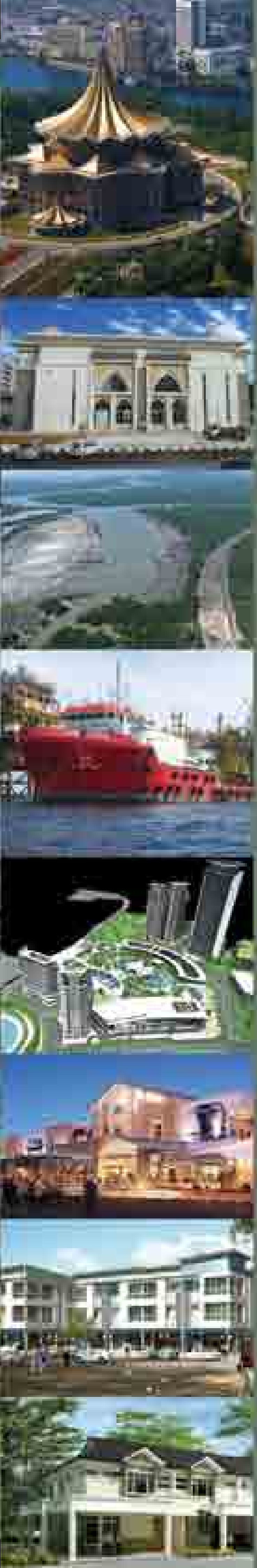
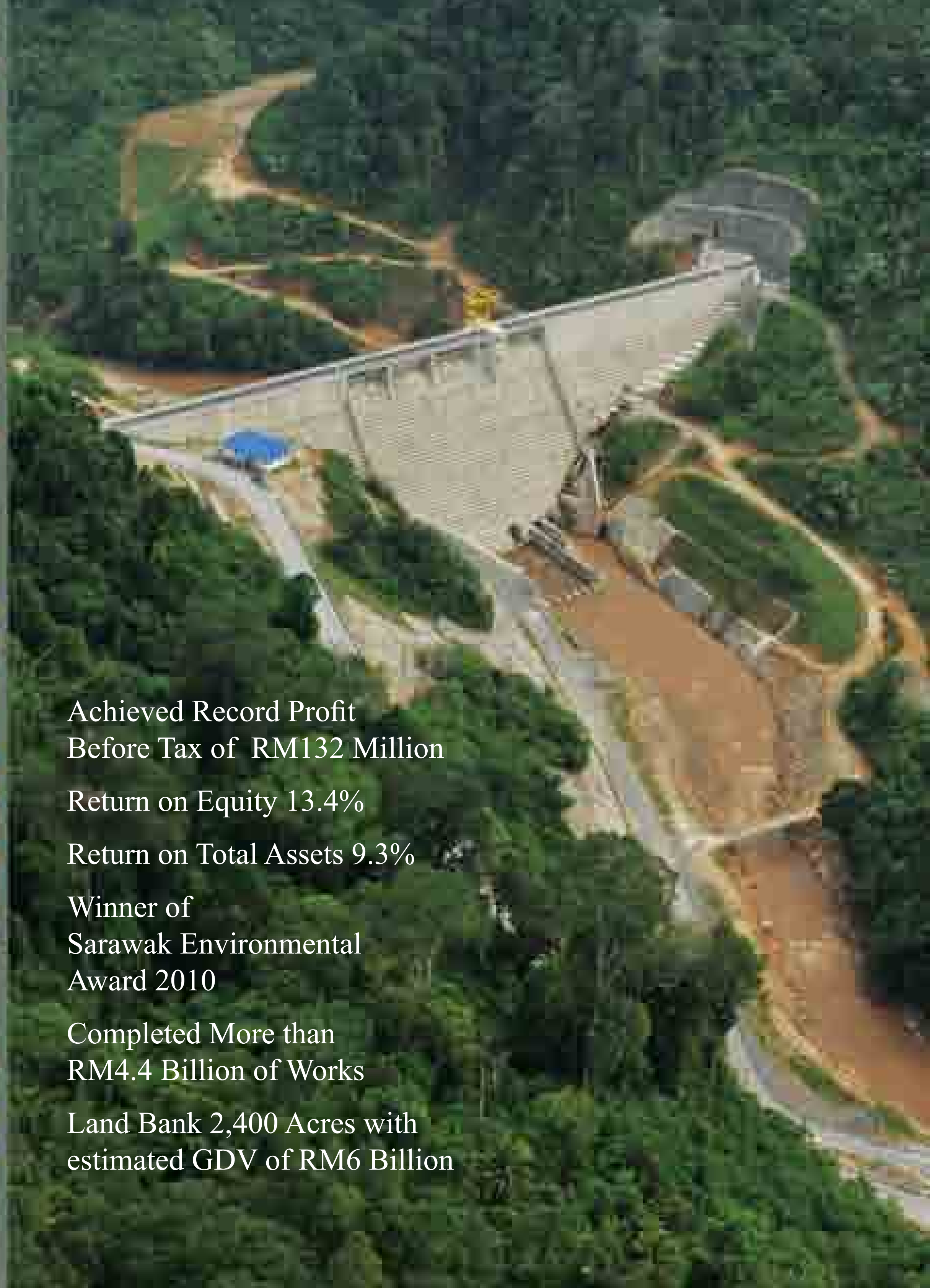


