimunni, who joined Naim on 1 October 2009 as Vice President in the Managing Director's Office. A civil engineering graduate with more than 26 years of experience, she was formerly Executive Director/Chief Executive Officer of UEM Construction Sdn Bhd and Managing Director of Sarawak Hidro Sdn Bhd, developer of the Bakun Hydro project. Ms Sulaihah has vast overseas experience in countries like Vietnam, Indonesia, Qatar, UAE and India. She will be attached

to the Managing Director's office as Executive Director in charge of company reorganization and special projects.

RECOGNITION OF OUR EFFORTS

We are delighted to note that the Group once again won a prestigious quality award, this time from our friends and colleagues of the Sarawak Housing and Real Estate Developers' Association (SHEDA). We take great pride in being winner of the inaugural SHEDA Property Excellence Awards 2009, in the category "Top Developer in Residential Development for Public Listed Group".

PROSPECTS FOR 2010 AND BEYOND

The Economic and Political Background

The Malaysian economy is gradually resuming its historically strong economic growth, with some acceleration expected during the coming year. Reputable observers, such as the Malaysian Institute of Economic Research (MIER), are revising their 2010 growth forecasts upwards, with the economy expected to expand by 5.1%. MIER also notes that its Consumer Sentiment Index and Business Conditions Index have both recovered to pre-recession levels. Some analysts are

proposing an even higher growth rate, with J.P. Morgan forecasting 7.7% growth for the year (see Outlook for the Malaysian Economy, pages 80 to 81). The improving economy, combined with an absence of major destabilizing factors, should help to increase buyer confidence and provide the government with increased revenues to spend on infrastructure development.

Property Division

The Group's land bank now stands at around 2,620 acres to be developed, with a total estimated GDV of about RM5.87 billion remaining. This vast land bank will allow the Group to further strengthen its position as Sarawak's leading developer.

We intend to generate increased sales through a variety of new strategies; targeting the mass housing market, improving designs and systems to enhance quality and reduce cost, maintaining a strong inventory of ready-to-build homes, and producing specially designed homes for niche markets (starter homes, senior citizens, Malaysia-My-Second-Home buyers, etc.). See the Review of Operations for further details.

Most importantly, we are determined to convince our buyers that we offer the best combination of quality and value available in the Sarawak market. With this in mind, we have introduced a Zero Defects Programme and Extended 2-Year Warranty for all new homes, the first and only developer in Sarawak to do so. The vast majority of our home buyers are making the single biggest investment of their lives, and we believe they will appreciate the additional peace of mind offered by this extended warranty. For further



message to our shareholders

details, please see the special feature, Valuing our Customers, on page 6 of this annual report.

Confidence-Boosting Factors

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

1. Population Growth: Although we have made this point in previous annual reports, it is worth repeating again. Sarawak's young, ambitious and upwardly mobile population is growing at between 3% and 5% per annum in urban areas and 2.5% overall, fuelled not only by a high birth rate, but also by substantial urban-rural migration as the state develops and industrializes (sources: Population & Housing Census Report, 9th Malaysia Plan). The only states with greater housing needs, namely Selangor and Johor, have far larger populations and thus Sarawak enjoys the highest per-capita demand of the three (sources: 9MP, Credit Suisse).

2. Spin-Offs from Major-Projects: As we have previously stated, a number of major infrastructure projects should not merely provide secure and well-paying jobs for potential home buyers. They should also involve huge capital injections into the state's economy, enriching local entrepreneurs across a wide range of categories and providing liquid cash for property and real estate investment. Short to medium term benefits are anticipated from the Bakun and Murum Hydro Dams, Malaysia's largest pulp and paper mill, and the RM2 billion Salco aluminium smelter, as well as the dramatic expansion of the oil

and gas industry. In the longer term, the RM300 billion SCORE project is expected to quadruple Sarawak's per capita income in real terms over a 20-year period, making home ownership an achievable reality for the vast majority of Sarawakians.

Developing Property Investment Opportunities

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

Medium Term Property Outlook

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

Construction Division

The construction industry continues to be plagued by soaring material prices which have impeded work progress, resulting in

contractors suffering losses and margins being squeezed. Competition has also increased in intensity. Nevertheless, we are confident of continued profitability in the Group's construction and civil engineering activities. Ongoing projects continue to hit their respective targets either on schedule or ahead of schedule, and are expected to contribute to profits as previously forecast.

For the medium term, the Group's profits will be boosted by a number of major contracts. The most important of these is the Kuching Flood Mitigation Scheme for the Irrigation and Drainage Department, Sarawak. According to the project design consultants, the scheme is likely to have a contract value in the region of RM1.6 billion (including land acquisition element), although it may be implemented in stages depending on state funding priorities and other considerations.

The Group's total order book now stands at over RM3.55 billion, with a value-to-run of over RM2.74 billion, which will secure construction division profits for the next 3 or 4 years, and does not include projects currently being bid for. However, in order to secure construction revenues and profits for the longer term, the Group is currently bidding for various major infrastructure projects, including oil and gas industry related projects, whose estimated value is RM8.0 billion over the next five years. See the Review of Operations for further details.





NOTE: The order book value of RM3.55 billion given above includes projects at the Letter of Intent (LOI) stage. Given its past track record and past experience of 100% conversion of LOIs, the Group is very confident that these LOIs will become firm orders, although this cannot be guaranteed.

Exploring Opportunities in Oil and Gas

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

ANTICIPATED RESULTS

Based on the activities, initiatives and market conditions outlined above, and barring any unforeseen circumstances, the Group is confident of achieving favourable results for 2010 and beyond.

ACKNOWLEDGEMENTS

We would like to convey our sincerest thanks to our fellow directors and all the employees of Naim Group and our associate company for their hard work, their professionalism and their magnificent response to the economic situation. We would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us such close cooperation and support during 2009. Heartfelt thanks are also due to our joint venture partners, sub-contractors, consultants, professional



advisors and service providers, whose unstinting efforts have helped our Group to perform so well.

However the warmest thanks of all are due to our fellow shareholders. Despite the economic challenges and uncertainties of the last two years, you have continued to show your faith in us not merely with empty praise, but with real hard-earned cash. We are particularly delighted with the continuing loyalty of our smaller shareholders, many of whom must have felt the desire to seek the safe havens of bonds and fixed deposits during the economic storm. We sincerely hope that you will continue to give us the opportunity to reward your strong faith in our abilities.

Finally, we would like to offer a special word of thanks to our customers - the various Government Departments who have entrusted us with key infrastructure and public housing projects in a difficult economic climate, and the thousands of ordinary Malaysians who have bought their

homes from us despite the uncertainties of recession. You have not only contributed to our financial success; you have also helped to drive Malaysia's economic recovery and to make Sarawak a better place to live, by endowing the state with first class infrastructure, and by transforming our development projects into vibrant living communities.

Thank you

Datuk Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director and Chief Executive Officer



review of operations

Note:

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

PROPERTY OPERATIONS

During 2009 we sold 463 units of residential and commercial properties to a value of RM125.8 million, compared to 629 units at RM165.2 million in 2008. As the economy started to ease its way out of recession, we saw buyer sentiments strengthening. We launched more housing products during the year, many of which were re-designed and re-targeted towards the more affordable segment of the market in response to the economic situation. Individual development projects and property activities are discussed in detail below.



Bandar Baru Permyjaya

Bandar Baru Permyjaya, our pioneering integrated satellite township in Miri, continues to be one of the most popular and successful suburban developments in Malaysia, and was once again our largest single property revenue earner. During the year in review 365 homes and commercial properties were sold to a value of RM91.69 million. We were able to achieve our sales targets during the first half of the year, but sales dropped away rapidly in Q3 and Q4.

Our subsidiary Naim Realty also confirmed a rental agreement with GCH Retail (Malaysia) Sdn Bhd, the operator of the Giant chain of supermarkets and hypermarkets, to be the anchor tenant in Permy Mall, the commercial hub of BBP. For more details, please see the Message to Shareholders.

Desa Ilmu

Desa Ilmu, the largest integrated development in Kota Samarahan, Kuching's hi-tech satellite town, has been an excellent performer but is now almost

complete, so sales are therefore reducing on a year-by-year basis. In March 2009 we launched the penultimate stage of the development, Desa Ilmu Lakeside, a high-end waterfront development of detached homes and self-build lots. As a result, we achieved sales of 31 units at a total value of RM7.7 million, in line with our initial forecast for the year.

Rock Commercial Centre

This 2.4-acre commercial development in one of central Kuching's busiest and most attractive locations comprises 17 shophouses and a large stand-alone retail space for an anchor tenant.

Desa Rampangi

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



Bukitan

This proposed 1.93 hectare (4.8 acre) project at Jalan Bukitan, Kuching, has a superb central fringe location, just 4 km from Kuching City Centre, 7.2 km from Kuching International Airport, and a short walk from the Swinburne University Branch Campus and The Spring, Kuching's leading shopping mall. The development comprises 35 units of 3 storey townhouses and 5 units of detached houses making up a gated and guarded community in an exclusive low density residential neighbourhood. The development concept is to maintain the gentle undulating terrain and to keep as many of the existing trees where possible. Total estimated GDV will be announced once the planning and approval phase is complete.

Batu Lintang

Our 34-acre land package at Batu Lintang, one of central Kuching's most desirable residential areas, is targeted for a series of phased executive developments to commence in the near future.

Riveria

Located at the heart of Kuching's popular southern corridor, on 100 acres of attractive river frontage directly adjacent to the Kuching-Kota Samarahan road, Riveria has been popular with buyers since its launch in 2005. The area is already well established through existing developments such as the Tabuan area and Stutong Jaya, and a great deal of infrastructure, social and educational amenities and major employers are already in place. Riveria has proved its popularity in 2009, when we were able to sell all units launched to a total value of RM23.9 million. To date we have sold 617 units and there are only a few higher-priced units still remaining in Riveria I. We will proceed with the phased launch of Riveria II (Riveria Perdana) during the coming year.

Lembaga Miri

This proposed residential and commercial development is situated on what we believe is the finest piece of undeveloped real estate in Northern Sarawak. Residents of this 20 hectare (49.5 acre) guarded community will enjoy commanding sea views with a long stretch of beach frontage and an adjacent golf course, just 4km from Miri City Centre. We anticipate a strong demand from affluent buyers for the 44 units of detached houses, 24 units of semi-detached houses, 196 apartments (in four low-rise and high-rise blocks) and 20 units of 2 storey shophouses. Total estimated GDV will be announced once the planning and approval phase is complete.

Desa Labang

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

New Bintulu City Centre

We are working closely with the Bintulu Development Authority (BDA) and other agencies on the development of our 36 acre property at the Old Bintulu Airport. Unusually for a former airport, this site enjoys a prime central location, and we anticipate that the development will be mixed commercial, retail and residential. We will not be able to provide an accurate estimate of GDV until the precise land use has been determined and approved.



Extended Warranty Programme

For full details of our new 2-year extended warranty, please refer to the special feature, Valuing our Customers.

Property Innovations

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

review of operations

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

New Showroom in Wisma Naim

During the year we completed plans for a completely new and expanded showroom in Wisma Naim, Kuching, which will be implemented towards the end of 2010. The new showroom will feature customer-friendly contact areas, and interactive touch screen displays offering potential buyers a computer-generated walk through experience of their proposed purchase.

CONSTRUCTION OPERATIONS

This has once again been a successful year for the construction division, which contributed 61.38% of revenue (RM347.96 million) compared to 53.42% in 2008 (RM279.75 million). This is fully in line with our forecasts for the year, and in one respect it actually improves on 2008; despite rapidly rising costs and worldwide materials shortages, we were able to once again increase our gross margin, this time to 21.31% compared to 20.66% in the previous year.

Completed Projects

Projects completed during 2009 had a combined value of RM474.3 million and - in the best Naim tradition - were completed on time or ahead of schedule.

New Dewan Undangan Negeri (DUN) Complex

The new seat of Sarawak's State Government is a 45/55 joint venture with PPES Works Sdn Bhd, a subsidiary of Cahya Mata Sarawak Berhad (PPES 55% and Naim 45%). It was completed ahead of schedule in March 2009.

Ongoing Projects

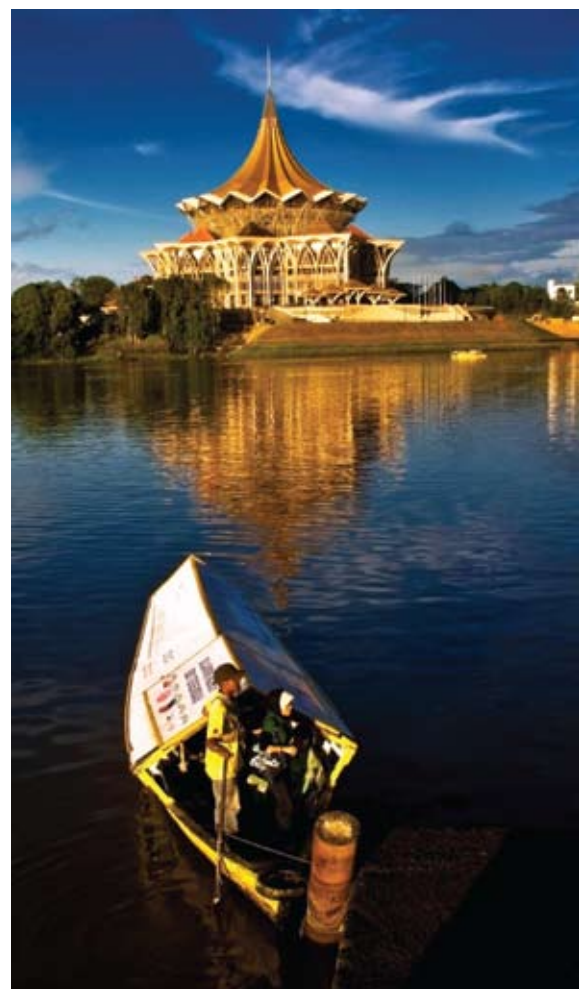
As of April 30 2010, RM2.1 billion worth of projects were under construction, and all were progressing on target or ahead of schedule.

Upgrading of Sibu - Matadeng Road

Providing fast and direct access to one of Sarawak's fastest growing regions, this project for Jabatan Kerja Raya (JKR) Sarawak will release the economic potential of Sarawak's coastal heartland when completed. As well as extensive straightening and flattening of the existing road to provide a safe and pleasant driving experience, the project also involves the laying of a main water pipeline along the length of the road. We commenced work on this 52km road project in July 2007, and it is targeted for completion in December 2010. Although we are confident of completing on time, the project is complicated by damage caused by the activity of lorries supplying the Mukah coal-fired power station; such exceptionally heavy use was not specified in the original contract and the problems are exacerbated by illegal overloading of lorries. We are currently in negotiation with the client for a variation order and are working with all stakeholders to find mutually acceptable solutions.

Upgrading of Sibu - Julau Road

This project, a key section of the Trans Borneo Highway, involved road widening



and upgrading works in some of Sarawak's most challenging terrain. The project is expected to complete on schedule in June 2010.

SPNB Desa Bahagia, Miri

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



SPNB Desa Ilmu, Kota Samarahan

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

SPNB Sultan Tengah, Kuching

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

Construction of Bengoh Dam, Kuching

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

of approximately 1,000. We commenced in August 2007, and despite some initial delays caused by circumstances beyond the Group's control, we expect to complete the project on schedule by December 2010.

Kompleks Islam Sarawak

We were awarded this contract on 14 April 2009, to construct a multi-purpose hall and 17-storey tower with 2 basements and 3 levels of podium. The client for this prestige project is Majlis Islam Sarawak and the contract duration is 24 months for Section 1 and 30 months for Section 2 respectively. Construction work is currently well under way and the project is scheduled for timely completion in September 2011.

Construction of 13 Schools

This Federal project with a contract value of RM148 million was awarded to Naim and a joint venture partner by the Ministry of Education. It involves the construction of schools, hostels and ancillary buildings throughout Sarawak and is scheduled for timely completion by December 2010.

Jalan Kampung Semadang - Bau

This RM73.48 million project for the Public Works Department comprises the construction of a 12.4km access road into

the mountainous hinterlands between Poak Road near Kpg Serapok to Kpg Puruh Semadang/ Kpg Puruh Garung in the Padawan District, Kuching, as well as concrete bridges over Sg. Krokong, Sg. Raden and Sg. Sarawak Kiri. When completed in July 2012, the road will provide easy vehicular access to both the Bengoh Dam and its associated resettlement scheme.

Bakun-Similajau Transmission Line

Our first major project within the Sarawak Corridor for Renewable Energy (SCORE), this RM209.1mil contract was secured by via Sinohydro-Naim JV, an unincorporated JV in which Naim has a 40% stake. Together with Sinohydro Corp., we are to undertake a significant part of the transmission line from the 3,600 MW Bakun Hydroelectric Project to the Similajau Industrial Zone, near Bintulu.

Future Projects

In order to avoid speculation and present a realistic order book valuation to shareholders, we have chosen to confine our descriptions of future projects to those which we have already received a Letter of Intent (LoI) and/or further substantiating documents from the client(s). Any other projects for which we are currently bidding will be only be announced once they are provisionally



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awarded. At the time of writing, there are three major projects at the Lol stage, with a combined value of RM1.9 billion.

Flood Mitigation Works, Kuching

This RM1.6 billion plus construction project has completed its final study and design revision stage, and we are awaiting the go-ahead from the Federal Government to commence work. Our revised design (increasing the project value by approximately RM300 million) takes a holistic approach to floodwater management, with an 8km long, 250m wide bypass channel capable of dealing with catastrophic, once-in-a-century flood events with a peak flow as high as 4,000m³/sec. As well as the bypass channel, the project will also include water retention ponds, bundings, telemetry equipment, sluice gates and other associated works. Construction is expected to take between 60 and 72 months.

Bengoh Dam Resettlement Scheme

This is the resettlement housing scheme with amenities and facilities to relocate the inhabitants from four villages that are affected by the construction of Bengoh Dam project. The proposed site is approximately 324 acres to accommodate the four kampungs and another 704 acres of agriculture lots to be allocated to the affected families. Presently, NCSB Engineering Sdn Bhd is waiting for the Letter of Award from the State Government for the Infrastructure Works estimated at RM 168.8 Million.

Balingian to Sibubintulu Trunk Road

The proposed road will consist of a single carriageway for 27 km start from the Balingian Town connecting to the existing Sibubintulu trunk road. The main objective of this road is to continue the current highway improvement works in Mukah Division and to complete the missing link between Balingian and Sibubintulu trunk road, thus providing a better and faster passage for people and goods moving around the Central Region of Sarawak.

OIL AND GAS DIVISION OPERATIONS

As the youngest member of the Naim business family, established in 2006, the Oil and Gas Division is still at



the development stage; obtaining the appropriate certifications and registrations, conducting market research, holding discussions with potential clients, and identifying possible joint venture partners. Thus far we have already achieved the status of a Petronas-licensed contractor (Major Construction and Civil Works), and have subsequently upgraded this license to include M&E.

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

ASSOCIATE COMPANY - DAYANG ENTERPRISE HOLDINGS BERHAD

As a matter of courtesy, as Dayang is a 36% owned associate and not a subsidiary, we have chosen not to comment in detail

on Dayang's operations in this Annual Report. Please refer to Dayang's own Annual Report or their website at www.desb.net. However, we feel Dayang's board and management will hardly object if we point out that Dayang's current order book stands at RM1 billion.

Despite 2009 being a difficult year for offshore service providers, Dayang has continued to show steady profits and stronger-than-peer margins. Maintenance work margins are high as Dayang owns most of its equipment as well as uses its own vessels for jobs, thereby internalizing a lot of costs.

BUSINESS DEVELOPMENT OPERATIONS

Our current Business Development Plan was drawn up by Management in 2006, covered a period of 5 years from January 2007 to December 2011, and focused principally on construction activities. For that period we targeted the securing of RM7 billion worth of new contracts, and thus far we have been able to achieve our targets. However, during the current recession these targets are likely to become increasingly difficult to meet through traditional channels (government tenders, negotiated contracts, etc.). Rather than revise these targets downwards, we have redoubled our efforts to secure new business in non-traditional areas. Therefore we are seeking to build new links and partnerships in both the construction and property sectors beyond Sarawak, and have already succeeded in the case of Fiji (see Construction Operations, above) are currently negotiating with a number of overseas governments and other potential partners. For the longer term we are already evaluating potential projects





under the 10th Malaysia Plan and the Sarawak Corridor of Renewable Energy (SCORE, which has already yielded a valuable JV project), and are engaged in committed discussions with a variety of credible partners.

MANAGEMENT AND ADMINISTRATIVE OPERATIONS

Quality

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

During the year we introduced a Zero Defects Policy for all our property operations, requiring a massive in-house communication and training effort, which has in turn enabled us to introduce an unprecedented 2-year warranty to home buyers. We also worked hard on our ongoing certification programme, and as of 31 December 2009 our various operational units are certified to ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007.

Information Technology

The adoption of new and emerging technologies gives the Naim Group a valuable competitive edge. It allows us to manage projects more effectively and to construct better homes, buildings and infrastructure. For this reason we devised a 5-year IT Plan in 2004, which is now complete, with a total of RM4.7 million invested in new infrastructure and upgrades.

We are currently carrying out an evaluation of Enterprise Resource



Planning (ERP) for the Group’s future needs, and will soon be ready to embark on the next phase, the Long Term IT Solution Plan, for which we have allocated a budget of RM6 million. We have not yet determined a fixed timescale for its full implementation, due to the need for cost-cutting during the recent recession, but we will nevertheless maintain significant levels of IT spending during 2010 to ensure we maintain our competitive edge.

Business Process Re-Engineering

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

Human Resources

Our workforce continues to be our most important asset, especially in challenging times. Throughout the year we continued

our ongoing programme of human resource development to ensure that we recruit, retain, train and develop people who share the Group’s vision, goals and objectives. We have been simultaneously examining suitable strategies to rightsize our workforce to face the challenges of the current recession. Please see the separate chapter, Human Resources, on page 40 for further details.

Investor Relations

Our proactive and inclusive investor relations policy continues to win favour with shareholders and industry analysts. Please see the Investor Relations Chapter on page 71 for further details.

Corporate Governance

Our highly acclaimed Corporate Governance strategy is described in full in a separate chapter on page 45.

Corporate Social Responsibility

Please refer to the separate chapter on page 65.

Board of Directors



Chairman
Datuk Abdul Hamed Bin Haji Sepawi

Chairman
Datuk Abdul
Hamed Bin Haji Sepawi

Chairman
Board Executive Committee
Nomination Committee
Business Development Committee
Corporate Social Responsibility
Committee

Datuk Abdul Hamed Bin Haji Sepawi, aged 61, was appointed as Chairman of Naim Holdings Berhad on 25th July 2003. Prior to the Naim Group's listing he was Non-Executive Chairman of Naim Cendera Sdn. Bhd. (since 12 October 1995). He received his early education at St. Columba's School, Miri and Malay College, Kuala Kangsar. He graduated with a BSc (Hons) from University of Malaya in 1971, pursued undergraduate studies in forestry at the Australia National University from 1974 to 1975, and later obtained an MSc in Forest Products from Oregon State University, USA.

Whilst remaining active in the timber and plantation industries, Datuk Abdul Hamed developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 30 years, he has been active as an investor, a manager and a director

in companies carrying out civil works, offshore engineering, construction, housing and property development.

He was a member of the National Economic Consultative Council II and was awarded the title of Panglima Gemilang Bintang Kenyalang on 11th September 1999. He is the Executive Chairman of Ta Ann Holdings Berhad, and a director of Sarawak Plantation Berhad, companies listed on Bursa Malaysia Securities Berhad.

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



Managing Director
Datuk Hasmi Bin Hasnan

Managing Director
Datuk Hasmi Bin Hasnan

Chairman

Risk Management Committee
Human Resource/KPI Committee
Corporate Disclosure Committee

Member

Remuneration Committee
Business Development Committee
Board Executive Committee
Business Process Engineering Committee
Corporate Social Responsibility Committee

Datuk Hasmi Bin Hasnan, aged 57, is the founder of Naim Cendera Sdn. Bhd., a wholly-owned subsidiary of Naim Holdings Berhad. He was appointed Managing Director of Naim Holdings Berhad on 25th July 2003. He graduated with a BSc in Estate Management from the London South Bank University, UK in 1978. He is a Senior Certified Valuer with International Real Estate Institute, USA and a member of FIABCI.

He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses, including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993 he

became the Managing Director of Naim Cendera Sdn. Bhd. and has since been the main driving force behind the company's growth and expansion. He was awarded the title of Panglima Gemilang Bintang Kenyalang on 9th September 2000.

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

He is Chairman of two listed companies, Sarawak Plantation Berhad and Dayang Enterprise Holdings Berhad, and director of one non-listed company, Naim Incorporated Berhad.

Board of Directors



(Left)
Executive Director
**Dato William Wei
How Sieng**

(Right)
Executive Director
Kueh Hoi Chuang

Executive Director Dato William Wei How Sieng

Member

Risk Management Committee
Human Resource/KPI Committee
Business Development Committee
Board Executive Committee
Business Process Engineering Committee

Dato William Wei How Sieng, aged 59, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

He began his career as a Headmaster in the Sarawak State Education Department. From 1990 onwards he ventured into a wide range of businesses including newspapers publication, management, property development, property management, construction manufacturing and trading. He worked in Naim Group since 1987 till March 2005, when he resigned as Executive Director. He has managed his own group of companies engaged in property development from 2005 till present.

Dato William Wei has been appointed as Board Member of Housing Development Corporation from 2004 to 2010. He is Advisor and immediate past President of Sarawak Housing Real Estate Developers' Association (SHEDA). He is a Council member of Malaysian Association of Company Secretaries (MACS) and a member of Angkat Zaman Mansang (AZAM).

He was awarded the Ahli Bintang Sarawak (ABS), Johan Bintang Sarawak (JBS) and Panglima Setia Bintang Sarawak (PSBS) by the State Governor of Sarawak.

Executive Director Kueh Hoi Chuang

Member

Risk Management Committee
Human Resource/KPI Committee
Business Development Committee
Business Process Engineering Committee

Mr. Kueh Hoi Chuang, aged 54, was appointed Executive Director of Naim Holdings Berhad on 25th July 2003. He holds a Bachelor of Arts degree from the

University of Guelph, Canada, and is a member of the Institute of Approved Company Secretaries.

Mr Kueh has been involved in the property and construction industry since his graduation in 1983. He was initially employed by Custodev Sdn. Bhd., where he specialized in property management, development and construction. He joined wholly owned subsidiary Naim Cendera Sdn. Bhd in 1993 and rapidly rose through the ranks. He was the head of the Naim Group's property division, responsible for the development of the Group's flagship projects at Bandar Baru Permyjaya in Miri and Desa Ilmu and Riveria in Kota Samarahan. In January 2008 he has been assigned to take charge of the trading and land acquisition divisions.

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

(Left)
Executive Director
Leong Chin Chiew

(Right)
Executive Director
Cik Sulaihah Binti Maimunni



Executive Director Leong Chin Chiew

Member

Risk Management Committee
Human Resource/KPI Committee
Business Development Committee
Business Process Engineering Committee

Mr. Leong Chin Chiew, aged 48, was appointed Executive Director of the Company on 12 March 2008.

Mr. Leong holds a Bachelor of Applied Science majoring in Quantity Surveyors from Curtin University of Technology, Western Australia. He is a registered Quantity Surveyor with the Board of Quantity Surveyors, Malaysia and also a member of the Institute of Surveyors, Malaysia.

During the past 21 years, he has gained extensive experience in project management and construction and was involved in many building and infrastructural projects in Sarawak. He joined Konsultan Perkidmatan Kontrak QS (Sarawak) Sdn Bhd as a Quantity

Surveyor from 1988 to 1990. In 1990 he moved to Shinsung Corporation (Construction), a Korean construction firm, as Project Quantity Surveyor.

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

Executive Director Sulaihah Binti Maimunni

Chairman

Business Process Engineering Committee

Member

Board Executive Committee

Ms. Sulaihah Maimunni, aged 53, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

A civil engineering graduate from Swansea University, UK, Ms Sulaihah has

more than 26 years of experience in engineering and project management, and is one of the highest profile women in the regional construction sector. She started her career in 1980 with consulting firm Minconsult Sdn Bhd, and then moved to the UEM group, where she rose through management ranks to become Executive Director/Chief Executive Officer of UEM Construction Sdn Bhd. She also spent two years as Managing Director of Sarawak Hidro Sdn Bhd, developer of the Bakun Hydro project, on secondment from UEM. Along with her career achievements, Ms Sulaihah has vast overseas experience in countries like Vietnam, Indonesia, Qatar, UAE and India.

She joined the Naim Group as Vice President for Special Projects in the Managing Director's Department in October 2009, and will continue to be attached to the Managing Director's office as Executive Director in charge of company reorganization and special projects.

Board of Directors



(Left)
Executive Director
**Haji Radzali Bin
Haji Alision**

(Right)
Executive Director
**Abang Hasni Bin
Abang Hasnan**

Executive Director **Haji Radzali Bin Haji Alision**

Member
Risk Management Committee
Business Development Committee
Business Process Engineering Committee

Haji Radzali Bin Haji Alision, aged 54, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

He first joined Naim Cendera Sdn. Bhd. in January 2005 as the Head of Property Investment & Overseas Business. In January 2008 he became Vice President - Market Intelligence. In March 2009 he was redesignated as Vice President of Property to handle the property development, sales and marketing of the Group.

He graduated in 1979 from London South Bank University with a Bachelor of Science (Honours Degree) in Estate Management. He is a member of the Royal Institution Surveyors, United Kingdom and Institute of Surveyors Malaysia. He is a registered valuer and registered estate agent under the Valuers, Appraisal and Estate Agent Act Malaysia.

Prior to joining Naim Group, he was a director of CH Williams, Talhar Wong & Yeo Sdn. Bhd., a Chartered Surveyors & International Property Consultant firm dealing with valuation, market research and marketing of all types of properties. He was a Deputy Chairman of the Miri Municipal Council and was Deputy Mayor of Miri City Council from 2005 to 2008. He received 2 State Awards, The Ahli Bintang Sarawak (ABS) and Pegawai Bintang Kenyalang (PBK).

Executive Director **Abang Hasni Bin Abang Hasnan**

Encik Abang Hasni Bin Abang Hasnan, aged 59 was appointed Executive Director of Naim Holdings Berhad on 25th July 2003. He received his early education in Government Secondary School, Kanowit and later pursued studies in carpentry and joinery and obtained a Certificate from City & Guilds of London Institute. In 1972 he attended a technical course in wood processing and mechanical and engineering equipment at British Columbia Institute of Technology, Canada.

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

(Left)
Non-Executive Director
**Ir. Abang Jemat
Abang Bujang**

(Right)
Senior Independent
Non-Executive Director
**Datuk Hamden Bin
Haji Ahmad**



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

Director/Advisor
Business Process Engineering Committee

Chairman
Remuneration Committee

Member
Human Resource/KPI Committee

Ir. Abang Jemat Abang Bujang, aged 57, was appointed Independent Non-Executive Director on 25th July 2003. Presently he is Non-Executive Director. He holds a Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia. He is a registered Professional Engineer with the Board of Engineers, Malaysia and also a member of the Institution of Engineers, Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997.

He joined Telecom Department Sarawak as a Telecommunication Engineer from

1979 to 1986 and assumed the post of Director of Telecom Department Sarawak from 1987 to 1990. He was the General Manager of Syarikat Telekom Malaysia Sarawak Region from 1995 to 1998. Subsequently from 1999 to 2000, he served as Chief Executive Officer of TM Cellular Sdn. Bhd. a wholly owned subsidiary company of Syarikat Telekom Malaysia. He is currently the Managing Director and Chief Executive Officer of Sacofa Sdn. Bhd.

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

Chairman
Audit Committee

Member
Nomination Committee
Risk Management Committee

Datuk Hamden Bin Haji Ahmad, aged 61, was appointed Independent Non-Executive Director on 25th July 2003. He is a Chartered Accountant and obtained his membership of the

Association of Chartered and Certified Accountants (ACCA) from the London School of Accountancy, United Kingdom in 1979. He is a Fellow of ACCA.

He started his career as a Chief Accountant attached to Sarawak Land Development Board, Sarawak from 1978 to 1982. He later set up his own accounting firm, Hamden Kiu dan Rakan Rakan in 1983. He holds directorships in several private limited companies.

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

Board of Directors



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

(Right)
Independent
Non-Executive Director
**Sylvester Ajah Subah
@ Ajah Bin Subah**

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

Member
Audit Committee
Nomination Committee
Human Resource/KPI Committee
Remuneration Committee

Datu (Dr) Haji Abdul Rashid Bin Mohd Aziz, aged 64, was appointed Independent Non-Executive Director on 16th February 2005. He was awarded a degree of Doctor of the University (honoris causa) by Swinburne University of Technology Australia in 2008 in recognition of eminent contribution to the state of Sarawak. He graduated with a Master in Business Administration. He also holds a Diploma in Management Science (Finance), Institut Tadbiran Negara Malaysia (INTAN); Certificate of Executive Programme AIM and Senior Executive Fellows Programme, Harvard University, USA.

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

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

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

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

Independent Non-Executive Director Sylvester Ajah Subah @ Ajah Bin Subah

Member
Audit Committee
Remuneration Committee

Sylvester Ajah Subah @ Ajah Bin Subah, aged 67, was appointed Independent Non-Executive Director on 26th February 2007. He graduated with a Diploma in Town and Country Planning in 1968 from Technical College, Kuala Lumpur and a Diploma in Town and Country Planning in 1975 from Glasgow School of Arts.

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

In 1994 he was promoted to the post of General Manager and held the position until his retirement in year 2001. As General Manager of BDA he was responsible for the overall management of the organisation with a staff strength of 601 officers. In addition, he was also responsible for managing development projects in Bintulu Division including development of industrial estates, low cost housing, infrastructure projects and other public, social and recreational amenities.

From 1994 to 2001, he was Board member of Shell Timur Sdn. Bhd., Bintulu Port Sdn. Bhd and LAKU Sdn. Bhd. (North Region Water Authority).

He is a Board member of Melanau Trust Board.

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



Please refer to page 140 for Directors' securities holdings in the Company.

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

All Directors are Malaysians.

None of the Directors have been convicted for any offences.

Please refer to page 46 for Directors attendance at board meetings held during the financial year.

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

Member

Corporate Social Responsibility Committee

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli, aged 58, was appointed Independent Non-Executive Director on 15 May 2007.

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

Technology (MSET). He is a Past President of the Federation of Engineering Institution of Islamic Countries (FEIIC) and the Institution of Engineers, Malaysia (IEM).

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

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

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

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

In addition, he has written a book on Industrialised Buildings Systems (IBS) and has been involved on various research on housing and construction technology, specifically in the areas of low cost materials of construction, light-weight concrete, interlocking load bearing hollow block building system (Putra Block), which has been granted US, UK, 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' Puduk Mahkota Selangor (DPMS) by HRH Sultan of Selangor.

senior management team



Datuk Hasmi Bin Hasan
Managing Director



Dato William Wei How Sieng
Chief Operating Officer



Abet Bin Abang Mataim
Chief Finance Officer



Sulaihah Binti Maimunni
Senior Director, MD's office



Haji Radzali Bin Haji Alision
Senior Director, Property



Kueh Hoi Chuang
Senior Director, Trading & Machineries



Abang Hasni Bin Abang Hasnan
Senior Director, Business Development
& Policy



Leong Chin Chiew
Senior Director, Engineering & Construction



Ricky Kho Teck Hock
Senior Director, Corporate Services
& Human Resource



Bong Siu Lian
Company Secretary



Christina Wong Ping Eng
Deputy Director, Finance &
Corporate Planning



Tan Teck Kian
Senior General Manager, Property
Investment



Charles Arthur Bateman
Senior General Manager, Land
Acquisition and Administration



Haji Affendi Sapiee
General Manager, Project Procurement



Janang Sawing
General Manager, Project Procurement



Sivakumar Ramasamy
General Manager, Project



Wong See Yong
General manager, Project



Beh Boon Ewe
General manager, Project



Shirley Noivont David
Head of Internal Audit



Victor Yee Jiunn Shyan
General Manager, Contracts



Bong Siew Khim
General Manager, Costing



Dr Ling Chin Poh
General Manager, Mechanical & Electrical Engineering



Tan Teck Jong
General Manager, Human Resource



Muzamry Dato' Mohamad
Senior Legal Advisor



Patrick Chieng Kwong Ee
Quality Assurance Manager



Bedindang Nalong
Safety, Health and Environment Manager



John Kenneth Carpenter
Technical Advisor



Haji Abdul Jalal Bin Abdul Rahim
Group Credit Controller



Jasni Bin Zen
Project Procurement Manager



Tony Paulus Vitus
Project Manager



Siti Munirah Binti Hasbi
Project Manager



Shahrom Bin Abdul Razak
Corporate Social Responsibility Officer



Jama'ayah Rajei
Public Relations Officer

human resources

The Role of Human Resources

The Human Resources Department has always been a central force in promoting and monitoring the management capability of the Group. Today, the Department remains deeply committed in helping the Company accomplish its objectives and goals through a mission statement of attracting and retaining the cream of the crop, while continuously developing, motivating and rewarding its workforce.

With this in mind, the Department focuses on achieving the following objectives:

- To put the right people in the right job, in the right place
- To enhance employees' potential and productivity
- To instill ownership of the Group's objectives into every employee
- To promote a participative work environment amongst its workforce

- To nurture leadership development
- To foster a climate of social responsibility through employee welfare

Our Workforce

Our employees continue to be our strongest, most valuable asset. As of 31st December 2009, the Group's total workforce was made up of approximately 845 people. Of these, 71% consisted of employees. With respect to job grades, Senior Management made up 4.7% of the total workforce, while Mid-Management comprised 6.3%. Executive-level employees totaled 25.2%, while the largest job grade category was the Non-Executive General Service group (63.8%).

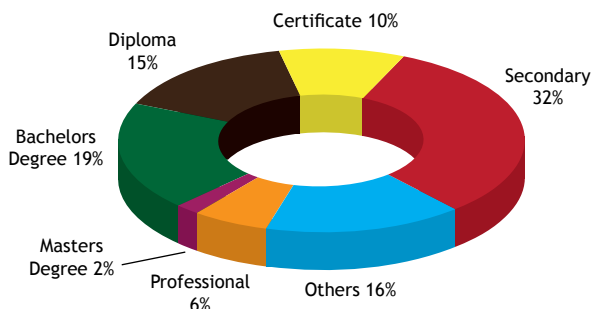
We pride ourselves on the quality of our workforce, not just its size. As can be seen in the table below, over 51% of our employees have degrees or vocational qualifications, whilst the majority of Directors and senior managers also possess professional and/or postgraduate qualifications.

Category	Top Management	Senior Management	Management	Executive	Non-Executive	General Worker	Grand Total*	% of Total*
Professional	5	13	11	5			34	5.65
Masters Deg	4	3	1	5			13	2.16
Bachelors Deg	3	9	22	66	12		112	18.60
Diploma		1	5	52	32		90	14.95
Certificate		2	4	17	23	14	60	10.00
Secondary			2	53	139		194	32.23
Others				10	57	32	99	16.41
Grand Total*	12	28	45	208	263	46	602	
% of total*	2.00	4.65	7.47	34.55	43.69	7.64		

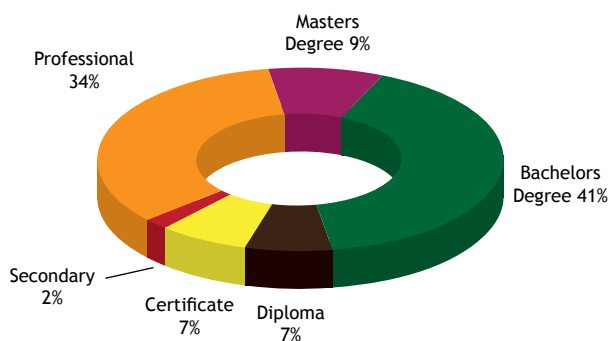
*Monthly paid employees only



Monthly Paid Employees Education Background



Education Background (Management & above)



Major Human Resource Initiatives During the Year

1) Austerity Drive

From January to December 2009, the Group implemented an austerity drive as part of its recession management and mitigation strategy in response to the ongoing economic downturn. Cost-cutting actions included deferment of holiday passages, reductions in allowance provision and training allocation, and rationalization of working hours. Beginning May 2009, working hours were reduced to a 5-day week (from a 6-day week) to curb salary costs operating expenses and building overheads. Thanks to our effective communication programme on the objectives of the austerity drive, we received a positive response from all staff throughout the Group.

2) Zero Defects Campaign: The Pursuit of Quality & Excellence

Once recession management and mitigation measures were successfully imposed, the Group's primary focus shifted to cultivating a culture of quality throughout every level of the organization. The Zero Defects campaign, launched in July 2009, affected every aspect of the organization. Therefore it was our department's task to conduct the necessary awareness and training campaigns, consisting of: (i) Quality Awareness Talks for all employees; (ii) Effective Supervisory Training for Construction employees; and (iii) a series of specialized Technical Training Programmes which specifically catered to employees in the Construction and Property operations.

Overall feedback from the participants' survey was positive and encouraging. Over two thirds of employees who attended quality

training felt it was beneficial, relevant, and fundamental to their respective jobs.

3) KPI: Driving Focus Towards Efficiency in Performance

The Group has been working for many years to improve its service/business processes as well as to promote greater efficiency in employee performances. Following the success of the key performance indicator (KPI) programme for Executive Directors and Senior Managers, the Board decided to extend the KPI programme to all monthly paid employees. The HR Department was tasked with preparing for full implementation of the KPI programme in early 2010. These activities included the selection and appointment of the KPI Steering Committee and KPI Ambassadors, and the organizing of informative training, talks and briefing sessions for all employees, covering our Kuching HQ, the Miri Office and respective project sites).

To ensure that the Group's corporate vision, mission and objectives are well-communicated to employees, all monthly-paid employees will have their own set of objectives and KPIs to work towards. This facilitates a better understanding among the workforce that their rewards will be consequently tied to the meeting of the organization's performance goals.

It is strongly believed that this results-driven exercise will inculcate greater sense of accountability, responsibility, and initiative among employees of every level in the Company. The Board recognizes that KPIs are vital in managing the performance of all levels of employees and strives to improve their work performance in a structured, transparent way. In a nutshell, KPIs motivate employees to achieve high performance based on their recorded contributions to the work of the organisation, while at the same time enabling employees to take ownership and pride in the job that they do.

Developing Our People

The Naim Group has always prided itself on being fully committed towards the personal growth and professional development of all its employees. It is a core value of the Group to enhance learning, training and coaching to develop its workforce to their fullest potentials. The Group strives to build stronger leaderships at all levels of the organization through top-notch learning, training and development programmes, and succession planning strategies.

Despite training allocation cutback, a substantial training budget of RM 946,000 was still allocated for the year. In line with the austerity drive, however, total cost for staff training incurred for the year amounted to RM250,000, a saving of about 73%. This was achieved through discreet purchasing of training services and more mobilization of in house resources. Total training time added up to approximately 15,008 hours, with 1,543 attendees (many employees attended multiple trainings). These figures translate into average training hours per monthly paid employee of 25 hours while the average training cost per monthly paid employee was RM415.00 for 2009.

From the third quarter of 2009 onwards, most training and development activities were related to the Zero Defects Campaign (which commenced in July 2009) and the KPI Programme implementation (December 2009). Training for these programmes was conducted by both external and internal trainers / speakers.

audit committee

Members

The Audit Committee comprises the following:-

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

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

Sylvester Ajah Subah @ Ajah Bin Subah - Member
Independent Non-Executive Director

The Audit Committee is the Board's primary tool for exercising guardianship of shareholder value and imposing the highest standards of ethical behaviour. It is responsible, among other things, for ensuring that the Group Financial Statement and Quarterly announcements are timely and fairly reflect the Group's financial position, results of its performance and cash flows.

The Audit Committee comprises solely Independent Non-Executive Directors.

Attendance at Audit Committee Meetings

The Audit Committee met nine (9) times during the year 2009 and the details of attendance are as follows:-

Audit Committee Members	No. of Meetings attended	Attendance (%)
Datuk Haji Hamden Bin Haji Ahmad	8/9	89
Sylvester Ajah Subah @ Ajah Bin Subah	9/9	100
Datu Haji Abdul Rashid Bin Mohd Azis	9/9	100

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

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

Activities of the Audit Committee

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

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

INTERNAL AUDIT DEPARTMENT

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

Functions:

The functions of the Internal Audit Department are as follows:

- 1) To analyse and examine that the groups' operational activities are effective.
- 2) To evaluate and ensure that procedures are in place to safeguard company Group assets.
- 3) To provide assurance on compliance to statutory requirements, laws, company Group policies and guidelines.
- 4) To assist and facilitate management in establishing a proper risk management framework, assess risks and monitor the effectiveness of the risk management programme and assess the adequacy of the internal control system.
- 5) To recommend appropriate controls to overcome deficiencies and to enhance company operations.
- 6) To confirm and verify information through research and to gather information that is competent, factual and complete.
- 7) To conduct special examinations and reviews at the request of the audit committee, the board of directors or the management.

Authority:

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

Independence:

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

Duties and Responsibilities:

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

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

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

Activity:

Generally internal audit will address the areas described in the functions above. During the financial year ended 31 December 2009, the activities has covered the following areas:

1. Property sales and promotions for Naim Group of Companies.
2. Progress of the road projects by the Construction Division.

3. Operation and financial controls of Bricks manufacturing.
4. Operation and financial controls of concrete production.
5. Operation and financial controls of piles production.
6. Operational controls of Property Development Division.
7. Methods of control for staff entitlements and claims.
8. IT and mMaintenance support for the IT department.
9. Customer complaints, maintenance and rectification for the Property Development Division.
10. Fixed Assets of Naim subsidiaries.
11. Supply of materials for the road projects by the Construction Division.
12. Other areas as and when requested by the Audit Committee, Board of Directors and management.

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

A total of approximately RM270,000 was incurred by the internal audit department in respect of the financial year under review.

AUDIT COMMITTEE - TERMS OF REFERENCE

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

Objectives

The objectives of the Audit Committee are to:-

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

Composition

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

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

audit committee

Authority

The Audit Committee shall have:-

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

Duties and Responsibilities

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

a) Internal Audit

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

b) External Audit

- i) Review with the external auditors their audit plan, scope of audit and their audit reports;
- ii) Evaluate the system of internal controls;
- iii) Evaluate the performance of external auditors and make recommendations to the Board of Directors on their appointment and remuneration.

c) Audit Reports

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

d) Financial Reporting

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

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

e) Related Party Matters

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

f) Other Matters

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

Meetings

Meetings shall be held not less than 4 times a year. A quorum shall consist of 2 members.

The members of the Audit Committee shall elect a Chairman from among their number.

The Secretary of the Committee shall be the Company Secretary.

corporate governance

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

The Group has always been dedicated to the highest standards of business integrity and is continually taking steps to reinforce and uphold the commitment towards best practices and an exemplary corporate governance framework within the organisation. The Board of Directors’ main objective is that of maximizing long-term economic value, and this shall remain the core value when managing change and responding to unfavourable economic conditions.

Accordingly, the Board’s short-term objective is to maintain a healthy cash flow and at the same time to consolidate the Group’s resources and overall readiness in anticipation of an increased number of business opportunities emerging both at home and abroad as economic conditions improve.

In the aftermath of the financial and economic crisis, there have been widespread calls for the use of more prudent accounting, investing and reporting standards by publicly listed companies in general. The Board fully endorses this sentiment and therefore continues to monitor the effectiveness of management practices and implement changes as needed.

These activities included a review of the internal structure of the Group to ensure that there are clear lines of accountability for management throughout the organization. The organisation chart was also reviewed and updated when three Executive Board members left the Group at the end of last year (2009) and early this year (2010). They were replaced with three new Executive Board members in order to ensure that the Board’s strategies and plans are aligned with people of the right skill and talent to achieve the business goals and objectives. The Financial Authority Limits were also reviewed and revised to ensure clearer lines of responsibility and accountability, while at the same time ensuring the effectiveness of reporting and monitoring systems throughout the organization, including wholly-owned subsidiaries.

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

BOARD OF DIRECTORS

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

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

BOARD COMPOSITION AND BALANCE

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

During the year under review no new director was added to the Board. However, at the end of the year, on 31 December 2009, Ir. Suyanto Bin Osman resigned from the Board and on 31 January 2010, a further two directors resigned, namely Encik Ahmad Bin Abu Bakar and Dr. Sharifuddin Bin Abdul Wahab. They were replaced by Dato William Wei How Sieng, Tuan Haji Radzali Bin Haji Alision and Cik Sulaihah Binti Maimunni.

There were no impact on the Board structure, size and balance of the Board’s composition, which remains as follows:-

Category	No. of Directors	%
Executive Directors	7	54
Non-Executive Directors	2	15
Independent Non-Executive Directors	4	31
Total	13	100

Notes:

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

During the year under review, the Board comprised 54% Executive Directors and 46% Non-Executive Directors. Of the 46% Non-Executive Directors, 66% or 31% of the total Board were independent.

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 business.

Non-Executive Directors do not participate in the routine operations of the Group. Instead, bring unbiased guidance to the Group. They contribute to the development of strategies,

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scrutinize the performance of management in meeting approved budgets and monitor the reporting of performance. Being independent of management and free of any business or other relationship, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgement 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.