NAIM HOLDINGS BERHAD

Company No. 585467-M

Annual Report 2010



Achieved Record Profit
Before Tax of RM132 Million

Return on Equity 13.4%

Return on Total Assets 9.3%

Winner of
Sarawak Environmental
Award 2010

Completed More than
RM4.4 Billion of Works

Land Bank 2,400 Acres with
estimated GDV of RM6 Billion

Awards

2002
CIDB Builders Award Building Works Category
Institutional Building Project

2003
The Malaysian Construction IndustryExcellence Awards
Project Award Medium Building Category

2003
SCCI Annual Corporate Report Awards
Best Annual Report Award

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

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

2004
The Malaysian Construction Industry
Excellence Awards Builder of The Year

2004
KPMG Shareholder Value Awards

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

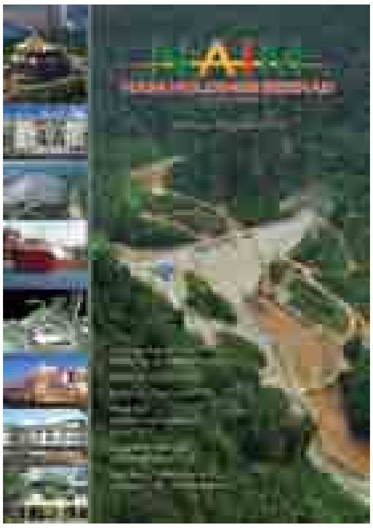
2005
Malaysia Corporate & Social Environment Responsibility Award

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

2010
Sarawak Chef Minister Environmental Award

2009
SHEDA 2009 Top Developer In Residential Development

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



Contents

Cover Rationale

The cover photo features the Bengoh Dam, a Naim project for Kuching Water Board which captures rainwater to guarantee our supply of healthy drinking water. The use of this photo shows more than just pride in a job well done; it is also a powerful metaphor for our business philosophy. Like the dam, Naim is dedicated to capturing and conserving resources - in our case natural, economic and human resources - and developing them to release their true potential for the benefit of all.

The smaller photos in the sidebar showcase Naim's full range of activities, as well as the quality and value of all that we have done and intend to do in the future