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

BOARD MEETINGS

During the year under review, the Board met a total of 9 times. Details of Board Members' attendance at Board meetings are as follows:-

Name of Directors	Date of Appointment/ Resignation	Number of Board Meetings attended in year 2009	Attendance (%)
Datuk Abdul Hamed Bin Haji Sepawi	Appointed on 25 July 2003	7/9	78
Datuk Hasmi Bin Hasnan	Appointed on 25 July 2003	7/9	78
Dr. Sharifuddin Bin Abdul Wahab	Appointed on 25 July 2003 Resigned on 31 January 2010	6/8	75
Ahmad Bin Abu Bakar	Appointed on 6 February 2006 Resigned on 31 January 2010	8/8	100
Ir. Suyanto Bin Osman	Appointed on 25 July 2003 Resigned on 31 December 2009	8/8	100
Kueh Hoi Chuang	Appointed on 25 July 2003	7/8	88
Abang Hasni Bin Abang Hasnan	Appointed on 25 July 2003	8/8	100
Datuk Haji Hamden Bin Haji Ahmad	Appointed on 25 July 2003	6/9	67
Ir. Abang Jemat Bin Abang Bujang	Appointed on 25 July 2003	8/9	89
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Appointed on 16 February 2005	9/9	100
Sylvester Ajah Subah @ Ajah Bin Subah	Appointed on 26 February 2007	9/9	100
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	Appointed on 15 May 2007	7/9	78
Leong Chin Chiew	Appointed on 12 March 2008	8/8	100
Dato William Wei How Sieng	Appointed on 1 February 2010	N/A	N/A
Sulaihah Binti Maimunni	Appointed on 1 February 2010	N/A	N/A
Haji Radzali Bin Haji Alision	Appointed on 1 February 2010	N/A	N/A

1 Board meeting was convened last year in the presence of Non-Executive directors and Managing Director. Only 8 Board meetings were convened in the presence of full board.

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. During the year under review, 5 additional Board meetings were called to consider specific urgent issues that required the decision of the Board.

Upon recommendations by management, members of the management team and/or advisors will schedule presentations during Board and Committee meetings, in order to provide the Board and/or Committee with additional information that might be considered appropriate with respect to issues, projects, actions and decisions.

DELEGATION AND DIVISION OF BOARD RESPONSIBILITIES

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

The Chairman chairs all Board meetings and Shareholders' meetings and he is responsible for the overall leadership of the Board. In Shareholders' meetings, he ensures effective communications with shareholders. The Managing Director oversees and monitors the performance of the Executive Directors and the senior management team who are charged with the day-to-day conduct of the Group's business.

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

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

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

BOARD AND MANAGEMENT RESPONSIBILITIES

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

The Managing Director evaluates senior management performance against those plans and budgets on a monthly basis. The Board reviews the financial performance of the Group on a quarterly basis and it is fundamentally responsible for exercising business judgment, deliberating on value creation objectives of long-term significance to the Group, and evaluating performance of the management team annually against budget or target and/or other benchmarking tools deemed relevant, such as Earnings per Share against competitors in similar industry, Return on Investment, Return on Equity, Return on Total Assets against prevailing interest rates and Cash Flow Management.

In addition to the above responsibilities, the current business environment poses further major challenges for both the Board and management. Therefore the Board now provides management with targets and accountability frameworks on a frequent and regular basis. The Board also challenges and pushes for fast action where necessary. Since the composition of the Board includes a significant portion of executive directors

who are also operational managers, the absence of artificial barriers between Board and management encourages an open dialogue between the Executive and Non-Executive Directors at one level and between Executive Directors and management at another level. Thus crises can be avoided when management is given the tools and the support to deal with uncertainty directly and to respond proactively to changes.

SUPPLY OF AND ACCESS TO INFORMATION

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

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

The Board, its Committees and Directors are allowed and encouraged to seek independent and/or professional advice, at the Group'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 Group are not jeopardized and that confidentiality is maintained.

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

The Senior Director of Corporate Services and Human Resource, Chief Financial Officer and the Company Secretary are responsible for the preparation and circulation of Board papers.

RESTRICTION ON DEALING IN SECURITIES

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

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

APPOINTMENTS TO THE BOARD

During the year under review, no directors were appointed to the Board. The general guidelines for appointment to the Board are either to fill a vacancy as a result of the resignation or retirement of an existing Director or a result of a creation of a new post.

corporate governance

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

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

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

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

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

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

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

RE-ELECTION OF DIRECTORS

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

In addition, any newly-appointed Director shall submit himself or herself 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 or she shall be subject to the one-third rotation retirement rule.

Directors retiring by rotation and pursuant to Article 92 are set out below :-

Director	Position	Age	Last Retirement	Year due for Retirement
Datuk Abdul Hamed Bin Haji Sepawi	Non-Executive Chairman	61	2010	2013
Datuk Hasmi Bin Hasnan	Managing Director	57	2010	2013
Dr. Sharifuddin Bin Abdul Wahab (resigned on 31.1.2010)	Deputy Managing Director	54	2008	Not applicable
Ahmad Bin Abu Bakar (resigned on 31.1.2010)	Executive Director	56	2009	Not applicable
Ir. Suyanto Bin Osman (resigned on 31.12.2009)	Executive Director	52	2007	Not applicable
Mr. Kueh Hoi Chuang	Executive Director	54	2009	2011
Abang Hasni Bin Abang Hasnan	Executive Director	59	2006	2012
Leong Chin Chiew	Executive Director	48	2008	2011
Datuk Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	61	2009	2012
Ir. Abang Jemat Bin Abang Bujang	Non-Executive Director	57	2009	2012
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Independent Non-Executive Director	64	2008	2011
Sylvester Ajah Subah @ Ajah Bin Subah	Independent Non-Executive Director	67	2010	2013
Professor Dato' Abang Abdullah bin Abang Mohamad Alli	Independent Non-Executive Director	58	2010	2013
Dato William Wei How Sieng (appointed on 1.2.2010)	Executive Director	59	2010*	2013
Sulaihah Binti Maimunni (appointed on 1.2.2010)	Executive Director	53	2010*	2013
Haji Radzali Bin Haji Alision (appointed on 1.2.2010)	Executive Director	54	2010*	2013

* Retirement pursuant to Article 92 of the Company's Articles of Association

CORPORATE GOVERNANCE PART II

DIRECTORS' TRAINING

Continuing Education Programme

During the year, all Directors attended seminars as part of their continuing education programme to equip themselves with the latest developments in the industry and at the same time to

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

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

Name of Director	Description of Training
Datuk Abdul Hamed Bin Haji Sepawi	Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan
Datuk Hasmi Bin Hasnan	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan - Quality Awareness Talk
Kueh Hoi Chuang	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan - Developing KPI for Higher Performance - Quality Awareness Talk
Abang Hasni Bin Abang Hasnan	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan - CIDB Training Kuching Group 1 - Kuching Session 1 - CIDB Training Kuching Group 2 - Kuching Session 1 - CIDB Training Miri Group 2 - Miri Session 1 - CIDB Training Miri Group 1 - Miri Session 1 - Quality Awareness Talk - Effective Supervisory Skills for Site Supervisors
Leong Chin Chiew	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan - Short Course on Payment and Variation in Construction Contracts - Engineering Seminar on PEAT 2009: Soft Soils - Challenges and Sustainable Solutions - Quality Awareness Talk - Technical & Inspection Control Process Workshop Training Program - Kuching Session 2 - Technical & Inspection Control Process Workshop Training Program - Miri Session 2
Datuk Haji Hamden Bin Haji Ahmad	- Managing Risk of Tax Audit & Investigation - Forum on FRS 139 Financial Instruments: Recognition and Measurement
Ir. Abang Jemat Bin Abang Bujang	Naim Holdings Berhad-2009 Brainstorming Session on 10 years Years Business Plan
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis	- Modern Internal Auditing for Directors', Audit Committee, Senior Management and Auditors - MIA Regional Conference 2009: Exploring Opportunities, Inspiring Growth Towards Sustainability - Corporate Governance Guide: Towards Boardroom Excellence
Sylvester Ajah Subah @ Ajah Bin Subah	ACI Roundtable Discussion: Economic Downturn and Risk Oversight Reassessing Risk in the Wake of Market Turmoil
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Business Plan - MQA Auditor Training for Institutional Audit - MIA Corporate Governance Guide-Towards Boardroom Excellence
Dato William Wei How Sieng (appointed on 1.2.2010)	Mandatory Accreditation Programme
Sulaihah Binti Maimunni (appointed on 1.2.2010)	Mandatory Accreditation Programme
Haji Radzali Bin Haji Alision (appointed on 1.2.2010)	Mandatory Accreditation Programme
Dr. Sharifuddin Bin Abdul Wahab (resigned on 31.1.2010)	- Invited Guest Speaker for ACI Roundtable Discussion: Economic Downturn and Risk Over sight Reassessing Risk in the Wake of Market Turmoil - Quality Awareness Talk
Ahmad Bin Abu Bakar (resigned on 31.1.2010)	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Business Plan - Update on Latest Tax Development - MIA Regional Conference - Corporate Entity Valuation (Intermediate Level) - National Accountant Conference - The Malaysian Bond Market: Dawn of a New Era - Update on Legal Developments in Malaysia - CIMB Token Training - Quality Awareness Talk
Ir. Suyanto Bin Osman (resigned on 31.12.2009)	- Naim Holdings Berhad-2009 Brainstorming Session on 10 years Business Plan - Quality Awareness Talk

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BOARD COMMITTEES

The Board has established 10 Board Committees as follows:

Board of Directors

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

The establishment of Committees is to assist the Board in the execution of its duties, to allow detailed consideration of complex issues, and to ensure diversity of opinions, suggestions and recommendations from the Committees. Each Committee is given a written charter with specific roles and responsibilities, composition, structure, membership requirements and the

manner in which the Committee is to operate. The Committees are to ensure effective Board processes, structures and roles, including Board performance evaluation by the Nomination Committee. All matters determined by the Committees are promptly reported to the Board, though its chair as opinions and/or recommendations for Board decisions.

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

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

Summary of committees' memberships are as follows:-

Name of Directors/ Management staff	AC	NC	RC	RM	HR/KPI	BD	BE	BPE	CDC	CSR
Datuk Abdul Hamed Bin Haji Sepawi		/ C				/ C	/ C			/ C
Datuk Hasmi Bin Hasnan			/	/ C	/ C	/	/	/	/ C	/
Mr. Kueh Hoi Chuang				/	/	/		/		
Datuk Haji Hamden Bin Haji Ahmad	/ C	/		/						
Ir. Abang Jemat Bin Abang Bujang			/ C		/			/ D/A		
Datu (Dr) Abdul Rashid Haji Azis	/	/	/		/					
Sylvester Ajah Subah @ Ajah Bin Subah	/		/							
Professor Dato' Abang Abdullah Bin Awang Mohamad Alli										/
Dato William Wei How Sieng				/	/	/	/	/		
Haji Radzali Bin Haji Alision				/		/		/		
Leong Chin Chiew, Edmund				/	/	/		/		
Sulaihah Binti Mamunni							/	/ C		
Ricky Kho Teck Hock				/	/			/	/	/
Bong Siu Lian									/	
Christina Wong Ping Eng				/						
Tan Teck Jong					/			/		
Shahrom Bin Abdul Razak										/
Affendi Sapiie						/				
Shirley Noivont David, IA				/						
Abet Bin Abang Mataim							/			
Wong Ching Seng								/		
Sivakumar Ramasamy								/		
Wong See Yong								/		
Patrick Chieng								/		
John Carpenter								/		
Total No. of members	4	3	4	9	8	7	5	14	3	5

Notes

C	:	CHAIRMAN
D/A	:	Director/Advisor
IA	:	INTERNAL AUDITOR
AC	:	AUDIT COMMITTEE
NC	:	NOMINATION COMMITTEE
RC	:	REMUNERATION COMMITTEE
RM	:	RISK MANAGEMENT COMMITTEE
HR/KPI	:	HUMAN RESOURCE/KPI COMMITTEE
BD	:	BUSINESS DEVELOPMENT COMMITTEE
BE	:	BUSINESS EXECUTIVE COMMITTEE
BPE	:	BUSINESS PROCESS ENGINEERING COMMITTEE
CDC	:	CORPORATE DISCLOSURE COMMITTEE
CSR	:	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

BOARD AND DIRECTORS' PERFORMANCE EVALUATION

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

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

CORPORATE DISCLOSURE POLICY

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

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

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

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

The Company's Group's website www.naim.com.my will be regularly updated with Bursa Malaysia Securities releases.

SHAREHOLDER COMMUNICATION

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

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

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

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

The Group adheres to 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 concerns and requirements.

OTHER GUIDELINES

The Financial Authority Limits shall continue to be amended and adapted to the changing needs of the Group's operational activities while maintaining efficiency without compromising the necessary checks and balances.

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

corporate governance

BUSINESS ETHICS

Business ethics aims at inculcating a sense of responsibility within the Group's employees on how to conduct business. The field of business ethics is vast, encompassing areas such as corporate governance, reputation management, reliable accounting and audits, and has now extended to new domains such as corporate social responsibility and the ethics of third parties (e.g. suppliers, sub-contractors, JV partners and clients/customers).

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

The single most important value of CSR is that it enables businesses to approach their existing objectives from new and different perspectives, which take into account not only stakeholders but also the wider community and the natural environment. There are many issues and challenges to be faced when adopting social and environmental responsibility as an integral component of the Group's business, and the Board is well aware that its ultimate goal of becoming an exemplary corporate citizen will not be achieved overnight.

Nevertheless, Naim's commitment to developing a world-class CSR policy has the full support of the Board. This is evidenced by the creation of a CSR Committee with specific terms of reference being spelled out, including defining why the suggested activities will be beneficial to the Group and/or society and to the environment, and how they will meet the Group's existing objectives.

Naim's approach to corporate social responsibility is broadly categorised into 3 divisions as follows:-

- 1) Employees' social activities: Employees are our connections to the community and it is through their passion and dedication and their participation in social and community activities that we are able to serve people in need.
- 2) Corporate philanthropy or corporate giving (please refer to the CSR report on page 65)
- 3) Responsible business practices: The targeted level of corporate responsibility is to be achieved through integrating the economic, social and environmental imperatives into our business and operational practices to ensure that they operate in the manner that complement and meet all legal, commercial, ethical and public expectations.

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

Property purchasers are becoming more aware of the environmental and social implications of their purchase, and are beginning to make purchasing decisions in respect of their environmental and ethical concerns. The rise of ethical consumerism is changing the demand pattern and dictates the direction in which properties are to be developed. As more and more property developers are incorporating a multitude of positive features such as security, eco, environment and/or energy saving into their homes, other property developers must follow suit in order to keep abreast with the changes and in order to maintain market share. Naim's policy is to be a leader rather than a follower with respect to ethical consumerism.

COMPENSATION OF DIRECTORS

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

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

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

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

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

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

Non-Executive Directors are entitled to 2 kinds of remuneration

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

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

No director is involved in determining his own remuneration.

Details of remuneration paid to each Director for the financial year ended 31st December 2009 are as follows:

No. of Executive Directors	Range of remuneration
1	Above RM2,050,001 to RM2,100,000
1	Above RM1,400,001 to RM1,450,000
1	Above RM600,001 to RM650,000
2	Above RM450,001 to RM500,000
1	Above RM400,001 to RM450,000
1	Above RM150,001 to RM200,000
No. of Non-Executive Directors	
1	Above RM750,001 to RM800,000
1	Above RM100,001 to RM150,000
4	Above RM50,001 to RM100,000

corporate governance

MANAGEMENT SUCCESSION

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

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

FINANCIAL REPORTING

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

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

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

INTERNAL CONTROL SYSTEMS

The internal controls which set out approval limits for capital expenditure, investments, bank borrowings and cheque signatories are arranged at the Board level. Approval sub limits are also provided at management level to facilitate operational efficiency. The internal controls are designed to provide reasonable assurance that transactions are conducted in accordance with management's authority and that the assets are adequately protected against material loss or unauthorized acquisition, use or disposition, and that the transactions are properly authorised and recorded. The internal control systems are described in full in the Statement of Internal Control on pages 64 of this annual report.

RELATIONSHIP WITH AUDITORS

The functions of the Audit Committee in relation to the external auditors and internal auditors are set out in pages 42 to 44 of this Annual Report.

ADDITIONAL COMPLIANCE

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

Share Buy-Back

During the financial year, the Company bought back 1,000,000 shares from the open market as follows:

Date	No. of shares Purchased	Purchase Price Per Share			Total Consideration (RM)
		Highest	Lowest	Average	
January 09	20,000	1.30	1.30	1.30	26,189.80
February 09	928,000	1.22	1.30	1.26	1,188,086.72
March 09	52,000	1.23	1.25	1.24	65,275.67
Total	1,000,000				1,279,552.19

Total cumulative treasury shares as at 31 December 2009 was 13,056,000.

No resale of treasury shares took place during the financial year ended 31 December 2009.

No shares were cancelled during the financial year ended 31 December 2009.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

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

However, on 20 January 2010, the Company was publicly reprimanded by Bursa Malaysia Securities Berhad for breach of paragraph 9.16(1)(a) of the Bursa's Listing Requirements ("LR") for failure to take into account the gain on the deemed disposal of the Company's equity interest in Dayang Enterprise Holdings Berhad ("DEHB") in the Company's announcements dated 6 August 2008, 31 October 2008 and 25 February 2009 on the quarterly reports for the financial periods ended 30 June 2008, 30 September 2008 and 31 December 2008 respectively. The gain of RM13.935 million arose as a result of the dilution of the Company's equity interest in DEHB from 45% to 34% following the public issue by DEHB on 17 April 2008, in conjunction with DEHB's listing on Bursa Malaysia Securities Berhad on 24 April 2008.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group in the financial year ended 31 December 2009 amounted to RM180,704

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 Company.

Revaluation Policy

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

Utilisation of Proceeds

For the financial year ended 31 December 2009, proceeds were utilised as per the following table.

Utilisation of Proceeds (in RM'000)				
Purposes	As per Prospectus	Utilized as at 31.12.2009	Variation	Balance Unutilized
Acquisition of land for property development and property investment	25,000	10,000	(15,000)	-
Purchase of machinery	7,400	7,400	-	-
Purchase of information technology systems	3,082	3,082	-	-
Repayment of bank borrowings	7,430	7,430	-	-
Listing expenses	4,600	4,523	(77)	-
Working capital	13,036	28,113	15,077	-
Total	60,548	60,548	-	-

Related Party Transactions

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

Material Contracts

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

board committees

NOMINATION COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

The Nomination Committee also evaluates the following:-

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

NOMINATION COMMITTEE - TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

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

Remuneration Committee

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

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

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

Sylvester Ajah Subah @ Ajah Bin Subah
as member of the Remuneration Committee
Independent Non-Executive Director

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

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

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

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

REMUNERATION COMMITTEE - TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

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

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

board committees

Risk Management Committee

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

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

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

Dr. Sharifuddin Bin Abdul Wahab
resigned as Deputy Managing Director and ceased to be a member of Risk Management Committee on 31 January 2010

Ahmad Bin Abu Bakar
resigned as Executive Director and ceased to be a member of the Risk Management Committee on 31 January 2010

Ir. Suyanto Bin Osman
resigned as Executive Director and ceased to be a member of the Risk Management Committee on 31 December 2009

Dato William Wei How Sieng
appointed member of the Risk Management Committee effective 1 February 2010
Executive Director

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

Leong Chin Chiew
as member of the Risk Management Committee
Executive Director

Haji Radzali Bin Haji Alision
appointed member of the Risk Management Committee effective 1 February 2010

Ricky Kho Teck Hock
appointed member of the Risk Management Committee effective 1 February 2010
Senior Director of Corporate Services & Human Resource

Wong Ping Eng
as member of the Risk Management Committee
Deputy Director (Finance & ICT Division)

A representative from the Internal Audit Department

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	11.11%
Executive Director	5	55.56%
Management Staff	2	22.22%
Internal Auditor	1	11.11%
Total	9	100.00%

Risk Management Committee - TERMS OF REFERENCE

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

a) Composition

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

b) Duties and Responsibilities

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

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

BOARD EXECUTIVE COMMITTEE

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

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

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

Dr. Sharifuddin Bin Abdul Wahab
resigned as Deputy Managing Director and ceased to be a member of Board Executive Committee on 31 January 2010

Ahmad Bin Abu Bakar

resigned as Executive Director and ceased to be a member of the Board Executive Committee on 31 January 2010

Ir. Suyanto Bin Osman

resigned as Executive Director and ceased to be a member of the Board Executive Committee on 31 December 2009

Dato William Wei How Sieng

appointed as member of the Board Executive Committee effective 1 February 2010
Executive Director

Sulaihah Binti Maimunni

appointed as member of the Board Executive Committee effective 1 February 2010
Executive Director

Abet Bin Abang Mataim

appointed as member of the Board Executive Committee effective 1 February 2010
Chief Financial Controller

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

Category	No. of directors	Percentage
Non-Executive Director	1	20%
Executive Director	3	60%
Management staff	1	20%
Total	5	100%

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

Board Executive Committee Terms of Reference**Composition**

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

Responsibilities

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

Duties

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

- to review and adopt the strategic plan for the Group;
- to oversee the conduct of the Company's business plan and evaluate whether the business is properly managed;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- to review the adequacy and the integrity of the Company's internal control systems and management information systems;
- to decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations;
- The Board Executive Committee is also empowered to :-
 - review, recommend and approve capital expenditure;
 - review, recommend and approve disposal of capital items;
 - review, recommend and approve the Award of Tenders

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

OTHER COMMITTEES**Human Resource/KPI Committee**

The Human Resource Operations Committee was established on 24th May 2004 and was renamed Human Resource/KPI Committee on 18 January 2010. The Human Resource/KPI Committee comprises the following:-

Datuk Hasmi Bin Hasnan

appointed as Chariman of the Human Resource/KPI Committee effective 1 February 2010
Managing Director

Dr. Sharifuddin Bin Abdul Wahab

resigned as Deputy Managing Director and ceased to be a Chairman of the Human Resource/KPI Committee on 31 January 2010

Ahmad Bin Abu Bakar

resigned as Executive Director and ceased to be a member of the Human Resource/KPI Committee on 31 January 2010

Dato William Wei How Sieng

appointed as member of the Human Resource/KPI Committee effective 1 February 2010
Executive Director

Kueh Hoi Chuang

as member of the Human Resource/KPI Committee
Executive Director

Leong Chin Chiew

as member of the Human Resource/KPI Committee
Executive Director

Ir. Abang Jemat Bin Abang Bujang

as member of the Human Resource/KPI Committee
Non-Executive Director

board committees

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

Ricky Kho Teck Hock
appointed as member of the Human Resource/KPI Committee
effective 1 February 2010
Senior Director Corporate Services & Human Resource

Tan Teck Jong
as member of the Human Resource/KPI Committee
Senior Manager of Human Resource

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	12.5%
Non-Executive Director	1	12.5%
Executive Director	4	50.0%
Management Staff	2	25.0%
Total	8	100.0%

HUMAN RESOURCE/KPI COMMITTEE - TERMS OF REFERENCE

Composition

Members of the Human Resource/KPI Committee shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Responsibilities

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

Duties

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

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

Business Development Committee

The Business Development Committee was established on 24th May 2004. The Business Development Committee comprises the following:-

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

Datuk Hasmi Bin Hasnan
as member of the Business Development Committee
Managing Director

Dr. Sharifuddin Bin Abdul Wahab
resigned as Deputy Managing Director and ceased to be a member of the Business Development Committee on 31 January 2010

Ir. Suyanto Bin Osman
resigned as Executive Director and ceased to be a member of the Business Development Committee on 31 December 2009

Dato William Wei How Sieng
appointed as member of the Business Development Committee effective 1 February 2010
Executive Director

Kueh Hoi Chuang
as member of the Business Development Committee
Executive Director

Leong Chin Chiew
as member of the Business Development Committee
Executive Director

Haji Radzali Bin Haji Alision
appointed member of the Business Development Committee effective 1 February 2010
Executive Director

Affendi Bin Sapiie
appointed member of the Business Development Committee effective 1 February 2010
General Manager, Project Procurement

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

Category	No. of directors	Percentage
Non-Executive Director	1	14.29%
Executive Director	5	71.42%
Management Staff	1	14.29%
Total	7	100.00%

BUSINESS DEVELOPMENT COMMITTEE - TERMS OF REFERENCE

Composition

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

Responsibilities

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

Duties

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

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

Business Process Engineering Committee

The Business Process Engineering Committee (BPEC) was established on 24th May 2004. The BPEC comprises the following members:-

Ir. Abang Jemat Bin Abang Bujang
redesignated as Director/Advisor of the BPEC effective 1 February 2010
Non-Executive Director

Sulaihah Binti Maimunni
appointed as Chairman of the BPEC effective 1 February 2010
Executive Director

Datuk Hasmi Bin Hasnan
as member of the BPEC
Managing Director

Dato William Wei How Sieng
appointed as member of the BPEC effective 1 February 2010
Executive Director

Dr. Sharifuddin Bin Abdul Wahab
resigned as Deputy Managing Director and ceased to be a member of the BPEC on 31 January 2010

Ahmad Bin Abu Bakar
resigned as Executive Director and ceased to be a member of the BPEC on 31 January 2010

Ir. Suyanto Bin Osman
resigned as Executive Director and ceased to be a member of the BPEC on 31 December 2009

Kueh Hoi Chuang
as member of the BPEC
Executive Director

Leong Chin Chiew
as member of the BPEC
Executive Director

Haji Radzali Bin Haji Alision
appointed member of the BPEC effective 1 February 2010
Executive Director

Ricky Kho Teck Hock
as member of the BPEC
Senior Director Corporate Services & Human Resource

Tan Teck Jong
as member of the BPEC
Senior Manager of Human Resource

Sivakumar Ramasamy
appointed member of BPEC effective 1 February 2010
General Manager, Project

Wong See Yong
appointed member of BPEC effective 1 February 2010
General Manager, Project

Patrick Chieng Kwong Ee
appointed member of BPEC effective 1 February 2010
Quality Assurance Manager

John Kenneth Carpenter
appointed member of BPEC effective 1 February 2010
Technical Advisor

Wong Ching Seng
appointed member of BPEC effective 1 February 2010
Manager (Project Implementation/Coordination Kuching Section)

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

Category	No. of directors	Percentage
Non-Executive Director	1	7.14%
Executive Director	6	42.86%
Management Staff	7	50.00%
Total	14	100.0%

board committees

BUSINESS PROCESS ENGINEERING COMMITTEE (BPEC) - TERMS OF REFERENCE

Composition

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

Responsibilities

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

Duties

The duties of the BPEC are as follows:-

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

CORPORATE DISCLOSURE COMMITTEE (CDC)

The CDC was established on 21 March 2005. The CDC comprises the following:-

Datuk Hasmi Bin Hasnan
as Chairman of the CDC
Managing Director

Dr. Sharifuddin Bin Abdul Wahab
resigned as Deputy Managing Director and ceased to be a member of the CDC on 31 January 2010

Ahmad Bin Abu Bakar
resigned as Executive Director and ceased to be a member of the CDC on 31 January 2010

Ricky Kho Teck Hock
as member of the CDC
Senior Director Corporate Services & Human Resource

Ms. Bong Siu Lian
as member of the CDC
Company Secretary

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

Category	No. of directors	Percentage
Executive Director	1	33.33%
Management Staff	2	66.67%
Total	3	100.00%

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

The functions and responsibilities of the CDC include:

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (“CSR”) Committee was established on 18 January 2010. It comprises the following members:-

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

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

Professor Dato’ Abang Abdullah Bin Abang Mohamad Ali
as member of the CSR Committee
Independent Non-Executive Director

Ricky Kho Teck Hock
as member of the CSR Committee
Senior Director of Corporate Services & Human Resource

Shahrom Bin Abdul Razak
as member of the CSR Committee
CSR Officer

The structure of executive, non-executive and management participation in the CSR Committee is as follows:-

Category	No. of directors	Percentage
Non-Executive Director	1	20.00%
Executive Director	1	20.00%
Independent Non-Executive Director	1	20.00%
Management Staff	2	40.00%
Total	5	100.00%

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE - TERMS OF REFERENCE

Composition

The members of the CSR Committee shall be appointed by the Board. The Committee shall have no fewer than three (3) members.

Duties and Responsibilities

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

- 1) to develop a framework for provision of obligatory community services and to propose social, education and community activities to be undertaken by the Naim Group. This shall include the following:-
 - a) the level of influence and monitoring that Naim will have over the activities to be undertaken;
 - b) the duration of the activities in a specific region;
 - c) the overall economic and social environment in the regions where activities are proposed; and
 - d) the opportunities for Naim to benefit from its CSR activities.
- 2) to consider and propose an annual budget for CSR activities to the Board of Directors of the Company for approval.
- 3) to prepare an annual Corporate Social Responsibility Report for the Company’s Annual Report.
- 4) to continuously review the internal CSR program of the Naim Group.

statement on internal control

Introduction

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

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

Responsibility

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

Risk Management Framework

Risk management practices and internal control are embedded in the daily operations of the Group, which has established a strategic enterprise-wide risk management framework. This framework involves identifying the risk exposure of the Group, developing key

risk profiles/corporate risk scorecards as well as implementing a continuous risk monitoring system. The Risk Management Committee ("RMC") (comprising representatives from the Board, the management and the internal audit department) reviews and approves changes to the framework as and when necessary to reflect the changes in the operating environment and legal requirement.

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

Key Processes of Internal Control

Key processes of Internal Control are summarised as follows:

- ◆ Organisational structure that lays down clear lines of responsibility and reporting.
- ◆ Budgetary control, where actual performance is regularly monitored against budgets and variances are investigated.
- ◆ Group Procedures and Authorities Manual, which sets out the operating control procedures pertaining to finance, accounting, sales and credit control, human resources, procurements and inventory. The control procedures, inter alia, include setting limits for approving expenditure and procurements.

- ◆ Staff handbook, that sets out general employment terms and the Group's corporate code of ethics.
- ◆ Quality management system requiring the management and staff of subsidiary, Naim Cendera Sdn. Bhd. (accredited with ISO 9002 Certification since 2000) to adhere to a set of well-established standard operating procedures covering all major critical processes. Surveillance audits are conducted yearly to ensure compliance with the system.

Internal Audit

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

This statement is made in accordance with a resolution of the Board of Directors dated 26 April 2010.

corporate social responsibility

Naim has always taken into consideration the interests of community in which it operates and has always assumed full responsibility for the impact of its business activities on customers, suppliers, employees, shareholders, communities and the environment. The Board of Directors is aware that, during a recession, the Corporate Social Responsibility (CSR) function is widely viewed as an area of business where savings can be made, in terms of both cost and business efficiency. However, our reputation as a responsible company has not been earned overnight, but is the result of a painstaking long-term commitment, whilst the beneficiaries of many of our CSR activities face greater challenges during a recession. Therefore we would like to state unequivocally that Naim has maintained its full commitment to CSR during 2009, and will continue to do so for the foreseeable future.

Naim's determination to fulfill its CSR extends far beyond statutory obligations and compliance with legislation. In 2009 we placed all CSR activities (Health and Safety, Environmental Responsibility and Corporate Philanthropy) under the oversight of our Corporate Governance function, and for 2010 we appointed a full time CSR officer, Encik Shahrom Bin Abdul Razak.



Quality, Safety, Health & Environment (QSHE) Policy

Our Quality, Safety, Health and Environment Policy (QSHE) demonstrates and formalizes our total commitment towards better quality, better health, increased safety and greater care for the environment. To make the policy easy for our staff to remember and implement, we have used the acronym NAIM as shown below:

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

The policy is rigorously enforced under the oversight of Group Health, Safety and Environment Manager Mr Bedingdang Nalong, who is a registered NIOSH HSE Manager, with the assistance of Mr Shahrom Bin Abdul Razak (see above).

To further demonstrate control over our processes governing health, safety and the environment, and to create confidence within the organization & amongst our clients that the requirements for quality, health, safety & environment are consistently fulfilled and maintained, the Group's property development and construction divisions have been certified and re-certified to ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 as at the end of December 2009.

Health and Safety

Please see above for overall policy and enforcement details. Our rigorously enforced Healthy Workplace and Zero Accident Policies have once again yielded positive results, with no work-related illnesses or significant accidents being reported during 2009.

Environmental Responsibility

We recognize that the Company's continued growth and ability to operate depend on how successfully we reconcile our financial objectives with environmental protection and community well-being. Our performance as a company will increasingly be evaluated on how we do in all the three

corporate social responsibility

areas. Through the full integration of environmental objectives into our business plans and ongoing capital investment in existing and new operation facilities, we are making steady progress towards sustainability.

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

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

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

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

Centralized Air Conditioning: All office air conditioning is centralized to reduce the release of coolant gases which are damaging to the ozone layer.

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

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

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

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

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

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

Smokeless Incinerators for Burning of Biomass: Smokeless incinerators are always used to dispose our biomass from the project sites, reducing the release of pollutants into the atmosphere.

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

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

Corporate Philanthropy - Tabung Amanah Naim

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

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

Reaping the Rewards of CSR - Future Badminton Champions

When we made a donation to Pacific Badminton Management/Sarawak Badminton Association in 2005, the group photo included a smiling bunch of 9-10 year olds who were set to benefit from professional coaching and development. We are delighted to note that two of those smiling children in the photo have already become winners; in the recent Sabah/Sarawak Zone National Junior Championships, Clement Chieng triumphed in the U-14 Boys Singles, and shared the spoils with partner Gerald Ong in the U-14 Boys Doubles. Thanks to these young men, and many others, we are increasingly confident that our CSR efforts are making a real difference.

corporate social responsibility activities & events



Naim Chinese New Year Open House 2009, 7-8 February 2009

In conjunction with Chinese New Year celebrations, Naim held its open house at Alyssa Show house, Bandar Baru Permyjaya. Present at the open house were YB Datuk Lee Kim Shin, Assistant Minister of Infrastructure Development & Communications Sarawak and Mr. Vincent Kueh, Naim Senior Vice President.

Donation to Flood victims at Bengoh, 19 January 2009

As part of its Corporate Social Responsibility Naim donated cash and foodstuff to 142 families whose livelihood were affected by the recent floods. Those given immediate aid were 100 families from Kampung Semadang, 28 from Kampung Danau and 14 from Kampung Bengoh. The donation was handed over by YB Dato' Dr. James Dawos Mamit, Member of Parliament and witnessed by Naim Site Administrative Executive, Mr. Cliff Mengud, and Naim Local Relations Executive, Mr. Siang Prede and Mr. Sora Rusah.



Appreciation Dinner MD with contractors, 20 January 2009

Naim Managing Director, Datuk Hasmi Bin Hasnan played host to our contractors at an appreciation dinner held on 20th January 2009 at Sarawak Club Kuching. Joining him were Naim Deputy Managing Director, Dr. Sharifuddin Bin Abdul Wahab, Senior Vice President, Mr. Vincent Kueh, Naim Vice President, Mr. Edmund Leong, Vice President - Engineering, Infrastructure and In- House, Mr. Chong Lipe Hwat, and Encik Wan Mohamad Su'ut Bin Wan Moss, Project Manager.



Majlis Penyerahan Bantuan Ihsan in Miri, 13 February 2009

Naim Holdings Berhad and Dayang Enterprise Holdings Berhad donated RM50,000.00 each to Miri Disaster Relief Committee on 13th February 2009. The mock cheque was handed over by Datuk Hasmi Bin Hasnan, Naim Managing Director, to Deputy Prime Minister, Datuk Patinggi Mohd Najib Tun Abdul Razak, and witnessed by Deputy Chief Minister, Datuk Patinggi Tan Sri Dr. George Chan Hong Nam, Deputy Chief Minister, Datuk Patinggi Tan Sri Alfred Jabu anak Numpang and other VIPs.

corporate social responsibility activities & events



Naim Labour Day Celebration 2009, 1 May 2009

In conjunction with labour Day 2009, Naim organized a Celebration at the Dewan Dato Permaisuri, Bandar Baru Permyjaya, Miri. The highlights of the event were Mini Jogathon, Telematches, Colouring Contests and Lucky Draws. Present were our guest of honor YB Datuk Lee Kim Shin, Assistant Minister of Infrastructure Development & Communication Sarawak, Naim Head of Property, Tuan Haji Radzali Bin Haji Alision, Naim Vice President, Encik Abang Hasni Bin abang Hasnan and also Naim Sales & Marketing Manager Miri, Alice Ting.

Pre Gawai Gathering 2009 at the Bengoh Dam Project Site, 23 May 2009

Naim staff together with the residents of the nearby Kampung at Bengoh thronged to the Naim Pre Gawai gathering at the Bengoh new site office. The function started at 11am with the entertainment items included traditional dance performances from folks of Kpg Belimbing and Kpg Semban.

This gathering was graced by Director of Implementation Unit, Prime Minister's Department YBhg Tan Sri Khalid Bin Ramli, Director Special Task Division, YBhg Dato Ahmad zaki Ansore Bin Mohd. Yusof, Director of State Development Department, YBhg Dato Kamal Bin Husin, En. Ismail Bin Haron, Deputy Director of State Development and YB Dato Dr. James Dawos Mamit, Member of Parliament P198 Mambong.

Annual Dinner 2009, 18 June 2009

On 18 June 2009, all of Naim staff turned up for the Annual Dinner dressed in purple, white and black, the chosen theme for the night. The dinner was held at the Riverside Majestic Kuching. Present were Naim Chairman, Datuk Abdul Hamed Bin Sepawi, Naim Managing Director, Datuk Hasmi Bin Hasnan, Naim Senior Executive Directors, Ahmad Bin Abu Bakar, Ir. Suyanto Bin Osman, and Vincent Kueh, Naim Non-Executive Director, Abang Jemat bin Abang Bujang and also Naim Senior Independent Non-Executive Director, YB Tuan Haji Hamden Bin Haji Ahmad.

The night also witnessed the presentation of awards to twelve outstanding performers of the company.





Distribution of Bubur Lambuk, 28 August 2009

In conjunction with the Holy Month of Ramadhan, Naim Kuching staff once again organized a distribution of “Bubur Lambuk”. The distribution was held at Naim’s new Kuching office at Jalan Green.

Majlis Berbuka Puasa & Donation to Suraus in Kota Samarahan & Miri, 4 September 2009

Naim once again played its part by making small monetary contributions to several Suraus in Kota Samarahan and Miri during the Holy Month of Ramadhan. Besides the monetary contribution, NAIM also held Majlis Berbuka Puasa with Desa Ilmu residents at Surau Desa Ilmu, Samarahan. A similar event was also held at the Masjid Ar-Rayyan, Bandar Baru Permyjaya Miri for the residents of Bandar Baru Permyjaya.



Majlis Berbuka Puasa with MD, 11 September 2009

Naim Directors and staff members were treated to a Berbuka Puasa with NAIM MD, Datuk Hasmi Hasnan at the Four Points Hotel on 11 September 2009.

Kembara Ramadhan, 17 - 19 September 2009

In conjunction with the Holy month of Ramadhan, NAIM staff organized a “Kembara Ramadhan” a three-day Charity affair. NAIM staff donated rice, sugar, soft drinks, clothes, “Biskut Raya” and also some cash to selected hard core poor families in Kuching.

corporate social responsibility activities & events



Sponsorship - Malaysia Global Business Forum - Bosnia, 11 November 2009

Naim was one of the main sponsors for the Malaysia Global Business Forum - Bosnia held on 11 November 2009 in Kuching. Naim donated a total of RM100,000 for this forum and the mock cheque was handed over by Dr. Sharifuddin Bin Abdul Wahab, NAIM Deputy Managing Director to Managing Director of Gleanreagh, Nordin Abdullah witnessed by President of Bosnia Herzegovina, Dr. Harris Silajdzic, former PM Malaysia, Tun Dr. Mahathir Mohamad and Sarawak Chief Minister YAB Pehin Sri Tan Sri Haji Abdul Taib Bin Mahmud. Gleanreagh was the organizer of the Forum.

“Gotong Royong & Ramah -Mesra” programme, 21 November 2009

Naim’s Bengoh site team, together with KERENA, Natural Resources Environment board NREB’s Recreational & Welfare Club, organized a social programme called “Gotong - Royong & Ramah - Mesra” at Kampung Danu near Bengoh Dam project site.

The objective of this programme is to create rapport between Naim and the various government agencies.

Naim donates to schools and association, 3 December 2009

As part of its Corporate Social Responsibility, Naim donated a total of RM50,000 to Hng Nam Sng Tng which received RM 5,000, Chung Hua Primary Schools No. 1, 2, 3, 4, 5 and 6 each receiving RM5,000 and Chung Hua Middle Schools 1, 3 and 4 also RM5,000 each. The handing over of the cheques was carried out by Dr. Sharifuddin bin Abdul Wahab, Naim Deputy Managing Director.

Christmas Celebration at Abelia Show House in Miri, 26 December 2009

The residents of Bandar Baru Permyjaya as well as members of the public flocked to Naim Christmas Open House at Abelia Show House, Desa Pujut 2. This open house was held on 26 December 2009.

The highlight of the event was a Kids Colouring Contest. All the prizes for the Kids Colouring Contest were sponsored by Bank Muamalat Miri Branch.



investor relations activities



Naim has always made every effort to develop and maintain close long term relationships with its stakeholders. Its key focus on investor relations activities is to consistently update and inform shareholders, institutional investors and research analysts with relevant comprehensive, transparent and prompt information on the Group. This is Naim's way of allowing its existing and potential

stakeholders to have an informed and realistic opinion of the company's profitability, strategic positioning, and associated opportunities as well as risks. One way of achieving such objectives is by using Naim's quarterly financial reports, regular announcements through the printed and other media, the Annual Report and undertaking regular activities to inform shareholders and analysts about the development of its business as well as important events within Naim.

through such activities that Naim's corporate management strategies and current developments are discussed with interested parties who will gain fair and necessary disclosure of information. Such activities are regularly led and conducted personally by the Managing Director, Datuk Hasmi Hasnan and Senior Director of Corporate Services & Human Resource, Mr. Ricky Kho (email: ricky.kho@naim.com.my), who communicate directly with interested parties on prominent matters.



To develop a long-term relationship of trust among existing and future stakeholders, Naim regularly participates in and organizes visits, road shows, briefing, meetings and presentations locally and abroad for fund managers as well as investment analysts. It is

As one of the leading players in the property and construction industry in Malaysia, Naim has been regularly invited to participate in international road shows and to date it has enjoyed good as well as consistent coverage by AmResearch, OSK Securities, KAF and TA Securities, to name just a few. Naim also gets regular visits from its major shareholders, analysts, fund managers and other potential investors including JP Morgan, Employees Provident Fund, Lembaga Tabung Haji, Permodalan Nasional Berhad, Affin Securities, ECM Libra, UBS Securities, among others. On the international front, Naim continues to participate in conferences and road shows and holds regular audio conferencing with interested investors from Singapore, Hong Kong, Europe and the United States.





Empangan Bengoh akan beri manfaat kepada 1.7j penduduk



KUCHING, Sarawak — Menteri Perumahan Sarawak, Datuk Seri Ahmad Naim, berkata projek empangan Bengoh akan memberi manfaat kepada 1.7 juta penduduk Sarawak.

Projek empangan Bengoh akan memberi manfaat kepada 1.7 juta penduduk Sarawak.

Projek empangan Bengoh akan memberi manfaat kepada 1.7 juta penduduk Sarawak.

Projek empangan Bengoh akan memberi manfaat kepada 1.7 juta penduduk Sarawak.



The Managing Director of Naim Cendera Sdn Bhd, Datuk Naim Hassan (right), presented a mock cheque for RM50,000 to Najib, witnessed by Dr Chan (left), Jabbu (left).

Nine companies donate RM390,000 to Miri Disaster Relief Committee

By Norini Mahadi

MIRI Nine corporate companies in Miri donated a total of RM390,000 under their Social Corporate Responsibilities (SCRs) to Miri Disaster Relief Committee yesterday.

The companies are Petronas Carigali Sdn Bhd, Sarawak Shell Berhad, Naim Cendera Sdn Bhd, Yaw Teck Seeng Foundation, Shin Yang Group of Companies, Dayang Enterprise Holdings and Nappan Oil Exploration (Malaysia) Ltd, which gave RM450,000 each, and Jim Logo Sdn Bhd and Sealink International Bhd which donated RM210,000 each.

The donations were received by Deputy Prime Minister, Datuk Patinggi Mohd Najib Tun Abdul Razak, and witnessed by Deputy Chief Minister, Datuk Patinggi

Tan Sri Dr George Chan Hong Nam, Deputy Chief Minister, Datuk Patinggi Tan Sri Alfred Jabbu anak Numpang and other VIPs.

At the same function, Najib handed over Disaster Aid to the Residents of seven Divisions in Sarawak to be distributed to the deserving victims in their respective divisions.

On hand to receive the disaster aid were Miri Division Resident, Datu Ose Murang (RM75,000), Limbang Division Resident, Maria Hasman (RM100,000), Bintulu Division Resident, Dr Razali Abos (RM40,000), Mukah Division Resident, Haji Abdullah Jemil (RM5,000), Areting Sibu Resident, Haji Ismail Mohd Hanis (RM160,000) and Samarahan Division Resident, Dr Haji Sulaiman Haji Husaini (RM52,000).

A building to serve 100 years, says Asfia

By Lisa Rose Khan

KUCHING The new State Legislative Assembly (SLA) building, set to be opened in 2019, will be a landmark for the state, as it is the first building designed by a local architect, says Chief Minister Pehin Sri Abdul Taib Mahmud.

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"The book compiled by Institute of Architects Malaysia will enlighten audience on not only the design of the new building but also the aspirations of the architects with special remarks by Chief Minister Pehin Sri Abdul Taib Mahmud."

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HISTORICAL Asfia, a local architect, has designed the new SLA building. The building is a landmark for the state, as it is the first building designed by a local architect, says Chief Minister Pehin Sri Abdul Taib Mahmud.

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The new SLA building will be a landmark for the state, as it is the first building designed by a local architect, says Chief Minister Pehin Sri Abdul Taib Mahmud.



NEW LANDMARK The new SLA building.

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Naim bags US\$36m Fiji road contract

By Raymond Naim

SINGAPORE Naim Cendera Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a US\$36 million contract to build a road in Fiji.

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PELAKS Naim Cendera Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a US\$36 million contract to build a road in Fiji.

Mencari jelitawan Cheongsam 12 September

SARAWAK Naim Cendera Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a US\$36 million contract to build a road in Fiji.

Naim Cendera Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a US\$36 million contract to build a road in Fiji.

Dayang Ent bags RM200m worth of jobs

By Raymond Naim

KUCHING Dayang Enterprise Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a RM200 million contract to build a road in Sarawak.

Dayang Enterprise Sdn Bhd, a subsidiary of Naim Holdings Berhad, has secured a RM200 million contract to build a road in Sarawak.

Naim Cendera donates to families affected by floods

By Raymond Naim

KUCHING Naim Cendera Sdn Bhd, a subsidiary of Naim Holdings Berhad, has donated RM200,000 to families affected by floods in Sarawak.

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DAK Dr James Rowatt (2nd right) handing over the flood items to Sarawak Mangrove, witnessed by Tan Juhai, CDF (2nd left), Basu, (2nd right) and Jimmy Yong (right).

Kuppa Kopi TV programme to feature Naim properties

By Raymond Naim

KUCHING The Kuppa Kopi TV programme will feature Naim properties in Sarawak.

The Kuppa Kopi TV programme will feature Naim properties in Sarawak.

diary of corporate events



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JANUARY

A 10-12 January 2009, Naim at RTM Exhibition 2009

In conjunction with the RTM Exhibition 2009, the Naim Sales team participated in the three-day exhibition.

B 17-18 January 2009, Naim 1st Roadshow in 2009

Naim held its first road show of the year at Imperial Mall Miri on 17th January to 18th January 2009. This 2-day road show is to promote Naim's product and also to launch its latest house Olive Gold in Desa Pujut 2.

C 19-21 January 2009, Roadshow at Wisma Satok, Kuching

Photo Caption: On 19th to 21st January 2009, Naim held a road show at Wisma Satok. This three-day road show is part of NAIM's promotion and marketing strategies to promote its products.

FEBRUARY

D 7-8 February 2009, Naim Chinese New Year open house

In conjunction with the Chinese New Year celebration, Naim held its open house at Alyssa Show house, Bandar Baru Permyjaya. The open house coincided with the launch of the new Alyssa show house at Desa Pujut 2, Bandar Baru Permyjaya, Miri.

Present at the open house were YB Datuk Lee Kim Shin, Assistant Minister of Infrastructure Development & Communication Sarawak and Mr. Vincent Kueh, Naim's Senior Vice President.

E 14-15 February 2009, Naim at Bintang Plaza Shopping Mall, Miri

Naim sales representative explaining the latest products and the offered promotion to value customers at Bintang Plaza Shopping Mall, Miri.



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MARCH

F 12 March 2009, Naim Extra Ordinary Meeting (EGM) 2009

On 12th March 2009, Naim held an Extra Ordinary Meeting (EGM) at the Ground Floor Wisma Naim. This EGM was held to formalize the change of name of the company to Naim Holdings Berhad.

G 14-15 March 2009, Naim at Isuzu Fest Miri

Naim group joined Isuzu Fest 2009 on 14 to 15 March 2009. This 2-day event was held at Seberkas, Miri.

H 28 March 2009, Naim at Cita Rasa Food Fair 2009

Naim group took part in Miri Cita Rasa Food Fair 2009 to promote its latest product. This fair was held at Boulevard Shopping Mall on 28 March 2009.

I 28 March 2009, "Buy Your House and Win It for free" lucky draw contest winner

The "Buy Your House and Win It for Free" lucky draw contest was one of Naim's promotions for house buyers in Miri. Encik Lizaki Bin Radzali was the lucky winner. The handing over of the house keys was by Tuan Haji Radzali Bin Haji Alision (no relation to the winner), Naim's Head of Property.

APRIL

J 1 April 2009, Courtesy call to Schools in Miri

Naim Miri Sales team made a courtesy visit to SMK Merbau, SJK Chung Hua Lutong and SK Tudan in Miri. The visits were to showcase Naim's products

K 2 April 2009, Presentation at Miri City Council & Electra House

Naim was invited to Miri City Council to make a special presentation on property development especially in Miri and also the latest offers from Naim. The panel was briefed by Mr. Gerald Sim, Naim Sales & Marketing Executive, Miri.

diary of corporate events



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L 6 April 2009, Visits by GSE Project-Building Engineering

Naim had the pleasure of receiving a working visit by Mr. Murata, Mr. Masuda and Mr. Murakami from Chiyoda Japan, and En. Khairuddin Bin Ibrahim from Chiyoda Malaysia. On hand to brief them were En. Ahmad Bin Abu Bakar, Naim's Senior Vice President and En. Mohd. Ashraf Assai Abdullah, Naim Senior Manager - Oil & Gas.

MAY

M 1 May 2009, Labour Day Celebration 2009

In conjunction with Labour Day 2009, Naim organized a Labour Day Celebration in Miri at the Dewan Dato Permaisuri, Bandar Baru Permyjaya, Miri. The highlights of the events were Mini Jogerthon, Telematches, Colouring contests and Lucky Draws. Present was our guest of honor YB Datuk Lee Kim Shin, Assistant Minister of Infrastructure Development & Communication Sarawak.