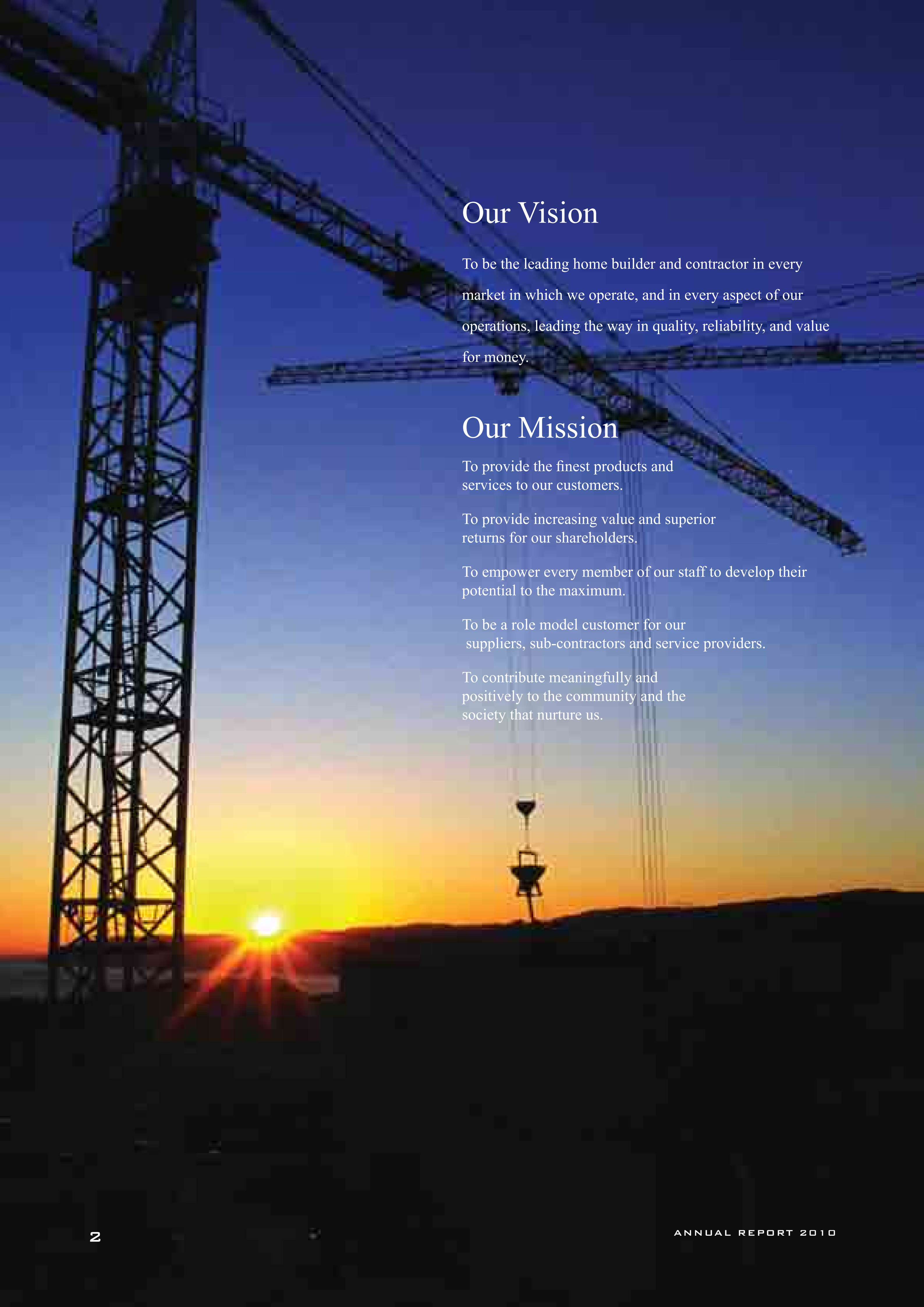
NAIM

NAIM HOLDINGS BERHAD

Logo Rationale

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

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



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

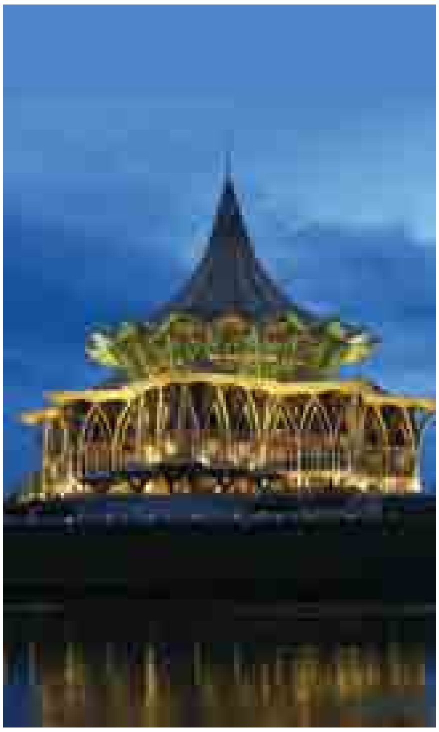
To provide the finest products and services to our customers.

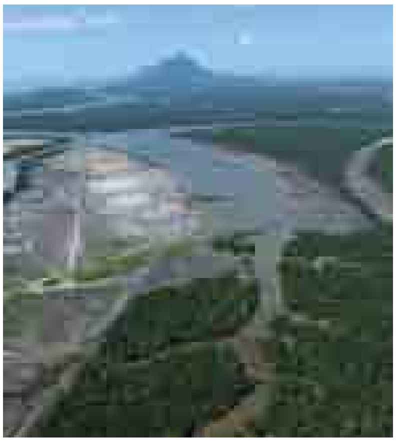
To provide increasing value and superior returns for our shareholders.

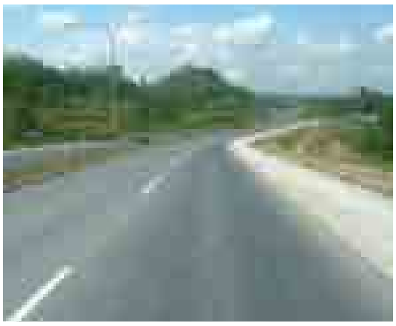
To empower every member of our staff to develop their potential to the maximum.

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

Corporate Information

BOARD OF DIRECTORS

Chairman
Datuk Abdul Hamed Bin Haji Sepawi

Managing Director
Datuk Hasmi Bin Hasnan

Executive Directors
Dato William Wei How Sieng
Sulaihah Binti Maimunni
Kueh Hoi Chuang
Haji Radzali Bin Haji Alision
Leong Chin Chiew
Abang Hasni Bin Abang Hasnan

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

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

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
Level 11, Menara SME Bank,
Jalan Sultan Ismail, 50774 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

Sabah Office
Suite 12.1, Level 12,
Wisma Great Eastern Life,
65, Jalan Gaya,
88000 Kota Kinabalu, Sabah

Fiji Office
Lot 26, Main Street
Savusavu, Fiji

Website: www.naim.com.my

2010 at a Glance

Financial Performance		% Change From 2009
Revenue (RM'000)	612,691	+ 8.07
Profit Before Tax (RM'000)	132,043	+ 14.29
Net Profit Attributable to Owners of the Company (RM'000)	97,750	+ 15.03
Total Assets (RM'000)	1,054,624	- 0.24
Shareholders' Equity (RM'000)	724,015	+ 10.98
Earnings Per Share (sen)	41.25	+ 15.06
NA Per Share (sen)	289.61	+ 10.98
Return On Equity (%)	13.50	+ 3.61
Gross Dividend (sen)	10.00	+ 25.00
Gross Dividend Yield (%)	2.97	**

*** Gross Dividend Yield for 2009 was 2.72%. 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 2010
Announcement of Results	1st quarter	25 May 2010
	2nd quarter	25 Aug 2010
	3rd quarter	24 Nov 2010
	4th quarter	28 Feb 2011
Notice of Annual General Meeting		20 May 2010
Annual General Meeting		15 June 2010
First Interim Single-tier Dividend	Declaration	25 Aug 2010
	Book closure	20 Sept 2010
	Ex-date	15 Sept 2010
	Payment	11 Oct 2010
Second Interim Single-tier Dividend	Declaration	28 Feb 2011
	Book closure	18 March 2011
	Ex-date	16 March 2011
	Payment	8 April 2011

10-Year Financial Highlights (in RM'000)