JUNE

N 18 June 2009, Naim 7th Annual General Meeting

Naim Holdings Berhad held its Seventh Annual General Meeting on 18th June 2009 at Sarawak Club Kuching.

O 18 June 2009, Naim Annual Dinner 2009

On 18th June 2009, all of Naim staff turned up for the Annual Dinner dressed in Purple, White and Black, the chosen theme for the night. The dinner was held at the Riverside Majestic Kuching.

P 19-21 June 2009, Sarawak Builders Expo (SARBEX) 2009

Naim took part in the Sarawak Builders Expo 2009 on 19th to 21st June 2009. This three-day expo was held at Permata Exhibition Centre, Kuching and organized by SHEDA and jointly sponsored by Ministry of Housing, Sarawak and also CIDB Malaysia. Forty-nine companies comprising property developers, construction companies, ministries and also bankers participated in this expo. The grand opening ceremony was officiated by YB Datuk Amar Abang Haji Abdul Rahman Zohari Bin Tun Abang Haji Openg, Sarawak Housing Minister.



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JULY

Q 9 July 2009, Extension on warranty period on “Zero Defects My Priority” Campaign

A “Zero Defect My Priority” Campaign was launched at the NAIM new office at Rock Road Commercial Centre, Green Road on 9 July 2009.

The campaign is to create awareness on quality and to adopt quality as a culture among the staff and all their stake holders. At the launch it was announced the Defects liability periods for all NAIM prosperities will be extended for a further period of 12 months making it 24 months from the normal statutory requirement of 12 months. The campaign was launched by Managing Director, Datuk Hasmi bin Hasnan.

R 13 July 2009, Tabung Haji Briefing

Naim staff attended a Tabung Haji briefing at Wisma Naim on 13 July 2009. The briefing was to inform the Staff on the facilities offered by the Tabung as well as the procedures if one wished to perform the Haj.

S 27 July 2009, DUN Official Opening Ceremony

This RM317 million project was officially declared open on 27 July 2009 by the Yang di-Pertuan Agong Tuanku Mizan Zainal Abidin who was in Kuching in conjunction with the 218th Conference of Rulers which was held from 27 until 30 July 2009.

This new State Legislative Hall was completed on time and jointly constructed by PPES Works (Sarawak) Sdn Bhd, a subsidiary of Cahaya Mata Sarawak Berhad, and Naim Cendera Sdn Bhd.

AUGUST

T 6 August 2009, Visit by Danajamin Nasional Berhad

NAIM was privileged to receive a visit from Danajamin Nasional Berhad Group on 6 August 2009. Their itinerary include visits to Naim Kuching office where they were briefed on NAIM’s latest business updates whilst later the same day they were taken on a tour to view the DUN building, Batu Lintang Property, Uplands Property, Desa Ilmu and Riveria.

U 10 August 2009, Site Visit by the Minister of Urban Development and Tourism Sarawak to Flood Mitigation Project

The Minister of Urban Development and Tourism Malaysia, YB Datuk Michael Manyin anak Jawong, made a working visit to our flood mitigation site on 10 August 2009. The YB Minister was accompanied by Mr. Liu Thian Chon, from the Ministry of Urban Development & Tourism Sarawak and the Deputy Director Department of Drainage and Irrigation Sarawak, Mr. Chok Moi Soon.

diary of corporate events



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V 11 August 2009, Working visit by Sarawak Housing Minister to Bengoh Dam site

A working visit was made by the Minister of Housing and Urban Development, YB Datuk Amar Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, in the company of the Minister of Urban Development and Tourism Malaysia, YB Datuk Michael Manyin anak Jawong, to the Bengoh Dam project site on 11th August. The ministers were accompanied by YB Dr. Jerip anak Susil, ADUN N16 Bengoh, YB Roland Sagah, ADUN N17, YB Abdul Wahab Aziz Chairman of HDC, YB Datuk Haji Mohamad Morshidi Abdul Ghani, State Secretary, YBhg Datuk Amar Wilson Baya Dandot and also heads and officers from government offices.

W Naim won the 2nd Prize for "Kapal Berhias 2009"

Naim won the 2nd Prize in the Sarawak River Floats Competition, an event held in conjunction with the 218th Conference of Rulers.

SEPTEMBER

X 3 September 2009, Fiji Prime Minister visit to Naim

NAIM was the host for the visit by the Fijian Prime Minister, the Right Honorable Commodore V. Bainimarama, to Kuching on 3 September 2009. On hand to receive the Fijian entourage at the Kuching International Airport were YB Datuk Patinggi Tan Sri Alfred Jabu anak Numpang, Deputy Chief Minister of Sarawak (II), YB Dato Sri Haji Mohamad Asfia Awang Nassar, Speaker DUN Sarawak, Minister of Urban Development and Tourism Malaysia, YB Datuk Michael Manyin anak Jawong together with NAIM Chairman, Datuk Abdul Hamed bin Sepawi, Naim Managing Director, Datuk Hasmi Bin Hasnan, and Naim Independent Non-Executive Director, Sylvester Ajah Subah. The Prime Minister's programme included a courtesy call on the Sarawak Chief Minister, a visit to Desa Ilmu and a conducted tour of the new DUN building.

OCTOBER

Y 11 September 2009, Hari Raya Open House

For Raya 2009, Naim held its Hari Raya Open House at Jasmine and Hibiscus Show house at Riveria, Kuching on 11 October 2009. The children were given "Duit Raya".



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NOVEMBER

Z 12 November 2009, PGA Official Handing Over Ceremony

On 12 November 2009, NAIM officially handed over the completed Pasukan Gerakan AM Complex at Batu Kawa to the Sarawak Police. The mock key was handed over by Naim Senior Executive Director, Ir Suyanto Bin Osman, to the Deputy Inspector-General of Police, Malaysia, YDH Tan Sri Ismail bin Haji Omar, witnessed by Tuan Yang Terutama yang Di-Pertua Negeri Sarawak, Tun Datuk Patinggi Abang Haji Muhammad Salahuddin, together with the Minister of Planning and Resources Management (II), YB Datuk Amar Haji Awang Tengah Bin Ali Hassan, and Commissioner of Police Sarawak, YDH DCP Dato' Mohamad Bin Salleh. The PGA Brigade Headquarters was completed on 31 January 2008, one month ahead of schedule.

AA 26 November 2009, Naim at Sarawak Kenyah Cultural Festival 2009

Naim took part in this 3-day festival to promote its latest products. The promotion offered during the day was a cash rebate of RM4,000 given to purchasers of selected properties and cash RM500 given upon registration on that day. Naim donated RM100 for every house sold on that day to Persatuan Kebangsaan Kenyah Sarawak.

DECEMBER

AB 12 December 2009, Courtesy Call to Government Offices and schools in Miri

Naim Miri Sales team made courtesy calls to the Miri Road Transport Department, Miri Customs Department, Miri Pustaka, SJK Chung Hua Lutong, SRK Bintang and also SK Merbau. These visits are part of the annual activity of our Sales team.

AC 26 December 2009, Christmas celebration at Abelia Show House in Miri

The residents of Bandar Baru Permyjaya as well as members of the public flocked to Naim Christmas Open House at Abelia Show house, Desa Pujut 2. This open house was held on 26 December 2009.

The highlight of the event was a Kids Colouring Contest. All the prizes for the Kids Colouring Contest were sponsored by Bank Muamalat.

economic outlook

OUTLOOK FOR THE MALAYSIAN ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2010 and beyond. Unless otherwise stated these organizations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

Malaysian Institute of Economic Research (MIER)

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

The world economy has recovered since the 4Q09 following numerous national policy measures, which enhanced private demand and global trade condition. However, the recovery path is uneven with developing Asia leading global growth, while advanced nations trailing behind (sic). The strong economic expansion from developing Asia was led by China, India, and Indonesia with their relatively large domestic demand. Policymakers have begun to normalize policy rates, given rising inflation expectations and the emergence of asset bubbles.

Malaysian Economic Report 2009-2010 (Ministry of Finance)

(www.treasury.gov.my/pdf/economy/er/0910/chap3.pdf)

The economy is expected to benefit from stabilizing global economic conditions, augmented by fiscal measures and accommodative monetary policy. The construction sector is expected to expand 3.2%, with all sub-sectors registering steady growth.

GE Consult

(<http://geconsult.blogspot.com>)

The Malaysian economy is still expected to benefit from ongoing global measures to stabilize its current economic situations through effective fiscal measures and loose monetary policy as a soft growth of Gross Domestic Product (GDP) is projected

to register between 2%-3% in 2010. The Asian Development Bank (ADB) expects Malaysia's economy to return to growth in 2010. According to Allianz Group Chief Economist Michael Heise, Malaysia's economy is expected to see a solid growth of 3.5% in 2010. Growth this year will be driven by domestic demand, particularly the private expenditure which driven by expected recovery in world trade. For 2010 as a whole, nevertheless, Malaysia's GDP is expected to register at least in soft positive territory.

JP Morgan / Business Times

(www.btimes.com.my/Current_News/BTIMES/articles/jpmgn/Article/index_html)

JPMorgan has revised its Malaysian gross domestic product (GDP) growth forecast to 7.7 per cent, from 6.8 per cent previously, believed to be the highest GDP forecast among economists. In a report issued this week, JP Morgan attributed the revision to strong regional production data in the first quarter of this year alongside the positive outlook for manufacturing particularly in the technology sector.

Bank Negara Malaysia Annual Report 2009

Recovery in the global economy is expected to remain gradual and uneven in 2010, with the Asian economies leading growth

The Malaysian economy is projected to grow by 4.5% to 5.5% in 2010, underpinned by strengthening domestic demand and an improving external environment. While the public sector will remain supportive, growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The underlying strong macroeconomic fundamentals, the healthy private sector financial position and the strong financial system will provide support to a private sector-led recovery. A supportive monetary environment, including continued access to competitive financing will remain in place to foster recovery in the private sector activity.

Demand prospects for economic growth in the region and the global economy have improved. The cautious attitude of businesses and households, lingering excess capacity and the withdrawal of Government stimulus measures, however, would in varying degrees affect economic activity across countries. Hence, despite the expected improvement in economic activity, demand conditions are not expected to exert pressure on global inflation in 2010.

The World Bank - East Asia & Pacific Half-Yearly Update

The Malaysian economy is expected to grow robustly by 5.7 percent in 2010, building on faster-than-expected growth in the fourth quarter of last year. The recovery will be driven largely by strong consumer spending and continued restocking. The contribution of net external demand will likely turn negative, as imports outpace exports given the stronger domestic demand. Unwinding of policy support through fiscal consolidation effort and further rate hikes are not expected to derail the recovery, as withdrawal of stimulus will be gradual.

The growth outlook remains favorable for 2011 and 2012 with anticipated growth rates of 5.3 to 5.6 percent. The main nearterm risk to the outlook is external and arises from the strength of the global recovery. The fundamental medium-term risk arises from the structural reform momentum under the New Economic Model (NEM). The NEM is expected to revitalize growth by promoting private sector investment, liberalizing and deregulating the economy and modernizing the country's social protection mechanisms. Provided reform momentum picks up as under the NEM, Malaysia's competitiveness should be enhanced as will growth prospects.

OUTLOOK FOR THE SARAWAK ECONOMY

Bernama (National News Agency)
(12th January 2010)

Joint Venture In SCORE To Boost Sarawak's Economy

The RM11 billion investment committed by 1Malaysia Development Bhd (1MDB) and State Grid Corporation of China (SGCC) for their venture in the Sarawak Corridor of Renewable Energy (SCORE) is a boost to the state economy, says Deputy Chief Minister Tan Sri Dr George Chan.

Wholly-owned by the Malaysian Government, 1MDB was set up to drive strategic initiatives for long-term sustainable economic development and attract foreign direct investments to the country. SGCC is China's leading power transmission and distribution company.

SCORE, in Sarawak's central region, spans 320km along the coast from Tanjung Manis in Mukah to Similajau in Bintulu and extends into the hinterland, covering rural, suburban and urban growth centres. The core sector of the economic corridor is energy resource, particularly renewable energy like hydropower, coal and natural gas found in abundance in Sarawak's central region.

CH Williams, Talhar & Wong - Sarawak Property Market Outlook 2010

The first quarter of 2010 has seen a lot more launches than the same period a year ago, with the number of launches for Kuching more than 10 fold of that in Q1 2009. Continuing the recovery from end of 2009, Q1 2010 saw a record-high pricing for terraced houses selling at more than RM500,000 in Kuching. Projects launched in prime areas continue to be small but increasingly targeted towards a niche market with

improved designs, built-up areas and added features. Q1 2010 seems to reinforce the upward trend of housing in prime areas as launches of such high end residential properties have seen fast sales. Nonetheless, most of the housing projects launched are still aimed at the mass market, consisting mainly of terraced units in secondary areas, at prices below RM250,000.

Prices which have remained high (above RM1 million for Kuching) throughout 2009, continue to increase slightly in 2010 for commercial units in busy areas. Even units in the adjacent district of Kota Samarahan have decreased their price gap with Kuching to reach almost RM1 million for projects along the main Kuching-Samarahan Expressway. The slightly perkier Q1 2010 has led us to be fairly optimistic that the rest of 2010 should fare better than 2009 for the property market. The upturn is envisaged to continue with improving consumer sentiments and confidence, aided also by the low interest rates which is likely to remain unchanged in the 1st half of 2010. With a forecast of 3%-4% economic growth for 2010 versus a contraction of 1.7% for 2009 Property prices are expected to remain stable, with slight increases of between 5% and 10%, in tandem with the recovering economy.

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

The Star, Malaysia
(12th November 2009)

Sarawak Will Continue To Have A Surplus Budget For 2010

Tabling the budget on Monday, Chief Minister Tan Sri Abdul Taib Mahmud said the state was expected to spend RM3.418bil against a projected revenue

of RM3.579bil, generating a surplus of RM161mil, in line with the state government's aims of achieving balanced development and sustaining economic growth.

Taib said 70% or RM2.777bil of the budget was allocated for development purposes and 30% or RM1.318bil for operating expenditure. Of the development expenditure, RM1.271bil is allocated for the commerce and industry sector, RM493mil for public utilities, RM316mil for general administration, RM213mil for agriculture, land and rural development, RM277mil for transport and communications and RM207mil for social and community development.

The Borneo Post
(13th April 2010)

Oil And Gas Players To See Stronger Demand For Vessels

Oil and Gas sector's local players expect to see stronger demand on the back of the cabotage rule as the economy fundamentals improve. AmResearch Sdn Bhd said that vessels should benefit from persistent tight supply of domestic-flagged vessels and the cabotage rule that allowed local players and their production sharing contract for charter contracts to remain favorable by Petronas and foreign competitors. Taking into account Petronas Gas Bhd (Petronas) required 63 vessels starting in 2011 to 2015 and its expectation of building 65-70 new oil and gas platforms in Malaysia in the next five years, there would be an upside in demand for vessels.



financial statements

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directors' report for the year ended 31 december 2009

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 2009.

Principal activities

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

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	84,981	22,757
Minority interest	9	-
	<u>84,990</u>	<u>22,757</u>
	=====	=====

Dividends

Since the end of the previous financial year, the Company paid:

- a second interim single-tier exempt dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,000 in respect of the year ended 31 December 2008 on 6 April 2009, and
- a first interim single-tier exempt dividend of 3.0 sen per ordinary share totalling RM7,108,000 in respect of the year ended 31 December 2009 on 28 September 2009.

On 24 February 2010, the Directors declared a second interim single-tier exempt dividend of 5.0 sen per ordinary share totalling RM11,847,000 in respect of the year ended 31 December 2009. The dividend was paid on 14 April 2010.

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

Reserves and provisions

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

Directors of the Company

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

Datuk Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Dato William Wei How Sieng (appointed on 1.2.2010)
Sulaihah Binti Maimunni (appointed on 1.2.2010)
Leong Chin Chiew
Kueh Hoi Chuang
Haji Radzali Bin Haji Alision (appointed on 1.2.2010)
Abang Hasni Bin Abang Hasnan
Datuk Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Bin Abang Bujang
Datu Dr. Haji Abdul Rashid Bin Mohd Azis
Sylvester Ajah Subah @ Ajah Bin Subah
Dato' Professor Abang Abdullah Bin Abang Mohamad Alli
Dr. Sharifuddin Bin Abdul Wahab (resigned on 31.1.2010)
Ir. Suyanto Bin Osman (resigned on 31.12.2009)
Ahmad Bin Abu Bakar (resigned on 31.1.2010)

directors' report for the year ended 31 december 2009

Directors' interests

The interests and deemed interests of the Directors holding office at year end 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 1.1.2009	Bought	Sold	At 31.12.2009
Direct interests in the Company				
Datuk Abdul Hamed Bin Haji Sepawi	12,150,000	-	-	12,150,000
Datuk Hasmi Bin Hasnan	28,918,850	250,000	-	29,168,850
Kueh Hoi Chuang	144,100	-	-	144,100
Leong Chin Chiew	24,000	-	-	24,000
Dr. Sharifuddin Bin Abdul Wahab	151,700	-	-	151,700
Ir. Suyanto Bin Osman	135,000	-	-	135,000
Ahmad Bin Abu Bakar	5,000	20,000	-	25,000

Shareholdings in which Datuk Abdul Hamed Bin Haji Sepawi has deemed interests

The Company	27,992,700	-	-	27,992,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd.	2,100,000	-	-	2,100,000
Aktif Majusama Sdn. Bhd.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	2	699,998	-	700,000
Simbol Warisan Sdn. Bhd.	2	7,498	-	7,500
Naim Engineering Construction (Fiji) Limited ("NECFL")	-	999,998	-	999,998
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB")	-	2	-	2

Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests

The Company	40,480,500	-	-	40,480,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Total Reliability Sdn. Bhd.	1,020,000	-	-	1,020,000
TR Bricks Sdn. Bhd.	700,000	-	-	700,000
TR Smart Piles Sdn. Bhd.	255,000	-	-	255,000
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd.	2,100,000	-	-	2,100,000
Aktif Majusama Sdn. Bhd.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resource Sdn. Bhd.	2	699,998	-	700,000
Simbol Warisan Sdn. Bhd.	2	7,498	-	7,500
Naim Engineering Construction (Fiji) Limited	-	999,998	-	999,998
Naimcendera Engineering & Construction Sendirian Berhad	-	2	-	2

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

Directors' interests (continued)

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

The other Directors holding office at 31 December 2009 did not have any interest in the ordinary shares of the Company and of its related corporations.

Directors' benefits

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

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

Issue of shares

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

Options granted over unissued shares

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

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

directors' report for the year ended 31 december 2009

Change of name

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

Auditors

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

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

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 26 April 2010

balance sheets at 31 december 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Property, plant and equipment	3	63,397	32,111	33	36
Prepaid lease payments	4	51,034	48,427	-	-
Investment in subsidiaries	5	-	-	279,962	279,962
Investment in associates	6	149,363	146,897	108,819	108,819
Investment in joint ventures	7	10,957	7,882	-	-
Investment property	8	-	464	-	-
Intangible asset	9	2	898	-	-
Land held for property development	10	110,492	102,296	-	-
Other investments	11	476	450	-	-
Deferred tax assets	12	1,414	832	-	-
Total non-current assets		387,135	340,257	388,814	388,817
Inventories	13	27,136	24,350	-	-
Property development costs	14	241,336	240,066	-	-
Trade and other receivables	15	302,897	281,610	11,897	13,162
Current tax assets		8,562	12,516	2,564	1,780
Cash and bank balances	16	90,096	57,121	10,900	9,144
Total current assets		670,027	615,663	25,361	24,086
Total assets		1,057,162	955,920	414,175	412,903
Equity					
Share capital	17	250,000	250,000	250,000	250,000
Reserves	18	402,363	337,651	57,955	55,432
Total equity attributable to equity holders of the Company		652,363	587,651	307,955	305,432
Minority interest	2(a)(v)	21,961	24,228	-	-
Total equity		674,324	611,879	307,955	305,432
Liabilities					
Loans and borrowings	19	10,078	3,436	-	-
Deferred tax liabilities	12	51,646	53,748	-	-
Total non-current liabilities		61,724	57,184	-	-
Trade and other payables	20	183,123	232,039	61,220	69,296
Loans and borrowings	19	130,921	54,054	45,000	38,175
Current tax liabilities		7,070	764	-	-
Total current liabilities		321,114	286,857	106,220	107,471
Total liabilities		382,838	344,041	106,220	107,471
Total equity and liabilities		1,057,162	955,920	414,175	412,903

The notes on pages 93 to 134 are an integral part of these financial statements.

income statements for the year ended 31 december 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	21	566,920	523,717	30,821	29,230
Cost of sales	21	(437,395)	(415,542)	-	-
Gross profit		129,525	108,175	30,821	29,230
Other income					
- Gain on deemed disposal of equity interest in an associate		-	13,935	-	-
- Other income		5,722	4,928	-	-
Selling and distribution expenses		(3,764)	(4,963)	-	-
Administrative expenses		(31,747)	(35,757)	(1,907)	(2,077)
Other expenses		(889)	(915)	-	-
Interest expense		(2,818)	(1,720)	(2,665)	(3,401)
Operating profit	21	96,029	83,683	26,249	23,752
Share of results of:					
- equity accounted associates		15,897	21,426	-	-
- joint ventures	7	3,606	(805)	-	-
Profit before taxation		115,532	104,304	26,249	23,752
Tax expense	23	(30,542)	(21,237)	(3,492)	(6,476)
Profit for the year		84,990	83,067	22,757	17,276
		=====	=====	=====	=====
Attributable to:					
Equity holders of the Company		84,981	80,747	22,757	17,276
Minority interest		9	2,320	-	-
Profit for the year		84,990	83,067	22,757	17,276
		=====	=====	=====	=====
Basic/Diluted earnings per ordinary share (sen)	24	35.85	33.32		
		=====	=====		
Dividends per ordinary share (sen) - gross	25	8.00	11.31		
		=====	=====		

The notes on pages 93 to 134 are an integral part of these financial statements.

statements of changes in equity

for the year ended 31 december 2009

	Note	Attributable to equity holders of the Company					Total	Minority interest	Total equity
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Translation reserve RM'000			
Group									
At 1 January 2008		250,000	86,092	200	(16,315)	-	219,341	539,318	18,943
Shares issued by a subsidiary		-	-	-	-	-	-	-	2,997
Profit for the year		-	-	-	-	-	80,747	80,747	2,320
Dividends paid to shareholders of the Company	25	-	-	-	-	-	(15,260)	(15,260)	-
Acquisition of new subsidiaries		-	-	-	-	-	-	-	769
Acquisition of minority interest in an existing subsidiary	31	-	-	-	-	-	-	-	(801)
Transfer of share of share premium of an associate to capital reserve	18	-	-	26,170	-	-	(26,170)	-	-
Treasury shares purchased	18	-	-	-	(17,154)	-	-	(17,154)	-
At 31 December 2008/1 January 2009		250,000	86,092	26,370	(33,469)	-	258,658	587,651	24,228
Foreign exchange translation differences for foreign operations		-	-	-	-	(35)	-	(35)	-
Profit for the year		-	-	-	-	-	84,981	84,981	9
Total recognised income and expenses for the year		-	-	-	-	(35)	84,981	84,946	9
Shares issued by subsidiaries	31	-	-	-	-	-	-	-	289
Dividends paid to:									
- shareholders of the Company	25	-	-	-	-	-	(18,955)	(18,955)	-
- minority shareholders		-	-	-	-	-	-	-	(2,565)
Treasury shares purchased	18	-	-	-	(1,279)	-	-	(1,279)	-
At 31 December 2009		250,000	86,092	26,370	(34,748)	(35)	324,684	652,363	21,961
		(Note 17)	(Note 18)	(Note 18)	(Note 18)	(Note 18)			
Company									
At 1 January 2008				250,000	86,092	(16,315)		793	320,570
Profit for the year				-	-	-		17,276	17,276
Dividends paid to shareholders of the Company	25			-	-	-		(15,260)	(15,260)
Treasury shares purchased	18			-	-	(17,154)		-	(17,154)
At 31 December 2008/1 January 2009				250,000	86,092	(33,469)		2,809	305,432
Profit for the year				-	-	-		22,757	22,757
Dividends paid to shareholders of the Company	25			-	-	-		(18,955)	(18,955)
Treasury shares purchased	18			-	-	(1,279)		-	(1,279)
At 31 December 2009				250,000	86,092	(34,748)		6,611	307,955
				(Note 17)	(Note 18)	(Note 18)		(Note 18)	

The notes on pages 93 to 134 are an integral part of these financial statements.