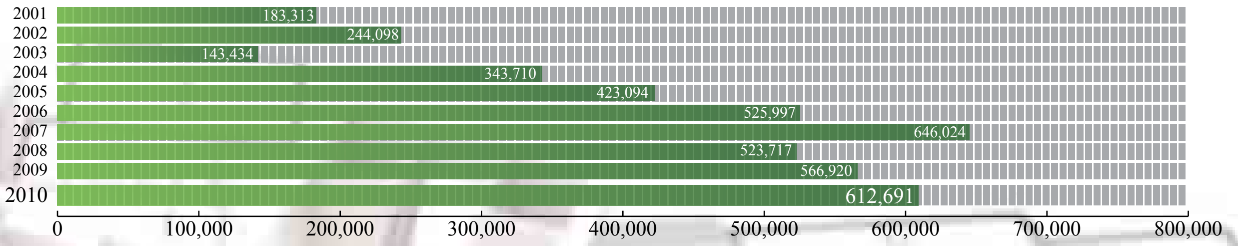
Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue	183,313	244,098	143,434	343,710	423,094	525,997	646,024	523,717	566,920	**612,691**
Profit before taxation	39,730	51,554	40,343	114,964	123,128	104,849	126,325	104,304	115,532	**132,043**
Net Profit Attributable to Equity Holders of the Company	25,897	31,772	24,247	69,495	79,145	66,229	76,274	80,747	84,981	**97,750**
Total Assets	191,583	222,851	577,827	657,481	710,277	793,841	906,918	955,920	1,057,162	**1,054,624**
Net Tangible Assets	81,175	107,787	380,857	422,607	459,499	487,683	537,955	586,753	652,361	**714,376**
Shareholders' Equity	81,289	107,818	352,228	400,087	459,499	489,816	539,318	587,651	652,363	**724,015**
Total Number of Shares	203,425	203,425	250,000	250,000	250,000	250,000	250,000	250,000	250,000	**250,000**
Earnings Per share (sen)	12.73	15.62	23.4	27.80	32.00	27.10	31.20	33.32	35.85	**41.25**
Gross Dividend Rate (%)	2.95%*	15.24%*	9.00%*	12.00%	12.00%	15.00%	15.00%	13.00%	8.00%	**10.00%**
Net Tangible Assets Per Share (sen)	39.90	52.99	152.34	169.041	183.80	195.07	215.18	234.70	260.94	**285.75**
Gearing Ratio	0.09	0.07	0.006	0.002	0.001	0.003	0.094	0.098	0.216	**0.173**

Note: The financial highlights for the years ended 31 December 2001 and 2002 are presented on a pro-forma basis (as if Naim Land Sdn Bhd (formerly known as Naim Cendera Sdn Bhd) and its subsidiaries were part of the Naim Holdings Group since 1 January 2001), and are for illustrative purposes only.

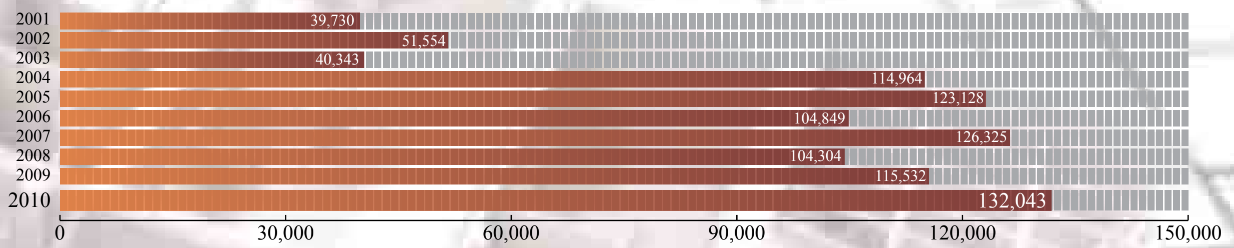
* based on the gross dividend declared and paid by Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn Bhd) of RM6,000,000 in respect of financial years ended 31 December 2001 and 2002 and the number of shares assumed in issue of 203,425,000 shares. In 2003 the gross dividend paid was RM22,500,000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

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

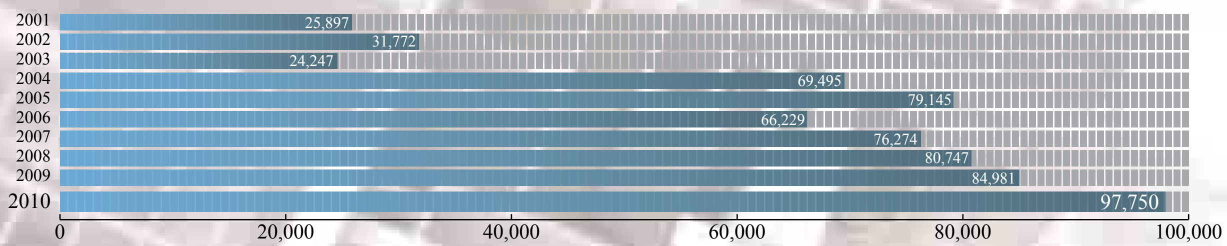
revenue (RM'000)



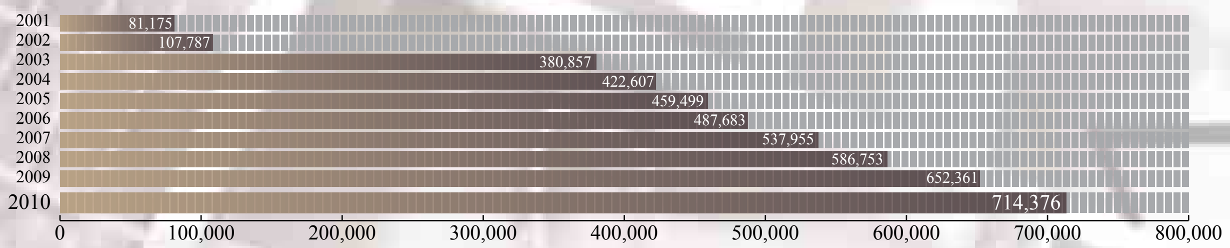
profit before tax (RM'000)



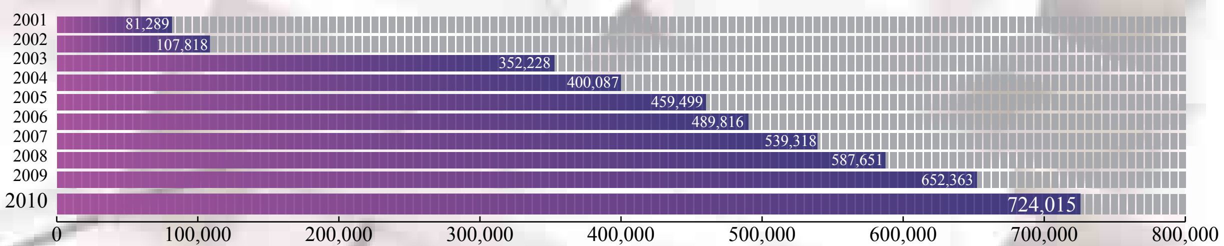
net profit attributable to owners of the Company (RM'000)



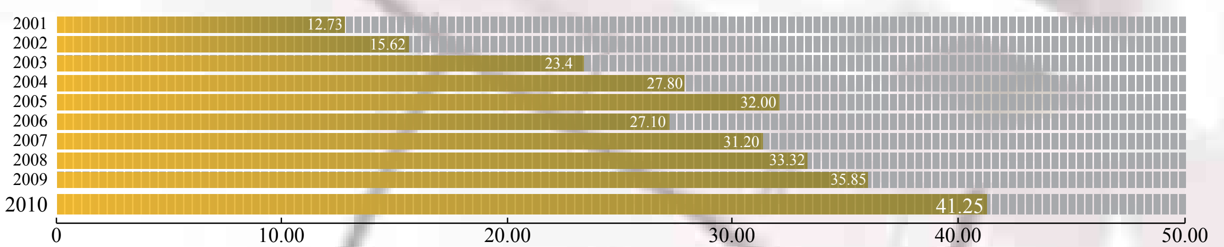
net tangible assets (RM'000)



shareholders' equity (RM'000)

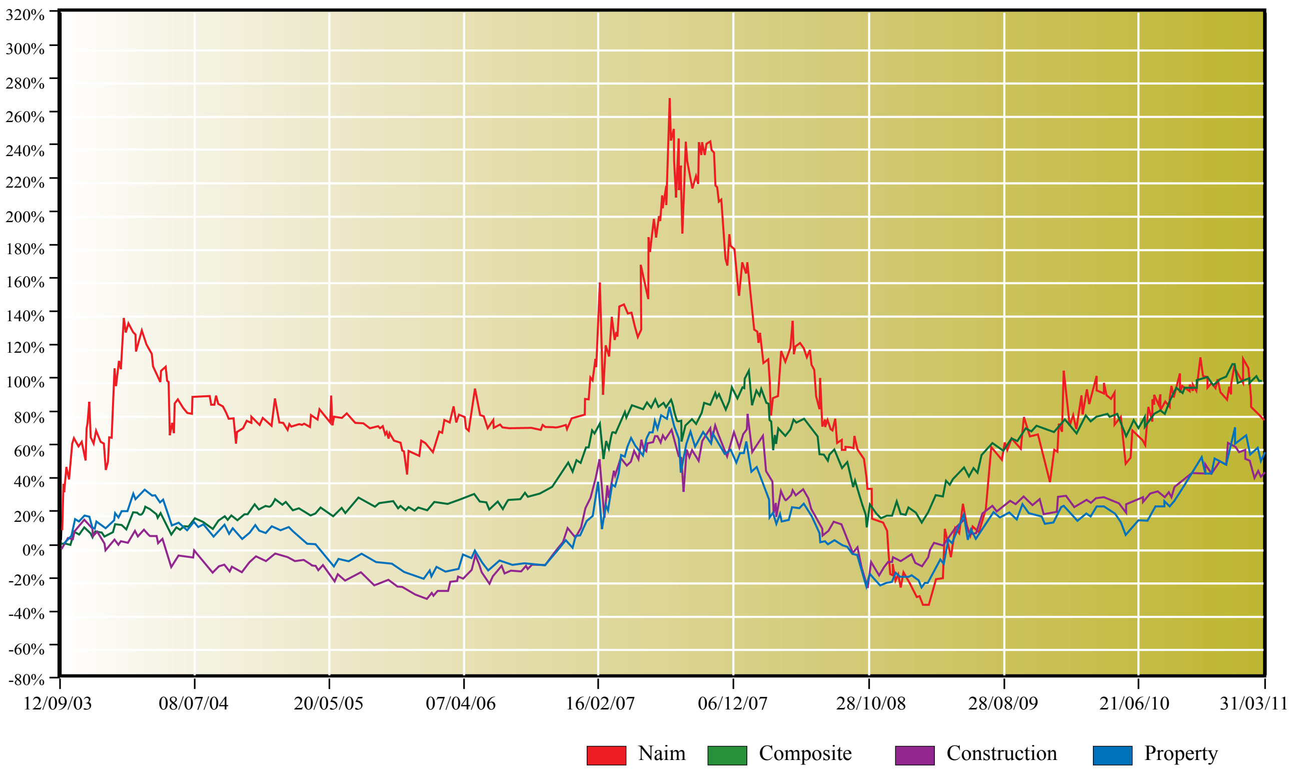


earnings per share (sen)



Share Performance

NAIM HOLDINGS BERHAD Share Performance Chart
from 12 September 2003 (Date of listing on Bursa Malaysia) to 31 March 2011



Corporate Structure (at date of Annual Report)

NAIM HOLDINGS BERHAD

OIL & GAS

Dayang Enterprise Holdings Bhd.