cash flow statements

for the year ended 31 december 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities				
Profit before taxation	115,532	104,304	26,249	23,752
Adjustments for:				
Amortisation of:				
- intangible asset (Note 9)	896	465	-	-
- prepaid lease payments (Note 4)	935	920	-	-
Depreciation of:				
- property, plant and equipment (Note 3)	4,787	2,995	8	10
- investment property (Note 8)	11	13	-	-
Dividend income	(234)	(48)	(30,585)	(28,868)
Negative goodwill recognised (Note 31)	-	(601)	-	-
Goodwill written off (Note 31)	-	312	-	-
(Gain)/Loss on disposal of:				
- property plant and equipment	(1)	85	-	-
- equity interest in an associate	-	(13,935)	-	-
- subsidiaries (Note 31)	(14)	-	-	-
- investment property	(467)	-	-	-
Interest expense	2,818	1,720	2,665	3,401
Interest income	(694)	(2,592)	(236)	(362)
Share of results of:				
- equity accounted associates	(15,897)	(21,426)	-	-
- joint ventures (Note 7)	(3,606)	805	-	-
Unrealised foreign exchange loss	305	-	-	-
Operating profit/(loss) before changes in working capital	104,371	73,017	(1,899)	(2,067)
Changes in working capital:				
Inventories	(2,785)	(249)	-	-
Property development costs	(4,263)	25,156	-	-
Trade and other receivables	(26,278)	(51,173)	1,266	987
Trade and other payables	(49,220)	155	(8,075)	25,555
Cash generated from/(used in) operations	21,825	46,906	(8,708)	24,475
Taxes (paid)/refunded	(23,439)	(38,412)	125	306
Interest paid	(6)	(65)	(1,190)	(1,848)
Interest received	56	450	236	362
Net cash (used in)/from operating activities	(1,564)	8,879	(9,537)	23,295
	=====	=====	=====	=====

Cash flow statements for the year ended 31 December 2009 (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from investing activities				
Acquisition of:				
- minority interest in an existing subsidiary (Note 31)	-	(200)	-	-
- new subsidiaries, net of cash acquired (Note 31)	-	(630)	-	-
- property, plant and equipment [Note (i)]	(30,338)	(7,766)	(8)	-
- other investments	(26)	(16)	-	-
Increase in investment in an associate	-	(20,208)	-	(20,208)
Proceeds from disposal of:				
- property, plant and equipment	699	262	-	-
- investment property	920	-	-	-
(Increase)/Decrease in deposits pledged to banks	(396)	1,712	-	-
Dividends received	13,220	6,585	26,185	21,362
Distribution of profits by joint ventures	1,450	3,560	-	-
Interest received	638	2,142	-	-
Net cash (used in)/from investing activities	(13,833)	(14,559)	26,177	1,154
	=====	=====	=====	=====
Cash flows from financing activities				
Proceeds from issue of shares to minority shareholders	303	2,997	-	-
Repurchase of treasury shares	(1,279)	(17,154)	(1,279)	(17,154)
Repayment of finance lease liabilities	(2,904)	(1,290)	-	-
Net proceeds from/(repayment of) borrowings	76,188	3,788	6,825	(10,800)
Dividends paid to:				
- shareholders of the Company	(18,955)	(15,260)	(18,955)	(15,260)
- minority shareholders	(2,565)	-	-	-
Interest paid	(2,812)	(1,655)	(1,475)	(1,553)
Net cash from/(used in) financing activities	47,976	(28,574)	(14,884)	(44,767)
	=====	=====	=====	=====
Net increase/(decrease) in cash and cash equivalents	32,579	(34,254)	1,756	(20,318)
Cash and cash equivalents at beginning of year	57,121	91,375	9,144	29,462
Cash and cash equivalents at end of year [Note (ii)]	89,700	57,121	10,900	9,144
	=====	=====	=====	=====

cash flow statements

for the year ended 31 december 2009

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Paid using internal funds	30,338	7,766	8	-
In the form of finance lease assets	10,224	4,500	-	-
Total (see Note 3)	<u>40,562</u>	<u>12,266</u>	<u>8</u>	<u>-</u>
	=====	=====	=====	=====

ii) Cash and cash equivalents

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed banks	18,424	12,532	500	-
Short term cash funds	28,950	36,200	4,000	9,000
Cash and bank balances	42,722	8,389	6,400	144
Total (see Note 16)	<u>90,096</u>	<u>57,121</u>	<u>10,900</u>	<u>9,144</u>
Less: Deposits pledged	(396)	-	-	-
	<u>89,700</u>	<u>57,121</u>	<u>10,900</u>	<u>9,144</u>
	=====	=====	=====	=====

The notes on pages 93 to 134 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 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates and joint ventures.

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

The financial statements were approved by the Board of Directors on 26 April 2010.

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), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Securities.

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

Standard / Amendment / Interpretation	Effective date
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 101, <i>Presentation of Financial Statements</i> (revised)	1 January 2010
FRS 123, <i>Borrowing Costs</i> (revised)	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
Amendments to FRS 101, <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1 January 2010
Amendments to FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i>	
- <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>	
- <i>Separation of Compound Instruments</i>	1 January 2010
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	
- <i>Reclassification of Financial Assets</i>	
- <i>Collective Assessment of Impairment for Banking Institutions</i>	1 January 2010
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010

notes to the financial statements

1. Basis of preparation (continued)

a) Statement of compliance (continued)

Standard / Amendment / Interpretation	Effective date
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 7, <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i>	1 January 2011

The Group plans to apply:

- from the annual period beginning on 1 January 2010 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or before 1 January 2010, except for FRS 4, Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 101, Amendments to FRS 132 and IC Interpretations (ICI) 9, ICI 11, ICI 13 and ICI 14 which are not applicable to the Group; and
- from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or after 1 March 2010, except for Amendments to FRS 132, FRS 1 (revised), Amendments to FRS 2, Amendments to FRS 5, Amendments to ICI 9, ICI 12, ICI 16 and ICI 17 which are not applicable to the Group.

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

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

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

FRS 101 aims to improve user's ability to analyse and compare the information given in financial statements. It requires information in financial statements to be aggregated on the basis of shared characteristics to enable readers to analyse transactions between a company and its shareholders separately from transactions with external parties. FRS 101 also changes the titles of the financial statements to reflect their functions more clearly, for example, balance sheet is renamed as statement of financial position, amongst others.

FRS 123 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. As the Group's current capitalisation policy for borrowing costs [see Note 2(v)] is consistent with FRS 123 (revised), the adoption thereof is not expected to have a material impact to the Group.

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

1. Basis of preparation (continued)

a) Statement of compliance (continued)

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. Currently, changes in group composition are accounted for in accordance with the accounting policy as disclosed in Note 2(a)(iv).

The amendments to FRS 127 further require all losses attributable to minority interest to be absorbed by the minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policy as disclosed in Note 2(a)(v).

The above changes in FRS 127 are not expected to have a material impact to the Group.

The amendments to FRS 138, to be applied retrospectively, clarify, *inter alia*, that other amortisation methods, apart from the straight line method, may be used for intangible assets with finite useful lives. The adoption of any of the amendments to FRS 138 will result in a change in accounting policy.

Improvements to FRSs (2009) contain various amendments that result in changes for presentation, recognition, measurement and/or disclosure. Among the amendments is one that allows the reclassification of long-term leasehold land which in substance is a finance lease, presently treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively. The improvements to FRSs (2009) are not expected to have a material impact to the Group.

ICI 15 replaces the existing FRS 201²⁰⁰⁴, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15 by the Group for the year ending 31 December 2011, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from property development activities will change from the percentage of completion method to the completed method. The Directors are still in the process of assessing the impacts arising from the adoption of ICI 15.

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by MASB as are necessary to effectuate the full convergence.

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of financial statements 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 thereby.

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 those disclosed in the following notes:

- Note 12, unrecognised deferred tax assets; and
- Recognition of profit from construction contracts and property development (see below).

i) Profit from construction contracts

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

notes to the financial statements

1. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

i) Profit from construction contracts (continued)

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 development

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

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

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

2. Significant accounting policies

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

a) Basis of consolidation

i) Subsidiaries

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

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

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

ii) Associates

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

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

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

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

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

iii) Joint ventures

Jointly-controlled entities

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

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial

2. Significant accounting policies (continued)

a) Basis of consolidation (continued)

iii) Joint ventures (continued)

statements include the Group's share of the profit or loss of the equity accounted jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

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

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

Jointly-controlled operations

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

iv) Changes in Group composition

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

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

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

v) Minority interest

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

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

vi) Transactions eliminated on consolidation

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

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

Unrealised losses 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 exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of Group entities at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies, except those measured at fair value, are translated at the exchange rates at the transaction dates. Non-monetary assets and liabilities measured at fair value 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 the income statements.

notes to the financial statements

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

Foreign currency differences are recognised in translation reserve. On disposal, the accumulated translation differences relating to that foreign operation are recognised in the consolidated income statement as part of the gain or loss on disposal.

c) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

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

ii) Reclassification to investment property

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

iii) Subsequent costs

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

iv) Depreciation

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the balance sheet date.

2. Significant accounting policies (continued)

d) Leased assets

i) Finance lease

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

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

ii) Operating lease

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

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

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

e) Intangible assets

i) Goodwill

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

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

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

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

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

ii) Other intangible asset - additional interest in construction contract

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

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

f) Investment in equity securities

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

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

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

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

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

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

notes to the financial statements

2. Significant accounting policies (continued)

g) Investment property

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

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

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

Determination of fair value

The Directors estimate the fair values of 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 accumulated impairment losses, if any.

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

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

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

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 completed properties held for sale 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 expenditures incurred in acquiring the inventories and 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

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

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

Receivables are not held for the purpose of trading.

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. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(v)].

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

2. Significant accounting policies (continued)

m) Cash and cash equivalents

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

n) Impairment of assets

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

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

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

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

o) Equity instruments

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

i) Issue expenses

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

ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

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

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

p) Loans and borrowings

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

q) Employee benefits

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

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

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

notes to the financial statements

2. Significant accounting policies (continued)

r) Payables

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

s) Provisions

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

Contingent liabilities

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group (see Note 29), the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to a business combinations or items recognised directly in equity.

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

u) Revenue recognition

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 expenses are recognised in the income statements in proportion to the stage of completion of the contract.

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

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

ii) Property development

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

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

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

2. Significant accounting policies (continued)

u) Revenue recognition (continued)

iii) Sales of goods

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

iv) Dividend income

Dividend income is recognised in the income statements on the date that the right to 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 the income statements based on the quantity of sand extracted and/or filled at agreed rates.

vi) Hire of equipment

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

vii) Rental income

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

viii) Management fees

Management fees are based on services rendered.

xi) Interest income

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

v) Borrowing costs

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

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

w) Earnings per share

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

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

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

x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

notes to the financial statements

3. Property, plant and equipment

	Furniture and fittings		Outright purchase Office and factory equipment		Plant and machinery	Assets under construction	Under finance lease		Total
	Buildings RM'000	RM'000	Motor vehicles RM'000	RM'000	RM'000	RM'000	Motor vehicles RM'000	Plant and machinery RM'000	RM'000
Group									
Cost									
At 1 January 2008	11,835	4,174	16,960	8,696	15,355	564	1,778	452	59,814
Acquisition through business combination	61	-	17	1	806	-	-	-	885
Other additions	7	157	275	507	3,850	2,471	417	4,582	12,266
Disposals	-	(256)	(317)	(319)	(123)	-	-	-	(1,015)
At 31 December 2008 / 1 January 2009	11,903	4,075	16,935	8,885	19,888	3,035	2,195	5,034	71,950
Additions	58	553	1,336	615	26,942	665	597	9,796	40,562
Disposals	(539)	(147)	(848)	(93)	(72)	-	(180)	-	(1,879)
Reclassifications	39	-	-	(1)	1,782	(1,820)	-	-	-
At 31 December 2009	11,461	4,481	17,423	9,406	48,540	1,880	2,612	14,830	110,633
Depreciation									
At 1 January 2008	1,174	2,445	11,271	5,714	13,923	-	341	115	34,983
Depreciation for the year	255	456	2,270	1,313	788	-	367	75	5,524
Disposals	-	(86)	(251)	(212)	(119)	-	-	-	(668)
Reclassifications	21	-	(207)	(52)	(21)	-	259	-	-
At 31 December 2008 / 1 January 2009	1,450	2,815	13,083	6,763	14,571	-	967	190	39,839
Depreciation for the year	256	384	1,893	888	3,147	-	352	1,689	8,609
Disposals	(103)	(120)	(810)	(84)	(70)	-	(24)	-	(1,211)
Reclassifications	(32)	(3)	-	-	35	-	-	-	-
Effect of movements in exchange rates	-	(1)	-	-	-	-	-	-	(1)
At 31 December 2009	1,571	3,075	14,166	7,567	17,683	-	1,295	1,879	47,236
Carrying amounts									
At 1 January 2008	10,661	1,729	5,689	2,982	1,432	564	1,437	337	24,831
At 31 December 2008 / 1 January 2009	10,453	1,260	3,852	2,122	5,317	3,035	1,228	4,844	32,111
At 31 December 2009	9,890	1,406	3,257	1,839	30,857	1,880	1,317	12,951	63,397

3. Property, plant and equipment (continued)

	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
<u>Company</u>			
Cost			
At 1 January 2008 and 31 December 2008/1 January 2009	-	50	50
Additions	8	-	8
At 31 December 2009	8	50	58
	=====	=====	=====
Depreciation			
At 1 January 2008	-	4	4
Depreciation for the year	-	10	10
At 31 December 2008/1 January 2009	-	14	14
Depreciation for the year	-	11	11
At 31 December 2009	-	25	25
	=====	=====	=====
Carrying amounts			
At 1 January 2008	-	46	46
	=====	=====	=====
At 31 December 2008/1 January 2009	-	36	36
	=====	=====	=====
At 31 December 2009	8	25	33
	=====	=====	=====

3.1 Assets under construction

Assets under construction comprise the following:

	Group	
	2009 RM'000	2008 RM'000
Buildings under construction for future use as investment property	1,880	1,215
Plant and machinery under installation and testing	-	1,820
	1,880	3,035
	=====	=====

3.2 Title to a property

The strata title to one (2008: one) building costing RM101,000 (2008: RM101,000) is in the process of being obtained from the authorities.

notes to the financial statements

3. Property, plant and equipment (continued)

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income statements (Note 21)	4,787	2,995	8	10
Property development costs (Note 14)	581	805	-	-
Construction work-in-progress (Note 15.3)	3,241	1,724	-	-
Recharged to subsidiary	-	-	3	-
	8,609	5,524	11	10
	=====	=====	=====	=====

3.4 Machinery and motor vehicles costing RM17,959,000 (2008: Nil) were acquired towards the year end by a foreign subsidiary and awaiting registration with the relevant authority as at 31 December 2009. No depreciation is provided against the said machinery and motor vehicles.

4. Prepaid lease payments - Group

	Leasehold land		
	Unexpired term less than 50 years RM'000	Unexpired term more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2008	34,537	16,833	51,370
Reclassification	(30,634)	30,634	-
At 31 December 2008/1 January 2009	3,903	47,467	51,370
Transfer from property development costs (Note 14)	-	3,574	3,574
Disposals	(25)	(14)	(39)
At 31 December 2009	3,878	51,027	54,905
	=====	=====	=====
Amortisation			
At 1 January 2008	481	1,542	2,023
Amortisation for the year (Note 21)	124	796	920
Reclassification	(192)	192	-
At 31 December 2008/1 January 2009	413	2,530	2,943
Amortisation for the year (Note 21)	124	811	935
Disposal	(5)	(2)	(7)
At 31 December 2009	532	3,339	3,871
	=====	=====	=====
Carrying amounts			
At 1 January 2008	34,056	15,291	49,347
	=====	=====	=====
At 31 December 2008/1 January 2009	3,490	44,937	48,427
	=====	=====	=====
At 31 December 2009	3,346	47,688	51,034
	=====	=====	=====

4. Prepaid lease payments - Group (continued)

4.1 Title to a property

The titles to three (2008: three) parcels of leasehold land costing RM1,473,000 (2008: RM1,473,000) have yet to be issued by the relevant authorities.

4.2 Security

Two (2008: Nil) parcels of leasehold land with a carrying amount of RM318,000 are pledged as security for a term loan facility granted to a subsidiary during the current financial year (see Note 19).

5. Investment in subsidiaries - Company

	2009 RM'000	2008 RM'000
Unquoted shares, at cost	279,962 =====	279,962 =====

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

Name of subsidiary	Principal activities	Effective ownership interest (%)	
		2009	2008
<u>Direct subsidiary</u>			
Naim Cendera Sdn. Bhd. (“NCSB”)	Property developer and civil and building contractor	100.0	100.0
<u>Subsidiaries of NCSB</u>			
Total Reliability Sdn. Bhd. (“TRSB”)	Civil and building contractor	51.0	51.0
NCSB Engineering Sdn. Bhd.(“NCSBE”)	Civil and earthwork contractor and hire of machinery	100.0	100.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Citra Sdn. Bhd.	Civil contractor	100.0	100.0
TR Smart Piles Sdn. Bhd.	Manufacture and sale of reinforced concrete (RC) piles	51.0	51.0
TR Green Sdn. Bhd.	Contractor for landscaping services	100.0	100.0
Naim Cendera Dua Sdn. Bhd.	Trading of construction materials	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Management Sdn. Bhd.	Provision of project management services	100.0	100.0

notes to the financial statements

5. Investment in subsidiaries - Company (continued)

Name of subsidiary	Principal activities	Effective ownership interest (%)	
		2009	2008
<u>Subsidiaries of NCSB (continued)</u>			
Naim Ready Mix Sdn. Bhd.	Provision of site clearing and earthwork	100.0	100.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Naim Equipment Sdn. Bhd.	Supply and installation of equipment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Peranan Makmur Sdn. Bhd.	Property investment	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry operation	100.0	100.0
Naim Overseas Sdn. Bhd. (formerly known as Peranan Prima Sdn. Bhd.) (“NOSB”)	Investment holding	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	100.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Dormant	100.0	100.0
Yakin Jelas Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Akademi Binaan Naim Sdn. Bhd.	Dormant	100.0	100.0
Warisan Makna Sdn. Bhd.	Dormant	100.0	100.0
Naim Ambang Sdn. Bhd. (formerly known as Peranan Pakatan Sdn. Bhd.)	Dormant	100.0	100.0
<u>Subsidiaries of TRSB</u>			
TR Bricks Sdn. Bhd.	Manufacture and sale of bricks	45.0	45.0
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
<u>Subsidiaries of NCSBE</u>			
Plus Viable Sdn. Bhd.	Manufacture and sale of asphalt	70.0	70.0
Aktif Majusama Sdn. Bhd.	Manufacture of RC pile and ready mix, letting of equipment and civil contractor	70.0	70.0
Naimcendera Engineering & Construction Sendirian Berhad (“NECSB”) *	Presently dormant. The intended principal activity is civil and building contractor and trading of construction materials	50.0	-
<u>Subsidiary of NOSB</u>			
Naim Engineering Construction (Fiji) Limited (formerly known as Naim Cendera Engineering Construction Limited) #	Civil engineering and construction works	100.0 ^	-

* The Group regards NECSB as a subsidiary as it is able to exercise control and govern the financial and operating policies of the company. In addition, the Group is in the process of acquiring additional equity interest in NECSB.

The consolidated financial statements for the year ended 31 December 2009 include the unaudited accounts of NECSB for the period from 20 May 2009 (date of incorporation) to 31 December 2009, which are not material to the Group.

Audited by a member firm of KPMG International.

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

6. Investment in associates

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost:				
Unquoted shares	2,472	2,472	-	-
Quoted shares in Malaysia	108,819	108,819	108,819	108,819
Share of share premium	26,170	26,170	-	-
Share of other post-acquisition reserves	11,902	9,436	-	-
	<u>149,363</u>	<u>146,897</u>	<u>108,819</u>	<u>108,819</u>
	=====	=====	=====	=====

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

	Effective equity interest %	Revenue (100%) RM'000	Profit/(Loss) after tax (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009					
Dayang Enterprise Holdings Berhad ("DEHB")	35.9	196,954	44,785	462,593	138,850
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	(2)	*	9
TR Concrete Sdn. Bhd.	17.9#	10,108	1,373	12,224	1,903
SINOHYDRONAIM Sdn. Bhd.	49.0^	23,941	(3,421)	5,871	7,858
		=====	=====	=====	=====
2008					
Dayang Enterprise Holdings Berhad	35.9	181,128	71,444	377,588	61,312
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	(1)	*	6
TR Concrete Sdn. Bhd.	17.9#	11,855	1,106	10,770	1,823
SINOHYDRONAIM Sdn. Bhd.	49.0^	20,322	(2,044)	6,480	5,046
		=====	=====	=====	=====

* Negligible

^ Held through NCSB

Held through TRSB

7. Investment in joint ventures

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

	Group	
	2009 RM'000	2008 RM'000
Non-current assets	13	41
Current assets	37,147	29,829
Current liabilities	(26,203)	(21,988)
Share of assets	<u>10,957</u>	<u>7,882</u>
	=====	=====
Income	144,198	67,914
Expenses	(139,390)	(69,002)
Share of profit/(loss) before taxation	<u>4,808</u>	<u>(1,088)</u>
Tax expense (Note 23)	(1,202)	283
Share of profit/(loss) after taxation	<u>3,606</u>	<u>(805)</u>
	=====	=====

notes to the financial statements

7. Investment in joint ventures (continued)

Details of the unincorporated jointly controlled entities/operations of the Group are as follows:

Name	Principal activities	Ownership interest (%)	
		2009	2008
Konsortium Javel Naim Cendera	Construction contractor	50.0	50.0
PPES Works - Naim Cendera JV	Construction contractor	45.0	45.0
Syarikat Usahasama Naim Cendera Sdn. Bhd. - RSB Management Services Sdn. Bhd. JV	Construction contractor	90.0	90.0
Naim-PW JV	Construction contractor	51.0	51.0
Sinohydro-Naim Sdn. Bhd. JV	Construction contractor	50.0	-

8. Investment property - Group

	Buildings RM'000
Cost	
At 1 January 2008 and 31 December 2008/1 January 2009	750
Disposal	(750)
At 31 December 2009	-
Depreciation	
At 1 January 2008	273
Depreciation for the year (Note 21)	13
At 31 December 2008/1 January 2009	286
Depreciation for the year (Note 21)	11
Disposal	(297)
At 31 December 2009	-
Carrying amounts	
At 1 January 2008	477
At 31 December 2008/1 January 2009	464
At 31 December 2009	-
Estimated fair value	
At 1 January 2008	863
At 31 December 2008/1 January 2009	863
At 31 December 2009	-

9. Intangible asset - Group

Additional interest in construction contract RM'000

Cost

At 1 January 2008, 31 December 2008/1 January 2009
and 31 December 2009

2,836

=====

Amortisation

At 1 January 2008

1,473

Amortisation for the year (Note 21)

465

At 31 December 2008/1 January 2009

1,938

Amortisation for the year (Note 21)

896

At 31 December 2009

2,834

=====

Carrying amounts

At 1 January 2008

1,363

=====

At 31 December 2008/ 1 January 2009

898

=====

At 31 December 2009

2

=====

This represents the cost incurred to acquire an additional interest in a construction contract from a joint venture partner.

10. Land held for property development - Group

RM'000

At 1 January 2008

102,490

Transfer to property development costs (Note 14)

(57,287)

Additions

57,093

At 31 December 2008/1 January 2009

102,296

Additions

8,196

At 31 December 2009

110,492

=====

notes to the financial statements

11. Other investments

	Group	
	2009 RM'000	2008 RM'000
Non-current		
Quoted shares in Malaysia, at cost	603	592
Less: Allowance for diminution in value	(313)	(312)
	290	280
Unit trusts, at cost	249	332
Less: Allowance for diminution in value	(63)	(162)
	186	170
Total	476	450
	=====	=====
Market value of:		
- quoted shares (Note 27)	691	469
- unit trusts (Note 27)	283	215
	=====	=====

12. Deferred tax assets and liabilities - Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	133	616	(1,757)	(1,372)	(1,624)	(756)
Capital allowance carry-forwards	359	-	-	-	359	-
Tax loss carry-forwards	310	125	-	-	310	125
Allowance for foreseeable loss	1,954	1,391	-	-	1,954	1,391
Fair value adjustment on acquisition of subsidiaries *	-	-	(51,231)	(53,676)	(51,231)	(53,676)
Tax assets/(liabilities)	2,756	2,132	(52,988)	(55,048)	(50,232)	(52,916)
Set off of tax	(1,342)	(1,300)	1,342	1,300	-	-
Net tax assets/(liabilities)	1,414	832	(51,646)	(53,748)	(50,232)	(52,916)
	=====	=====	=====	=====	=====	=====

* This relates to the land held for property development, property development costs as well as prepaid lease payments of the subsidiaries acquired in July 2003. This deferred tax liability is reversed to the income statements progressively when the subject land is developed and/or sold or when the prepaid lease payments are amortised, as the case may be.