PROPERTY

Naim Land Sdn Bhd Formerly known as Naim Cendera Sdn Bhd

PROPERTY DEVELOPMENT

Total Reliability Sdn Bhd
Khidmat Mantap Sdn Bhd
Desa Ilmu Sdn Bhd
Naim Commercial Sdn Bhd
Peranan Makmur Sdn Bhd

PROPERTY INVESTMENT

Yakin Pelita Sdn Bhd
Naim Realty Sdn Bhd

ENGINEERING/CONSTRUCTION

Naim Engineering Sdn Bhd Formerly known as NCSB Engineering Sdn Bhd

Naim Binaan Sdn Bhd Formerly known as Aktif Majusama Sdn Bhd

MANUFACTURING

Naim Premix Sdn Bhd Formerly known as Plus Viable Sdn Bhd
TR Concrete Sdn Bhd
TR Bricks Sdn Bhd
TR Smart Piles Sdn Bhd

TRADING / SERVICES

Naim Supply & Logistic Sdn Bhd Formerly known as Naim Cendera Dua Sdn Bhd

QUARRY OPERATIONS

Naim Cendera Lapan Sdn Bhd
Jelas Kemuncak Resources Sdn Bhd
Simbol Warisan Sdn Bhd

OVERSEAS INVESTMENT

Naim Overseas Sdn Bhd

FIJI COMPANIES

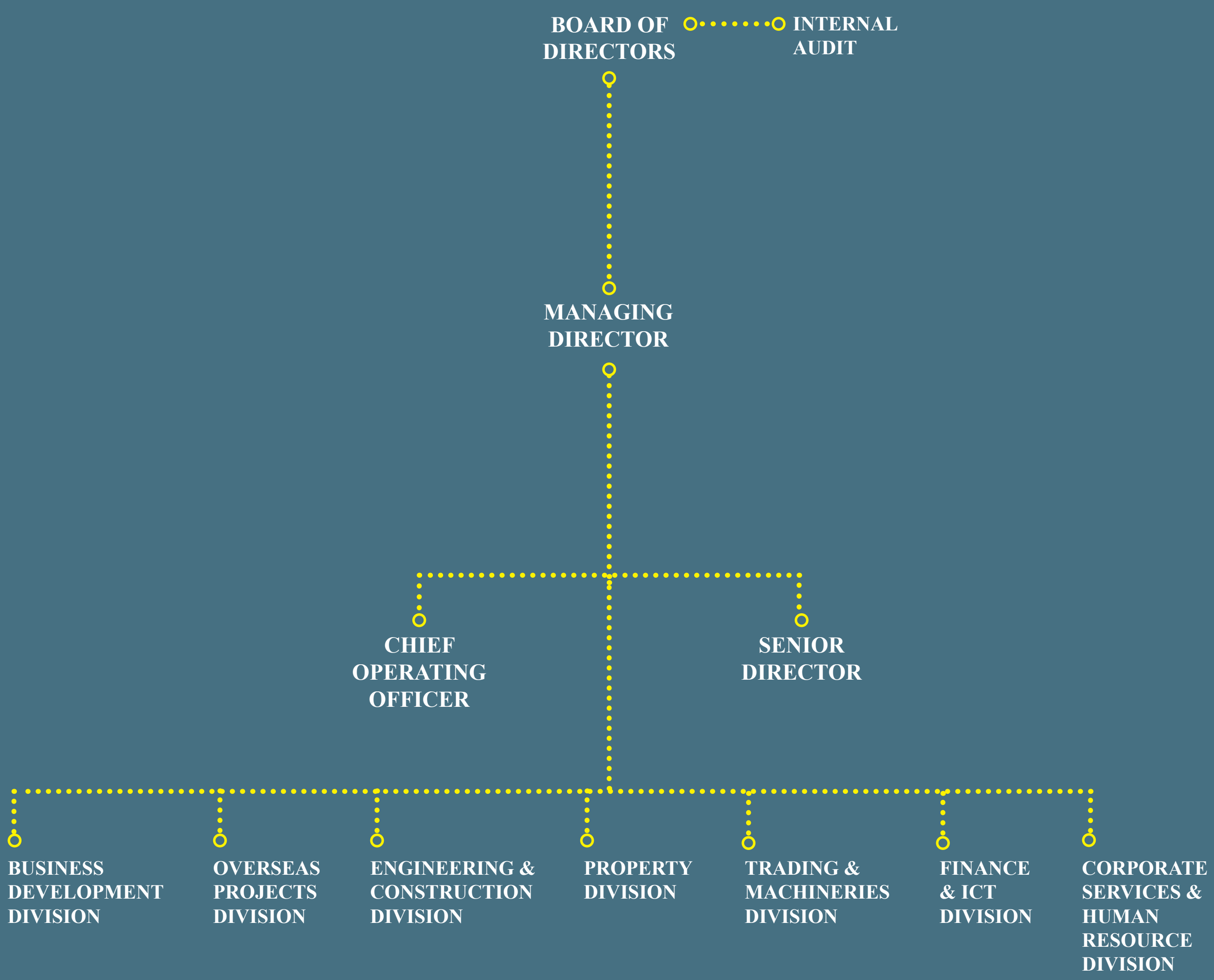
Naim Engineering Construction (Fiji) Limited
Naim Quarry (Fiji) Limited
Naim Premix (Fiji) Limited

BRUNEI COMPANY

Naimcendera Engineering & Construction Sendirian Berhad

SEVENTEEN OTHER DORMANT COMPANIES

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 42 to 51.

Corporate Profile

The Company is the holding company for its 100% owned subsidiary, Naim Land Sdn Bhd (NLSB)(formerly known as Naim Cendera Sdn Bhd), which is primarily involved in property development and construction. It focuses its business efforts on three principal areas: integrated property developments combining residential, commercial and industrial properties with infrastructure and public amenities; contracting of construction, civil engineering, oil and gas and infrastructure projects; and oil and gas services through its investment in Dayang Enterprise Holdings Bhd.

Naim's flagship property developments are Bandar Baru Permyjaya in Miri, Desa Ilmu in Kota Samarahan, and the up-market Riveria satellite township in Kuching's southern corridor. They are reinforced by a number of smaller residential and commercial developments in Sarawak's major population centres. Together these developments will provide more than 25,000 homes and commercial buildings with a combined population of over 110,000.

Naim is also a Class A Contractor with ISO 9001 certification and has recently emerged as one of Malaysia's largest Bumiputera contractors. Including implementing NLSB's own development projects, it has carried out more than RM4.4 billion worth of works 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.

NLSB was formed on 12 April 1993 and has been active in the property and construction fields since September 1995.

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

Message to our Shareholders

As of 31 December 2010, total assets stood at RM1 billion, cash and cash equivalents on hand at RM39 million and net tangible assets at RM714 million

we can adapt rapidly to changing market conditions and transform challenges into opportunities

DEAR 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 2010, our 15th full year of operations.

OPENING STATEMENT

The Naim Group performed very well last year and the results have been highly satisfactory, based on solid fundamentals. We enjoyed a substantial increase in revenue with only a modest increase in cost of sales, resulting in an increase in both pre-tax profit and profit attributable to shareholders. As of 31 December 2010, total assets stood at RM1 billion, cash and cash equivalents on hand at RM39 million and net tangible assets at RM714 million.

We have once again expanded our construction order book and moved into new locations and areas of activity, and we have also increased property sales and deliveries. As a result, we have emerged as one of Malaysia's largest Bumiputera contractors, and have successfully maintained our status as a leading proponent of good corporate governance.

We have repeatedly demonstrated that we can adapt rapidly to changing market conditions and transform challenges into opportunities. Our financial position is amongst the strongest in both the property and construction sectors, with sufficient cash available to fund growth and expansion. This leads us to conclude that we have the ability and the resources to maintain and enhance shareholder value, 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

For the year under review, the Group recorded a solid increase in revenue of 8.07% to RM 612.691 million, compared to RM566.920 million for 2009. Profit before tax was up by 14.29% at RM132.043 million, compared to RM115.532 million for 2009, and profit attributable to shareholders was up by 15.03% to RM97.750 million compared to RM84.981 million for 2009. Therefore the financial results for 2010 are substantially higher than those for 2009, with basic earnings up by 15.06% to 41.25 sen per ordinary share compared to 35.85 sen in 2009.

Message to our Shareholders

notable gains in financial performance were mainly due to higher sales of properties, substantial completion of certain construction projects, and an increased contribution from Dayang

The notable gains in financial performance were mainly due to higher sales of properties, substantial completion of certain construction projects, and an increased contribution from Dayang. In our opinion, these results represent an excellent performance in an industry sector in which investor and buyer sentiment have only recently started to recover to pre-recession levels.

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

Year	2003	2004	2005	2006	2007	2008	2009	2010
Gross dividend rate	9%	12%	12%	15%	15%	13%	8%	10%

During the year under review, a total of two interim single-tier dividends (totaling 10.0 sen per share tax exempt) were declared and paid and represent a distribution to Shareholders of RM23.694 million tax exempt, or 24% of the Group's profits for the year ended 31 December 2010. The dividend yield is 2.97% based on the year-end share price of RM3.37 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 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. We are nevertheless disappointed to note the unwarranted decline in our share price, which ended the year at RM3.37 and is currently hovering around the RM3.00 mark. This price does not in any way reflect the tremendous growth and financial performance we have achieved over the last seven years as a listed company and our Cumulative Annual Growth Rate (CAGR) for the last 10 years was 17%.

CORPORATE GOVERNANCE

The Board of Directors places great emphasis on good governance and prioritizes it as a key component of the overall value creation process. 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.

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 ranked Naim top in the Malaysian property sector, 12th overall and in the top 5% overall for companies listed on Bursa Malaysia, as well as top Sarawak-based company. The 2008 CGSR ranked us among the top 2% nationally, top in the Malaysian property sector and top company in Sarawak.

For 2009, however, the MSWG abandoned its state and sectoral listings and switched to market capitalization rankings for its CGSR. As a result, Naim was ranked 2nd in Malaysia for Mid-Cap companies for demonstrating best practices in Corporate Governance. At the time of writing the MSWG has yet to release its CGSR for 2010. However, we are confident of a positive result.