12. Deferred tax assets and liabilities - Group (continued)

Unrecognised deferred tax

Deferred tax assets of RM2,628,000 (2008: RM300,000) have not been recognised in respect of the following temporary differences because it is not probable that future taxable profit will be available against which the Group entities concerned can utilise the benefits therefrom:

	Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment	(1,712)	(9)
Tax loss carry-forwards	8,808	1,184
Capital allowance carry-forwards	3,415	23
	<u>10,511</u>	<u>1,198</u>
	=====	=====

Recognised deferred tax

Movements in deferred tax during the year are as follows:

	At 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008 /1.1.2009 RM'000	Recognised in income statement RM'000	Exchange translation differences RM'000	At 31.12.2009 RM'000
Group						
Property, plant and equipment (	753)	(3)	(756)	(868)	-	(1,624)
Capital allowance						
carry-forwards	-	-	-	359	-	359
Tax loss carry- forwards	139	(14)	125	196	(11)	310
Allowance for foreseeable loss	954	437	1,391	563	-	1,954
Fair value adjustment on						
acquisition of subsidiaries (	56,273)	2,597	(53,676)	2,445	-	(51,231)
	<u>(55,933)</u>	<u>3,017</u>	<u>(52,916)</u>	<u>2,695</u>	<u>(11)</u>	<u>(50,232)</u>
	=====	=====	=====	=====	=====	=====
		(Note 23)		(Note 23)		

Unabsorbed capital allowance carry-forwards and unutilised tax loss carry-forwards do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

The unutilised tax loss carry-forwards of a foreign subsidiary amounting to RM370,000 (2008: Nil) can be claimed as a deduction against future taxable income within eight years of the incurrence of such losses.

13. Inventories

	Group	
	2009 RM'000	2008 RM'000
At cost		
Developed properties held for sale	16,098	19,048
Manufactured/trading inventories (construction and building materials)	8,728	3,554
Raw materials	1,841	1,212
Consumables	469	536
	<u>27,136</u>	<u>24,350</u>
	=====	=====

notes to the financial statements

14. Property development costs - Group

	RM'000
At 1 January 2008	
Property development costs	
Land	135,118
Development costs	380,520
	515,638
Accumulated costs charged to income statements	(309,067)
	206,571

Additions	
Transfer from land held for property development (Note 10)	57,287
Development costs incurred during the year	122,973
	180,260

Recognised to cost of sales/Transfers	
Costs charged to income statements	(140,620)
Transfer of completed properties to inventories	(4,422)
Development costs written off (Note 21)	(1,723)
	(146,765)

At 31 December 2008/ 1 January 2009	
Property development costs	
Land	176,842
Development costs	391,243
	568,085
Accumulated costs charged to income statements	(328,019)
	240,066

Additions	
Development costs incurred during the year	120,460

Recognised to cost of sales/Transfers	
Costs charged to income statements	(112,926)
Transfer of completed properties to inventories	(2,690)
Transfer to prepaid lease payments (Note 4)	(3,574)
	(119,190)

At 31 December 2009	
Property development costs	
Land	172,798
Development costs	377,306
	550,104
Accumulated costs charged to income statements	(308,768)
	241,336
	=====

14. Property development costs - Group (continued)

Property development costs incurred during the financial year include:

	Group	
	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment (Note 3)	581	805
Personnel expenses (including key management personnel):		
- contributions to the Employees Provident Fund	430	309
- wages, salaries and others	3,738	4,990
Rental of premises	20	53
	=====	=====

15. Trade and other receivables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade				
Trade receivables	44,274	57,475	-	-
Less: Allowance for doubtful debts	(405)	(452)	-	-
	43,869	57,023	-	-
Contract progress billings receivables (Note 15.1)	171,195	144,479	-	-
Less: Allowance for doubtful debts	(460)	(460)	-	-
	170,735	144,019	-	-
Accrued billings	14,591	12,124	-	-
Amount due from contract customers (Note 15.3)	52,819	38,337	-	-
Amount due from:				
- associates	9	763	-	-
- joint ventures	2,590	16,340	-	-
	<u>284,613</u>	<u>268,606</u>	<u>-</u>	<u>-</u>
Non-trade				
Other receivables (Note 15.5)	8,899	5,093	2	34
Less: Allowance for doubtful debts	(974)	-	-	-
	7,925	5,093	2	34
Deposits (Note 15.4)	8,530	4,844	-	-
Prepayments	293	164	-	30
Amount due from:				
- subsidiaries	-	-	11,892	13,089
- associates	1,536	12	3	9
- joint ventures	-	2,891	-	-
	<u>18,284</u>	<u>13,004</u>	<u>11,897</u>	<u>13,162</u>
Total	<u>302,897</u>	<u>281,610</u>	<u>11,897</u>	<u>13,162</u>
	=====	=====	=====	=====

notes to the financial statements

15. Trade and other receivables (continued)

15.1 Contract progress billings receivables

Included in contract progress billings receivables of the Group are retention sums of RM15,027,000 (2008: RM5,294,000) relating to construction contracts.

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

	Group	
	2009 RM'000	2008 RM'000
Within 1 year	184	580
1 - 2 years	7,437	-
2 - 3 years	278	4,714
> 3 years	7,128	-
	<u>15,027</u>	<u>5,294</u>
	=====	=====

15.2 The amounts due from subsidiaries, associates and joint ventures are unsecured and interest free.

15.3 Amount due from contract customers

	Group	
	2009 RM'000	2008 RM'000
Aggregate costs incurred to date	958,725	793,974
Attributable profits	173,866	133,008
	<u>1,132,591</u>	<u>926,982</u>
Progress billings	(1,104,825)	(956,307)
	<u>27,766</u>	<u>(29,325)</u>
Amount due from contract customers reclassified to trade and other payables (Note 20)	25,053	67,662
Amount due from contract customers	<u>52,819</u>	<u>38,337</u>
	=====	=====

Additions to aggregate costs incurred during the year include:

	Group	
	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment (Note 3)	3,241	1,724
Personnel expenses (including key management personnel):		
- contributions to the Employees Provident Fund	764	478
- wages, salaries and others	7,173	8,501
Hire of equipment	-	12
Rental of premises	2	421
Interest expense	227	48
	=====	=====

15.4 Included in deposits of the Group is an amount of RM3,000,000 paid to a third party for the acquisition of a quarry operation (including leasehold land, plant and machineries, vehicles and stone reserves). The acquisition was completed in February 2010 upon fulfilment of the conditions precedent set out in the sale and purchase agreement. The remaining purchase consideration of RM17,000,000 is disclosed as a capital expenditure commitment (see Note 28).

Deposits of the Group also include an amount of RM2,602,000 (2008: Nil) paid for the purchase of materials.

15.5 Included in other receivables as at 31 December 2009 is an amount of RM1,500,000 (2008: Nil) being advance payments made for the purchase of parts and consumables. The amount is unsecured and interest free. The amount is progressively deducted against the goods supplied.

15.6 Trade and other receivables include an amount of RM9,956,000 (2008: Nil) denominated in Fiji Dollar (FJD).

16. Cash and bank balances

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed deposits placed with licensed banks	18,424	12,532	500	-
Short term cash funds	28,950	36,200	4,000	9,000
Cash and bank balances	42,722	8,389	6,400	144
	<u>90,096</u>	<u>57,121</u>	<u>10,900</u>	<u>9,144</u>
	=====	=====	=====	=====

16.1 Cash and bank balances include an amount of RM2,874,000 (2008: Nil) denominated in FJD.

16.2 A fixed deposit of RM396,000 (2008: Nil) is pledged as security to a licensed bank for an immigration bond issued for a foreign subsidiary.

17. Share capital

	Group and Company			
	Amount		Number of shares	
	2009 RM'000	2008 RM'000	2009 '000	2008 '000
Authorised				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
	=====	=====	=====	=====
Issued and fully paid				
Ordinary shares of RM1.00 each				
Opening and closing balances	250,000	250,000	250,000	250,000
	=====	=====	=====	=====

18. Reserves

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Share premium	86,092	86,092	86,092	86,092
Capital reserve	26,370	26,370	-	-
Treasury shares	(34,748)	(33,469)	(34,748)	(33,469)
Translation reserve	(35)	-	-	-
Retained earnings	324,684	258,658	6,611	2,809
	<u>402,363</u>	<u>337,651</u>	<u>57,955</u>	<u>55,432</u>
	=====	=====	=====	=====

notes to the financial statements

18. Reserves (continued)

Capital reserve

These consist of the capitalisation of a subsidiary's reserves as a result of bonus issues by the subsidiary and the Group's share of the share premium of an associate (see Note 6).

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 18 June 2009, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the current financial year, the Company repurchased 1,000,000 (2008: 6,546,000) of its issued shares from the open market at an average price of RM1.28 (2008: RM2.62) per ordinary share. The total consideration paid was RM1,279,000 (2008: RM17,154,000) including transaction costs. The repurchase transactions were financed by internally generated funds and the shares repurchased are retained as treasury shares.

The total number of shares repurchased as at 31 December 2009 is 13,055,000 (2008: 12,055,000).

Translation reserve

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

Retained earnings - Section 108 tax credit

The retained earnings of the Company are distributable as exempt dividends from 1 January 2008 under the single-tier company income tax system enacted via the Finance Act 2007.

19. Loans and borrowings

		Group		Company	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Non-current					
Finance lease liabilities	- secured	9,209	3,436	-	-
Term loan	- secured	869	-	-	-
		<u>10,078</u>	<u>3,436</u>	<u>-</u>	<u>-</u>
Current					
Revolving credits	- unsecured	114,885	53,175	45,000	38,175
Finance lease liabilities	- secured	2,427	879	-	-
Term loans	- secured	49	-	-	-
	- unsecured	13,560	-	-	-
		<u>130,921</u>	<u>54,054</u>	<u>45,000</u>	<u>38,175</u>
Total		<u>140,999</u>	<u>57,490</u>	<u>45,000</u>	<u>38,175</u>

19. Loans and borrowings (continued)

19.1 Security

Company

The revolving credit facility of the Company is granted on a clean basis.

Subsidiaries

The revolving credit and term loan facilities granted to the direct subsidiary, Naim Cendera Sdn. Bhd., are covered by a corporate guarantee from the Company.

The term loan granted to an indirect subsidiary is secured by a fixed charge over the prepaid lease payments of the said subsidiary (see Note 4) and supported by a corporate guarantee from its shareholders.

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 direct subsidiary. The total outstanding finance lease liabilities guaranteed by the direct subsidiary are RM9,744,000 (2008: RM3,850,000).

19.2 Terms and debts repayment schedule

		Year of maturity RM'000	Carrying amount RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years
<u>Group</u>							
2009							
Secured							
Finance lease liabilities	2011 - 2016		11,636	2,427	4,965	4,244	-
Term loan	2023		918	49	50	167	652
			12,554	2,476	5,015	4,411	652
Unsecured							
Revolving credits	2010		114,885	114,885	-	-	-
Term loan denominated in United States Dollar	2010		13,560	13,560	-	-	-
			128,445	128,445	-	-	-
			140,999	130,921	5,015	4,411	652
			=====	=====	=====	=====	=====
2008							
Secured							
Finance lease liabilities	2009, 2011 and 2013		4,315	879	1,676	1,760	-
Unsecured							
Revolving credits	2009		53,175	53,175	-	-	-
			57,490	54,054	1,676	1,760	-
			=====	=====	=====	=====	=====
<u>Company</u>							
Unsecured							
Revolving credits							
- 2009	2010		45,000	45,000	-	-	-
- 2008	2009		38,175	38,175	-	-	-
			=====	=====	=====	=====	=====

notes to the financial statements

19. Loans and borrowings (continued)

19.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2009			2008		
	Minimum lease payments RM'000	Interest RM'000	Principal RM'000	Minimum lease payments RM'000	Interest RM'000	Principal RM'000
Less than one year	3,058	631	2,427	1,127	248	879
Between one and two years	5,688	723	4,965	1,988	312	1,676
Between two and five years	4,479	235	4,244	1,866	106	1,760
	13,225	1,589	11,636	4,981	666	4,315
	=====	=====	=====	=====	=====	=====

19.4 Significant covenants for revolving credits facility granted to the Company

The Company is required at all times to maintain an equity interest (direct or indirect via its subsidiaries) in Dayang Group comprising Dayang Enterprise Holdings Berhad (see Note 6) and its subsidiaries of not less than 33%.

20. Trade and other payables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade				
Trade payables	105,301	101,706	-	-
Progress billings	5,318	9,451	-	-
Amount due to contract customers (Note 15.3)	25,053	67,662	-	-
Amount due to associates	-	5,842	-	-
	135,672	184,661	-	-
	-----	-----	-----	-----
Non-trade				
Accruals	18,603	9,486	800	902
Other payables	18,693	29,179	115	276
Amount due to subsidiaries	-	-	60,305	68,118
Advance payments received from property buyers and contract customers	8,950	7,511	-	-
Land usage conversion premium payable	1,202	1,202	-	-
Amount due to associates	3	-	-	-
	47,451	47,378	61,220	69,296
	-----	-----	-----	-----
Total	183,123	232,039	61,220	69,296
	=====	=====	=====	=====

20.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM38,322,000 (2008: RM26,841,000).

20.2 Other payables of the Group include an amount owing to a minority shareholder of a subsidiary of RM121,000 (2008: RM144,000) for the acquisition of land in prior years.

20.3 The amount due to subsidiaries is unsecured.

Except for a sum of RM22,000,000 (2008: RM35,200,000) bearing interest at 4.20% (2008: 4.20%) per annum, the amount due to subsidiaries is interest free.

20.4 Trade and other payables include an amount of RM6,414,000 denominated in FJD.

21. Revenue and operating profit

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue				
Contract revenue	347,963	279,745	-	-
Sale of development properties and vacant land	169,987	209,774	-	-
Sale of goods	48,949	33,448	-	-
Hire of equipment	21	266	-	-
Interest on short-term funds and fixed deposits	-	-	236	362
Dividend income from:				
- subsidiaries (unquoted)	-	-	17,600	20,000
- associate (quoted)	-	-	12,985	8,868
Management fees	-	10	-	-
Sales of earth	-	474	-	-
	566,920	523,717	30,821	29,230
	=====	=====	=====	=====
Cost of sales				
Cost of development properties and vacant land sold	119,343	148,549	-	-
Contract costs recognised as an expense	273,824	236,646	-	-
Cost of goods sold	44,228	30,347	-	-
	437,395	415,542	-	-
	=====	=====	=====	=====
Operating profit is arrived at after crediting:				
Dividend income from quoted shares in Malaysia	234	48	-	-
Gain on disposal of:				
- equity interest in an associate	-	13,935	-	-
- property, plant and equipment	1	-	-	-
- investment property	467	-	-	-
- subsidiaries (Note 31)	14	-	-	-
Hire of machineries	31	48	-	-
Interest received from:				
- fixed deposits	638	2,142	-	-
- others	56	450	-	-
Negative goodwill recognised (Note 31)	-	601	-	-
Rental income from property lease	112	122	-	-
	=====	=====	=====	=====

notes to the financial statements

21. Revenue and operating profit (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	927	633	-	-
Amortisation of intangible asset (Note 9)	896	465	-	-
Amortisation of prepaid lease payments (Note 4)	935	920	-	-
Auditors' remuneration:				
- Statutory audit				
- KPMG	274	253	25	20
- Affiliate of KPMG	17	-	-	-
- Other services	65	56	47	40
Depreciation of property, plant and equipment (Note 3)	4,787	2,995	8	10
Depreciation of investment property (Note 8)	11	13	-	-
Goodwill written off (Note 31)	-	312	-	-
Interest expense on:				
- revolving credits	2,586	1,553	1,475	1,553
- bankers' acceptances	-	3	-	-
- bank overdraft	-	1	-	-
- finance lease liabilities	215	102	-	-
- term loans	11	-	-	-
- others	6	61	1,190	1,848
Loss on disposal of property, plant and equipment	-	85	-	-
Property development costs written off (Note 14)	-	1,723	-	-
Pre-contract costs written off	-	889	-	-
Personnel expenses (including key management personnel):				
- contributions to the Employees Provident Fund	2,568	1,462	-	-
- wages, salaries and others	24,201	22,471	529	1,033
Rental of equipment	97	141	-	-
Rental of premises	637	511	30	-
Unrealised foreign exchange loss	305	-	-	-
	=====	=====	=====	=====

22. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
- Fees	447	405	447	402
- Short term employee benefits	6,538	7,153	12	148
	<u>6,985</u>	<u>7,558</u>	<u>459</u>	<u>550</u>
Other key management personnel				
- Fees	111	40	70	-
- Short term employee benefits	6,930	6,094	-	483
	<u>7,041</u>	<u>6,134</u>	<u>70</u>	<u>483</u>
Total	14,026	13,692	529	1,033

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 RM195,000 (2008: RM687,000).

23. Tax expense

Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Malaysian				
- current year	31,542	27,796	3,599	6,555
- prior years	1,695	(3,042)	(107)	(79)
	<u>33,237</u>	<u>24,754</u>	<u>3,492</u>	<u>6,476</u>
Deferred tax (income)/expense (Note 12)				
- current year	(2,514)	(5,156)	-	-
- prior year	(181)	2,139	-	-
	<u>(2,695)</u>	<u>(3,017)</u>	<u>-</u>	<u>-</u>
Back duty tax	-	(500)	-	-
Total tax expense	30,542	21,237	3,492	6,476
Reconciliation of tax expense				
Profit for the year	84,990	83,067	22,757	17,276
Total tax expense	30,542	21,237	3,492	6,476
Profit excluding tax	<u>115,532</u>	<u>104,304</u>	<u>26,249</u>	<u>23,752</u>
Share of tax of:				
- equity accounted associates	2,904	7,804	-	-
- joint ventures (Note 7)	1,202	(283)	-	-
	<u>119,638</u>	<u>111,825</u>	<u>26,249</u>	<u>23,752</u>

notes to the financial statements

23. Tax expense (continued)

Reconciliation of tax expense (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax calculated using Malaysian tax rate of 25% (2008: 26%)	29,910	29,075	6,562	6,175
Effect of lower tax rate for certain subsidiaries and associates ^	-	(310)	-	-
Effect of different tax rates in foreign jurisdiction	(41)	-	-	-
Income of foreign source not subject to Malaysian tax	(36)	-	-	-
Effect of change in tax rates	-	80	-	-
Non-deductible expenses/(Non-taxable income)	973	1,284	(2,963)	380
Movement in unrecognised deferred tax assets	2,328	32	-	-
	33,134	30,161	3,599	6,555
Under-/(Over-) provision in prior years	1,514	(903)	(107)	(79)
Back duty tax	-	(500)	-	-
	1,514	(1,403)	(107)	(79)
Tax expense recognised in the income statements	34,648	28,758	3,492	6,476
Share of tax of equity accounted associates and joint ventures	(4,106)	(7,521)	-	-
Total tax expense	30,542	21,237	3,492	6,476

^ Certain subsidiaries, which previously qualified as small medium enterprises, have ceased to be such in the current financial year. Consequent on a change of status of these subsidiaries, they are subject to corporate tax at 25% on all their chargeable income in the current financial year. In contrast, they were each subject to corporate tax at 20% on the first RM500,000 and 26% on the remainder of their respective chargeable income in the last financial year.

24. Earnings per ordinary share - Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders of RM84,981,000 (2008: RM80,747,000) and the weighted average number of ordinary shares outstanding of 237,044,000 (2008: 242,310,000).

Weighted average number of ordinary shares

	2009 '000	2008 '000
Issued ordinary shares at beginning of year	250,000	250,000
Less: Cumulative effect of treasury shares bought back in previous years	(12,055)	(5,509)
	237,945	244,491
Effect of ordinary shares repurchased during the year	(901)	(2,181)
Weighted average number of ordinary shares at end of year	237,044	242,310

25. Dividends

Dividends recognised in the year by the Company comprise:

	Sen per share	Total amount RM'000	Date of payment
2009			
Second interim 2008 ordinary	5.0 single-tier tax exempt	11,847	6 April 2009
First interim 2009 ordinary	3.0 single-tier tax exempt	7,108	28 September 2009
		18,955 =====	
2008			
First interim 2008 ordinary	4.81 net of tax and 1.50 single-tier tax exempt	15,260 =====	16 September 2008

On 24 February 2010, the Directors declared a second interim single-tier exempt dividend of 5.0 sen per ordinary share totalling RM11,847,000 in respect of the year ended 31 December 2009. The dividend was paid on 14 April 2010 and will be recognised in the financial statements for the year ending 31 December 2010.

The dividend per ordinary share as disclosed in the income statements relates to the total dividends declared or proposed for the financial year.

26. Segmental information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate expenses/income, share of profit after tax of equity accounted associates and corporate taxes.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, prepaid lease payments and intangible asset other than goodwill.

Business segments

The Group comprises the following three main business segments:

- | | |
|----------------------|---|
| Property development | - Development and construction of residential and commercial properties. |
| Construction | - Construction of buildings, roads, bridges and other infrastructure works. |
| Others | - Manufacture and sale of construction materials, provision of sand extraction and land filling services, property investment holdings as well as quarry operation. |

Other than the foreign operations in Fiji and Brunei Darussalam (see Note 5), which are not material to the Group, the Group operates predominantly in Malaysia and accordingly, information by geographical location on the Group's operations is not presented.

notes to the financial statements

26. Segmental information (continued)

	Property development		Construction		Others		Elimination		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total external revenue	169,987	209,774	347,963	279,745	48,970	34,198	-	-	566,920	523,717
Inter segment revenue	11,000	-	-	-	19,849	16,107	(30,849)	(16,107)	-	-
Total segment revenue	180,987	209,774	347,963	279,745	68,819	50,305	(30,849)	(16,107)	566,920	523,717
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment results	44,182	47,615	55,440	19,840	6,956	2,900	(9,659)	(1,435)	96,919	68,920
Share of results of:										
- associates, other than Dayang Enterprise Holdings Berhad ("DEHB")	-	-	(702)	(1,001)	480	387	-	-	(222)	(614)
- joint ventures	-	-	3,606	(805)	-	-	-	-	3,606	(805)
	44,182	47,615	58,344	18,034	7,436	3,287	(9,659)	(1,435)	100,303	67,501
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expense) /income									(890)	828
Gain on deemed disposal of equity interest in DEHB									-	13,935
Share of results of an associate, DEHB - oil and gas									16,119	22,040
Tax expense									(30,542)	(21,237)
Profit for the year									84,990	83,067
									=====	=====

26. Segmental information (continued)

	Property development		Construction		Others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	401,114	447,818	427,173	296,052	68,079	56,821	896,366	800,691
Investment in associates, other than DEHB	-	-	-	702	3,612	3,132	3,612	3,834
Investment in joint ventures	-	-	10,957	7,882	-	-	10,957	7,882
	<u>401,114</u>	<u>447,818</u>	<u>438,130</u>	<u>304,636</u>	<u>71,691</u>	<u>59,953</u>	<u>910,935</u>	<u>812,407</u>
Investment in an associate, DEHB - oil and gas							145,751	143,063
Other investments							476	450
Total assets							1,057,162	955,920
	=====	=====	=====	=====	=====	=====	=====	=====
Segment liabilities	169,859	168,662	187,533	18,498	25,446	156,881	382,838	344,041
	=====	=====	=====	=====	=====	=====	=====	=====
Capital expenditure	1,104	947	30,937	10,308	8,521	1,011	40,562	12,266
	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation and amortisation of tangible assets	2,252	2,741	5,537	2,786	1,766	930	9,555	6,457
	=====	=====	=====	=====	=====	=====	=====	=====
Amortisation of intangible asset	-	-	896	465	-	-	896	465
	=====	=====	=====	=====	=====	=====	=====	=====

There are no significant non-cash expenses other than depreciation and amortisation.

27. Financial instruments

The Board of Directors undertakes on-going reviews to identify, assess and manage key financial risks to which Group activities are exposed.

Credit risk

Most of the construction projects undertaken by the Group are government funded. 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 also reviews the creditworthiness of certain customers requiring credit on sales of goods and where necessary, takes appropriate measures to enhance credit control procedures.

Cash equivalents are only placed with licensed banks.

At balance sheet date, there are no significant concentrations of credit risk other than the following:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	10,843	10,856
Contract progress billings from two (2008: two) counter parties	139,296	128,801	-	-
	<u>139,296</u>	<u>128,801</u>	<u>10,843</u>	<u>10,856</u>
	=====	=====	=====	=====

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Liquidity risk

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

notes to the financial statements

27. Financial instruments (continued)

Interest rate risk

The Group finances its daily operations through a mixture of internally generated funds and bank borrowings. Borrowings with floating interest rates expose the Group to certain elements of risk when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk on an on-going basis to ensure that there are no undue exposures to this risk. The management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the situation and the outlook of the financial market.

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

The world economy is gradually recovering from the economic and financial crisis started in September 2008, exerting upward pressure on interest rates. The Group is expected to earn/pay interest at higher rates on deposits/borrowings going forward.

Effective interest rates and repricing analysis

In respect of interest bearing financial instruments, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	Effective interest rate per annum %	Total RM'000	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000
Group					
2009					
Fixed rate instrument					
Finance lease liabilities	4.60 - 8.99	11,636	2,427	4,965	4,244
		=====	=====	=====	=====
Floating rate instruments					
Fixed deposits with banks	1.60 - 6.75	18,424	18,424	-	-
Short term cash funds	2.53 - 3.64	28,950	28,950	-	-
Unsecured revolving credits	3.30 - 4.00	114,885	114,885	-	-
Term loans					
- secured	4.85	918	918	-	-
- unsecured	1.78 - 2.04	13,560	13,560	-	-
		=====	=====	=====	=====
2008					
Fixed rate instrument					
Finance lease liabilities	4.60 - 8.99	4,315	879	1,676	1,760
		=====	=====	=====	=====
Floating rate instruments					
Fixed deposits with banks	2.80 - 3.70	12,532	12,532	-	-
Short-term cash funds	2.88 - 3.63	36,200	36,200	-	-
Unsecured revolving credits	4.20 - 4.27	53,175	53,175	-	-
		=====	=====	=====	=====
Company					
2009					
Floating rate instruments					
Fixed deposits with a bank	1.60	500	500	-	-
Short-term cash funds	3.24 - 3.64	4,000	4,000	-	-
Unsecured revolving credits	4.00	45,000	45,000	-	-
Amount due to a subsidiary	4.20	22,000	22,000	-	-
2008					
Floating rate instruments					
Short-term cash funds	2.93 - 3.63	9,000	9,000	-	-
Unsecured revolving credits	4.20	38,175	38,175	-	-
Amount due to a subsidiary	4.20	35,200	35,200	-	-
		=====	=====	=====	=====

27. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk arising mainly from purchases of materials, borrowings as well as from its foreign operations denominated in a currency other than RM. The currencies giving rise to this risk are mostly Fiji Dollar (FJD), Brunei Dollar (BND) and United States Dollar (USD).

In addition, the Group has obtained an unsecured term loan denominated in USD for its foreign operations in Fiji.

As it is not possible to predict with any certainty, the movements of the 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 balance sheet date, the Group does not have any outstanding forward foreign exchange contract.

The balances denominated in foreign currencies as at balance sheet date are disclosed in Notes 15, 16 and 20 to the financial statements.

Fair values

Recognised financial instruments

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

The Company provides financial guarantees of RM518,000,000 (2008: RM439,000,000) to banks for credit facilities extended to certain subsidiaries (Note 29). The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of other financial assets, together with the carrying amounts shown in the balance sheets, are as follows:

	2009		2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial assets				
Other investments (Note 11)				
Quoted shares in Malaysia	290	691	280	469
Unit trusts	186	283	170	215
	=====	=====	=====	=====

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2009 and 31 December 2008.

28. Capital expenditure commitments

	Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment		
- Authorised but not contracted for	24,629	5,761
- Contracted for and expected to be payable within one year	5,868	4,103
	<u>30,497</u>	<u>9,864</u>
Business combination (see Note 15.4)		
- Contracted for and expected to be payable within one year	17,000	-
	<u>47,497</u>	<u>9,864</u>
	=====	=====

notes to the financial statements

29. 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	
	2009	2008
	RM'000	RM'000
Corporate guarantees granted for banking facilities of certain subsidiaries	518,000	439,000
	=====	=====

30. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the 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 or common significant influence. Related parties may be individuals or other entities.

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

The Company has a related party relationship with:

- i) its subsidiaries;
- ii) its associates;
- iii) its joint ventures;
- iv) key management personnel; and
- v) companies/organisation connected to certain major shareholders and Directors of the Company and/or of its subsidiaries.

Significant related party transactions of the Group and of the Company, other than the compensations to key management personnel (see Note 22) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2009	2008
	RM'000	RM'000
<u>Nature of transaction</u>		
Dividend income	(17,600)	(20,000)
Management fee expenses	318	63
Interest expenses	1,190	1,848
	=====	=====

Transactions with associates

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Nature of transaction</u>				
Dividends received	-	-	(12,985)	(8,868)
Purchase of construction materials	1,225	827	-	-
Sales of construction materials	(12,607)	(3,187)	-	-
Rental of machinery and equipment	-	(42)	-	-
Rental of premises	-	(2)	-	-
Transportation charges	3	3	-	-
	=====	=====	=====	=====

30. Related parties (continued)

Transaction with joint ventures

	Group	
	2009	2008
	RM'000	RM'000
<u>Nature of transaction</u>		
Construction contract revenue	(16,514)	(33,249)
	=====	=====

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

	Group	
	2009	2008
	RM'000	RM'000
<u>Nature of transaction</u>		
Advertisement charges	7	1
Construction costs payable	135	213
Purchase of construction materials	22	619
Overdue interest income	(1)	-
Rental of premises	74	82
Rental of machinery and equipment	5	232
Purchase of plant and equipment	974	1
Sales of construction materials	(171)	(533)
Supply of training equipment	-	72
	=====	=====

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

	Group	
	2009	2008
	RM'000	RM'000
<u>Nature of transaction</u>		
Consultant fee paid	-	120
	=====	=====

The amounts due from/to subsidiaries, associates and joint ventures are disclosed in Notes 15 and 20 to the financial statements.

The outstanding balances with other related parties are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Amount due therefrom	2	77
Amount due thereto	(974)	(957)
	=====	=====

The above transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled in cash.

notes to the financial statements

31. Acquisitions of subsidiaries

i) Acquisition of new subsidiaries

On 20 May 2009, NCSB Engineering Sdn. Bhd. ("NCSBE") acquired 2 ordinary shares of BND1.00 each in Naimcendera Engineering & Construction Sendirian Berhad for a cash consideration of BND1 (equivalent to RM2).

One of its indirect subsidiaries, Naim Overseas Sdn. Bhd. ("NOSB"), acquired 999,999 ordinary shares of FJD1.00 each in Naim Engineering Construction (Fiji) Limited, representing 99.99% of the equity thereof, for a consideration of FJD999,999 (equivalent to RM1,822,002) on 25 September 2009.

During the last financial year, NCSBE acquired the following subsidiaries for a total consideration of RM2,107,000, satisfied in cash:

Subsidiaries	Date of acquisition	Equity interest acquired (%)	Purchase consideration RM'000
Plus Viable Sdn. Bhd. ("PVSB")	8 August 2008	70.00	2,100
Aktif Majusama Sdn. Bhd. ("AMSB")	22 May 2008	70.00	7
			<u>2,107</u>
			=====

The effects of the acquisition of the above subsidiaries on the Group's assets and liabilities on the date of acquisition are/ were as follows:

	Pre-acquisition carrying amounts	
	2009 RM'000	2008 RM'000
Non-current assets	-	621
Current assets	1,822	2,154
Current liabilities	-	(980)
Net identifiable assets acquired	<u>1,822</u>	<u>1,795</u>
Goodwill on consolidation (Note 21)	-	312
Consideration paid, satisfied in cash	<u>1,822</u>	<u>2,107</u>
Cash acquired	(1,822)	(1,477)
Net cash outflow on acquisition	<u>-</u>	<u>630</u>
	=====	=====

The goodwill of RM312,000 arising from the acquisitions of PVSB and AMSB in 2008, not identifiable to any cash-generating unit, was written off to the income statement for the year ended 31 December 2008 (Note 21).

If the above acquisitions had occurred at the beginning of the year, management estimates that the consolidated profit for the financial year ended 31 December 2009 would have been RM84,981,000.

ii) Changes in investment in existing subsidiaries

Decrease in investment

Simbol Warisan Sdn. Bhd. ("SWSB"), which was previously a 100% owned subsidiary, issued new ordinary shares during the year to Naim Cendera Sdn. Bhd. ("NCSB") and third parties, where 7,498 shares of RM1.00 each was subscribed by NCSB in cash. The resultant equity interest held by NCSB in SWSB has decreased from 100% to 75% as at 31 December 2009.

In December 2009, Jelas Kemuncak Resources Sdn. Bhd. ("JKRSB"), which was previously a 100% owned subsidiary of NCSB, issued new ordinary shares to NCSB and third parties, where 699,998 shares of RM1.00 each was subscribed by NCSB in cash. The resultant equity interest held by NCSB in JKRSB has decreased from 100% to 70% as at 31 December 2009.

31. Acquisitions of subsidiaries (continued)

ii) Changes in investment in existing subsidiaries (continued)

Decrease in investment (continued)

The Group recognised a gain of RM14,000 arising from the dilution of its interest in SWSB and JKRSB as a result of the new shares issued. The Group also recognised an increase in minority interest of RM289,000.

Increase in investment

During the last financial year, NCSBE subscribed for an additional 6,993,000 shares of RM1.00 each at par in AMSB, of which RM4,639,000 was satisfied in cash and the remaining balance via injection of plant and machinery into AMSB.

NCSB acquired the remaining 20% equity interest in Naim Ready Mix Sdn. Bhd. ("NRM") it did not already own from the minority shareholders on 28 August 2008 for a cash consideration of RM200,000. Following the acquisition, NRM became a wholly owned subsidiary of the Group.

The acquisition of the additional interest in NRM had the following effect on the Group's assets and liabilities on the acquisition date:

	2008 RM'000
Net assets acquired	801
Negative goodwill on consolidation (Note 21)	(601)
Cash outflow on acquisition	200
	=====

The negative goodwill of RM601,000 was immediately recognised in the income statement for the year ended 31 December 2008 (see Note 21). The Group also recognised a decrease in minority interest of RM801,000.

32. Material litigation

Suit over land

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), an indirect subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have native customary rights ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs. The said land was previously alienated by the State Government of Sarawak and due land premium had been settled in prior years. NC7 has filed an application to strike out the claim which is now fixed for hearing on 19 May 2010. 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 suit therefore does not have any material impact to the Group.

On 24 June 2008, another indirect subsidiary, Khidmat Mantap Sdn. Bhd. ("KMSB") received a Writ of Summon and Statement of Claim from 2 persons claiming to have NCR over a parcel of land alienated to KMSB described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak. KMSB's solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB, which was named as the first of three defendants in the suit. On 23 February 2009, the High Court ruled to allow KMSB's application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed a Notice of Appeal on 13 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. No date has been fixed for the hearing of the appeal to date. The Directors, in consultation with KMSB's solicitors, are of the opinion that KMSB has a strong defence in the case.

On 27 June 2008, another indirect subsidiary, Naim Cendera Lapan Sdn. Bhd. ("NC8") was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged Sarawak over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its Defence on 22 July 2008 stating, *inter alia*, that it had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court's decision to dismiss the Interim Injunction, which was subsequently withdrawn by consent on 25 March 2009. The High Court has fixed the matter for further mention on 27 April 2010.

notes to the financial statements

32. Material litigation (continued)

On 20 March 2009, NCSB received two Writ of Summons and Statement of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 3247, Block 11 Kuala Baram Land District, Miri Sarawak, which is within NCSB's existing township areas of over 2,700 acres. NCSB's solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009. The Trial is fixed for 19 to 23 July 2010. The Directors, in consultation with NCSB's solicitors, are of the view that NCSB has strong merits in the case. The suits are not expected to have material impact to the Group as the affected land area does not fall within the Group's development plans for the next three years.

On 26 October 2009, NCSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NCSB, 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 NCSB has been awarded a contract to design and construct the proposed Bengoh Dam. NCSB has filed its Statement of Defence on 18 January 2010 and the High Court has now fixed 3 May 2010 for pre-trial case management. At present, the construction of the said dam is still in progress and on schedule.

33. Events subsequent to balance sheet date

33.1 Issuance of Islamic Bond

The Company obtained on 1 October 2007 approval from the Securities Commission for its proposed issuance of Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") pursuant to an Islamic Commercial Papers Issuance Programme of RM100 million and an Islamic Medium Term Note Issuance Programme of RM500 million respectively, which will not exceed RM500 million in aggregate outstanding nominal value at any one time.

In March 2010, the Company issued RM55.0 million of Islamic bond securities comprising ICP of RM10.0 million and IMTN of RM45.0 million. These notes carry various maturity periods, ranging from 6 months to one year and coupon rates ranging from 3.85% to 4.80% per annum.

The Islamic Bonds are unsecured.

33.2 Changes in group composition

Acquisition of new subsidiaries

In February 2010, Naim Overseas Sdn. Bhd. ("NOSB") acquired 999,999 ordinary shares of FJD1.00 each in Naim Quarry (Fiji) Limited, representing 99.99% of the equity thereof, for a consideration of FJD999,999. Only 2 ordinary shares of FJD1.00 (totalling RM3) were paid as at the date of this report.

In March 2010, NOSB also subscribed for 999,998 ordinary shares of FJD1.00 each in Naim Premix (Fiji) Limited ("NPL"), representing 99.99% of the equity interest thereof, for a consideration of FJD999,998. The shares subscribed remains unsettled as at the date of this report.

The above acquisitions are not expected to have a material impact to the Group as the subsidiaries are presently dormant.

Increase in investment in existing subsidiaries

NCSB Engineering Sdn. Bhd. acquired an additional 450,000 ordinary shares of RM1.00 each (representing 15% equity interest) in PVSb from a minority shareholder on 1 March 2010 for a cash consideration of RM585,000. The resultant group equity interest in PVSb has increased from 70% to 85% upon the acquisition. The acquisition has resulted in a negative goodwill of RM170,000 and a corresponding decrease in minority interest, which will be recognised in the financial statements for the year ending 31 December 2010.

34. Change of name

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

statement by directors

pursuant to section 169(15) of the companies act, 1965

In the opinion of the Directors, the financial statements set out on pages 87 to 134 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

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

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 26 April 2010

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, **Abet Bin Abang Mataim**, the officer primarily responsible for the financial management of Naim Holdings Berhad (formerly known as Naim Cendera Holdings Berhad), do solemnly and sincerely declare that the financial statements set out on pages 87 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
in Kuching in the State of Sarawak

on 26 April 2010

Abet Bin Abang Mataim

Before me: Laurence Tan Chung Hiang
Commissioner For Oaths
1st Floor, No. 283, Lot 2647,
Block 10, Central Park Commercial Centre,
93200 Kuching, Sarawak.

independent auditors' report

to the members of Naim Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Naim Holdings Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 87 to 134.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- 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 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: 1481/01/11 (J)
Chartered Accountant

Kuching,

Date: 26 April 2010

analysis of shareholdings

as at 30 april 2010

Authorised Share Capital : RM500,000,000 comprising RM500,000,000 shares of RM1.00 each
 Issued and Paid-up Share Capital : RM250,000,000 comprising RM250,000,000 shares of RM1.00 each
 Class of Shares : Ordinary Shares of RM1.00 each
 Voting rights : 1 vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	9	0.552	408	0.000
100 - 1,000	467	28.668	384,772	0.162
1,001 - 10,000	795	48.802	3,557,200	1.501
10,001 - 100,000	255	15.654	8,441,100	3.562
100,001 - 11,847,199 (*)	98	6.016	103,221,870	43.564
11,847,200 and above (**)	5	0.307	121,338,650	51.210
Total	1,629	100.000	236,944,000	100.000

Remark: * - Less than 5% of issued shares
 ** - 5% and above of issued shares

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.922
2	TAPAK BERINGIN SDN. BHD.	27,000,000	11.395
3	HASMI BIN HASNAN	25,918,850	10.938
4	LEMBAGA TABUNG HAJI	24,966,400	10.537
5	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	12,803,200	5.403
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. CMS TRUST MANAGEMENT BERHAD FOR EMPLOYEES PROVIDENT FUND	10,000,000	4.220
7	HASMI & ASSOCIATES MANAGEMENT SDN. BHD.	9,672,750	4.082
8	ABDUL HAMED BIN HAJI SEPAWI	7,150,000	3.017
9	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL HAMED BIN SEPAWI (51401139418A)	5,000,000	2.110
10	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	4,815,900	2.032
11	AMSEC NOMINEES (TEMPATAN) SDN. BHD. CMS TRUST MANAGEMENT BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (RB-TNB-CMS)	4,685,900	1.997
12	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	4,234,100	1.786
13	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR CMS PREMIER FUND (4959)	4,095,100	1.728
14	VALUECAP SDN. BHD.	3,960,200	1.671
15	CITIGROUP NOMINEES (ASING) SDN. BHD. CB SGP FOR AIG INTERNATIONAL FUNDS-ACORNS OF ASIA BALANCED FUND	3,800,000	1.603
16	HWS PROPERTIES SDN. BHD.	3,682,250	1.554
17	OSK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.371
18	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND J728 FOR SPDR S&P EMERGING ASIA PACIFIC ETF	2,278,313	0.961
19	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	2,168,600	0.915
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,493,700	0.630

analysis of shareholdings

as at 30 april 2010

TOP 30 SHAREHOLDERS (continued)

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR EMPLOYEES PROVIDENT FUND	1,476,000	0.622
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	1,448,500	0.611
23	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,130,000	0.476
24	AMSEC NOMINEES (TEMPATAN) SDN. BHD. ASSAR ASSET MANAGEMENT SDN. BHD. FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	1,080,000	0.455
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,043,800	0.440
26	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,031,900	0.435
27	PELITA DINAMIK SDN. BHD.	1,000,000	0.422
28	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	986,200	0.416
29	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB ISLAMIC SMALL CAP FUND	908,500	0.383
30	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	812,700	0.342
Total		202,512,463	85.474

SUBSTANTIAL SHAREHOLDER

	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.922	-	-
2	DATUK HASMI BIN HASNAN	29,168,850	12.310	40,480,500	17.084
3	TAPAK BERINGIN SDN. BHD.	27,406,900	11.567	-	-
4	DATUK ABDUL HAMED BIN HAJI SEPAWI	12,150,000	5.128	27,992,700	11.814
6	LEMBAGA TABUNG HAJI	24,966,400	10.537	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1	DATUK ABDUL HAMED BIN HAJI SEPAWI	12,150,000	5.128	27,992,700	11.814
2	DATUK HASMI BIN HASNAN	29,168,850	12.310	40,480,500	17.084
3	DATO WILLIAM WEI HOW SIENG	-	-	4,000,000	1.688
4	SULAIHAH BINTI MAIMUNNI	-	-	-	-
5	KUEH HOI CHUANG	144,100	0.061	-	-
6	ABANG HASNI BIN ABANG HASNAN	-	-	-	-
7	LEONG CHIN CHIEW	24,000	0.010	1,000	0.000
8	HAJI RADZALI BIN HAJI ALISION	1,500	0.000	-	-
9	DATUK HAJI HAMDEN BIN HAJI AHMAD	-	-	-	-
10	IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
11	DATU' (DR) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
12	SYLVESTER AJAH SUBAH @ AJAH BIN SUBAH	34,000	0.014	-	-
13	PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-

top 10 properties

as at 31 december 2009

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold				
Lot 819, Blk 13 Kuala Baram Land District Miri (Old lot = Lot 772)	Land For Development	21.08.1997 Expiring 20.08.2096	314,360	11,052,441
Lot 3247 Block 11 Kuala Baram Land District, Miri (Old lot = Lot 4281, Block 10)	Land For Development	20.07.1995 Expiring 19.07.2094	679,000	28,618,210
Lot 4711, Block 14, Salak Land District (Old lot = Lot 3625, Block 14)	Land For Development	22.06.2004 Expiring 21.06.2064	335,990	4,895,188
Lot 1748, Muara Tuang Land District	Land For Development	29.05.2008 Expiring 28.05.2068	2,066,780	23,185,350
Lot 4172 and Lot 4173, Bintulu Land District	Land For Development	26.09.08 Expiring 05.11.2068	146,930	33,153,683
PROPERTIES UNDER PREPAID LEASE PAYMENTS				
Long Term Leasehold				
Lots 30 & 31, Block 34, Kemena Land District, Bintulu (Old lot = Lot 23, Block 34)	Mixed Development	13.02.2001 Expiring 05.09.2061	4,010,000	13,218,157
Lot 3287, Block 10, KCLD	Residential Land	3.8.2007 Expiring 2.8.2067	135,970.00	29,420,463
Lot 3244, Block 11, KBLD	Commercial Land	21.12.2009 Expiring 19.07.2094	34,129.68	3,593,048
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Building				
Lot 3064-10-1, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District,	Office Floor (Age: 14 Years) Kuching	31.07.2000 Expiring 11.04.2055	(585)	1,682,773
Parcel 3064-1-2, Ground Floor Wisma Naim	Office Floor (Age: 14 Years)	12.04.1995 Expiring 11.04.2055	(309)	1,424,108

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at Ground Floor, Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak on Tuesday, 15 June 2010 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 2009.

ORDINARY RESOLUTION 1

2. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31 December 2009.

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 Abdul Hamed Bin Haji Sepawi

ORDINARY RESOLUTION 3

Datuk Hasmi Bin Hasnan

ORDINARY RESOLUTION 4

Sylvester Ajah Subah @ Ajah Bin Subah

ORDINARY RESOLUTION 5

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

ORDINARY RESOLUTION 6

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

Dato William Wei How Sieng

ORDINARY RESOLUTION 7

Sulaihah Binti Maimunni (Ms)

ORDINARY RESOLUTION 8

Haji Radzali Bin Haji Alision

ORDINARY RESOLUTION 9

4. Re-Appointment of Auditors

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

ORDINARY RESOLUTION 10

SPECIAL BUSINESSES

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

5. ORDINARY RESOLUTION 11 - AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT, subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 11

**6. ORDINARY RESOLUTION 12 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES
("PROPOSED SHARE BUY-BACK")**

"THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are 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, necessary and expedient in the interests of the Company provided THAT :-

- i) the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company;
- ii) an amount not exceeding the Company's audited retained profit and/or share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- iii) the Directors of the Company may decide 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 12

7. SPECIAL RESOLUTION 1 - PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the existing Article 149(a) be amended as follows:

Existing Article 149(a)

Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons and to such address as such person may in writing direct or through a crediting of funds into a nominated bank account of such Member or person entitled to the dividend and the receipt by the person whose name at the date of declaration of dividend appears on the Register of Members or the Record of Depositors as the owner of any share shall be a good discharge to the Company for all payments made in respect of such share. Every such cheque and warrant shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest as against the Company.

Proposed new Article 149(a)

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct or **electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment**. Every such cheque or warrant or **electronic transfer or remittance** shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby. Every such cheque or warrant or **electronic transfer or remittance** shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest as against the Company."

SPECIAL RESOLUTION 1

notice of annual general meeting

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

BY ORDER OF THE BOARD

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

Kuching, Sarawak
Dated this 21 May 2010

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid the Proxy form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanatory Notes on Special Businesses

a) Ordinary Resolution 11 - 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 18 June 2009. 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 placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

b) Ordinary Resolution 12 - 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 21 May 2010 for further information.

c) Special Resolution 1 - Proposed Amendment to the Articles of Association of the Company

The proposed special resolution 1 is to amend the Company's Articles of Association in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to e-Dividend.

Statement accompanying Notice of Annual General Meeting

There is no person seeking election as Director of the Company at this Annual General Meeting



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 8th Annual General Meeting of the Company to be held at Ground Floor, Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia on Tuesday, 15th June 2010 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 Abdul Hamed Bin Haji Sepawi		
Ordinary Resolution 4 Re-election of Director: Datuk Hasmi Bin Hasnan		
Ordinary Resolution 5 Re-election of Director: Sylvester Ajah Subah @ Ajah Bin Subah		
Ordinary Resolution 6 Re-election of Director: Professor Dato' Abang Abdullah Bin Abang Mohamad Alli		
Ordinary Resolution 7 Re-election of Director: Dato William Wei How Sieng		
Ordinary Resolution 8 Re-election of Director: Sulaihah Binti Maimunni (Ms)		
Ordinary Resolution 9 Re-election of Director: Haji Radzali Bin Haji Alision		
Ordinary Resolution 10 Re-appointment of Auditors: Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
Special Businesses		
Ordinary Resolution 11 Authority to allot and issue shares		
Ordinary Resolution 12 Proposed renewal of authority to purchase own shares		
Special Resolution 1 Proposed amendment to the Articles of Association of the Company		

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

Number of shares held:

Dated this _____ day of _____ 2010.

Signature of Shareholder(s)/Common Seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak (Fax: 082-429869) not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1) (c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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The Company Secretary

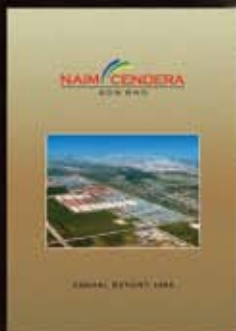
NAIM HOLDINGS BERHAD

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

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from where we began . . .



Annual Report 1998
NAIM CENDERA SDN BHD



Annual Report 1999
NAIM CENDERA SDN BHD



Annual Report 2000
NAIM CENDERA SDN BHD



Annual Report 2001
NAIM CENDERA SDN BHD



Annual Report 2002
NAIM CENDERA SDN BHD



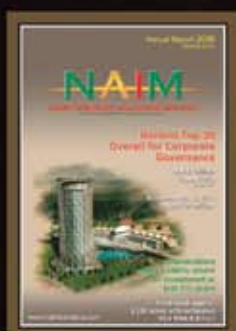
Annual Report 2003
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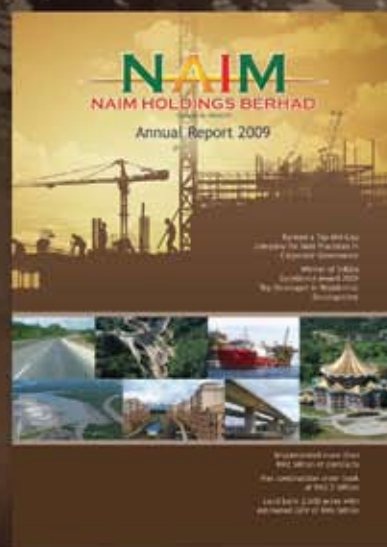
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Annual Report 2007
NAIM CENDERA
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Annual Report 2008
NAIM HOLDINGS SDN BHD
(Formerly known as Naim
Cendera Holdings Berhad)



Annual Report 2009
NAIM HOLDINGS SDN BHD



Registered and Head Office

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93200 Kuching, Sarawak, Malaysia.
Tel: 6 082 411667 Fax: 6 082 429869
E-mail: enquiries@naimcendera.com
Website: www.naim.com.my