The Board of Directors places great emphasis on good governance and prioritizes it as a key component of the overall value creation process.

the best year in our history after the *annus mirabilis* of 2007

SETTING NEW GOALS

We have enjoyed a very good year, the best year in our history after the *annus mirabilis* of 2007. Therefore it may come as a surprise when we say that Naim now faces far greater challenges than at any time in its past. Why is this? Because of our success; because we are now a relatively large company that is very good at what it does and is financially secure. Therein lies the danger; if we allow ourselves to become complacent and just content ourselves with an incremental growth in profits and value every year, others will eventually catch us up and even overhaul us. This is why we need to set more ambitious and more challenging goals; not only to maintain our existing momentum, but also to drive us onward and upwards to the heights of corporate achievement.

we are identifying and training a “Study Team” of relatively young middle managers who we feel can be groomed for succession to the Board and senior management before 2020.

CONTINUITY OF LEADERSHIP

To ensure the necessary continuity of leadership to achieve the corporate quantum leap outlined above, we have also introduced a comprehensive Succession Management Plan. We have focused this plan on three distinct areas. Firstly, we are identifying and training a “Study Team” of relatively young middle managers who we feel can be groomed for succession to the Board and senior management before 2020. Secondly, we have implemented a management trainee programme whereby we are recruiting recent graduates who we feel are tough, creative, innovative and resourceful enough to be “fast-tracked” and training them intensively to achieve middle management and eventual senior management positions within an accelerated time frame. Thirdly, we have appointed a leading independent consultant in this field to guide us through the succession management planning process and optimize its impact.

the Group is putting aside RM50 million for human resource development, which will include staff training, rewards, incentives and various other programs in the coming years.

HUMAN RESOURCE DEVELOPMENT

We feel that an effective Human Resource Development Program is essential to achieving our medium and long-term corporate goals. Therefore the Group is putting aside RM50 million for human resource development, which will include staff training, rewards, incentives and various other programs in the coming years. We have also appointed a leading independent human resource consultant to assist us in this process and provide necessary guidance and advice where necessary.

We already have a strong track record in mentoring and developing small Bumiputera contractors and we now wish to take this commitment a stage further and use part of our RM50 million human resource development allocation for a Bumiputera Development Programme.

BUMIPUTERA DEVELOPMENT PROGRAMME

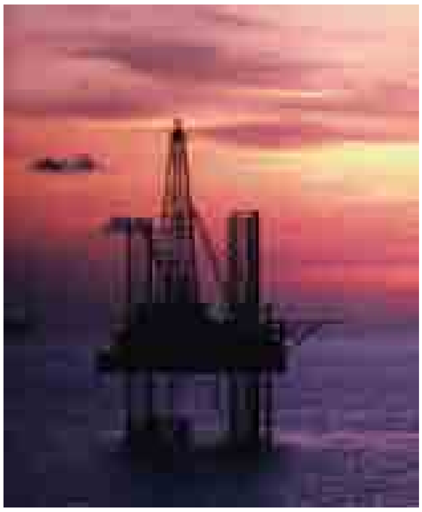
As a responsible Bumiputera Company, one of the largest in Malaysia which is substantially institutionally owned and whose shareholders include PNB, EPF and Tabung Haji, we feel we have a moral obligation to help develop the Bumiputera business community. We already have a strong track record in mentoring and developing small Bumiputera contractors and we now wish to take this commitment a stage further and use part of our RM50 million human resource development allocation for a Bumiputera Development Programme.

We have already commissioned a local university to conduct a study into the successes and failures of Bumiputera Entrepreneurs, and should be getting the study results soon. Taking these findings into account, we intend to mentor and develop our Bumiputera contractors and suppliers so that they can grow to become some of the best contractors and vendors in Sarawak, if not Malaysia.

Message to our Shareholders

OTHER CORPORATE HIGHLIGHTS

During the year we received two major contract awards, from PETRONAS to construct the RM2.6 billion Sabah Oil and Gas Terminal (SOGT) in a Joint Venture with Samsung Engineering of Korea, and from Jabatan Kerja Raya Sarawak to build the RM168 million Bengoh Resettlement Scheme. We signed a Joint Venture Agreement with Similajau Industries Sdn Bhd and the Bintulu Development Authority to jointly undertake the development of the Samalaju New Township, part of the Sarawak Corridor of Renewable Energy (SCORE). We also launched the Naim Standards Manual, a comprehensive extension to our unique 2-Year Warranty and Zero Defects Policy launched the previous year. In recognition of our efforts, we also added to our considerable tally of industry awards. Please see the Review of Operations for further details.



In February this year, Dayang was awarded a RM802 million contract from Petronas Carigali Sdn. Bhd. for topside structural maintenance services for Package 1, bringing their order book to some RM1.6 billion.

ASSOCIATE COMPANY – DAYANG ENTERPRISE HOLDINGS BHD.

Dayang Enterprise Holdings Bhd. (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 provider 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 flotation gave Dayang a market capitalization of approximately RM510.4 million, with Naim now retaining a controlling 34.2% stake.

Dayang's net profit was up from RM44.8 million in 2009 to RM67.7 million in 2010, largely due to income streams generated by new contracts. 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. In February this year, Dayang was awarded a RM802 million contract from Petronas Carigali Sdn. Bhd. for topside structural maintenance services for Package 1, bringing their order book to some RM1.6 billion. Thus Dayang is expected to contribute positively and substantially to the Group's financial position for the foreseeable future.

CHANGES IN BOARD MEMBERSHIP

The major changes to our Boardroom which took place in Q1 2010 are announced and described in page 42. Following these changes, the Board composition remained stable throughout the rest of 2010. Our Independent Non-Executive Director, Encik Sylvester Ajah Bin Subah @ Ajah Bin Subah, resigned on 21 March 2011 to spend more time enjoying his retirement. On behalf of the board we would like to express our sincere thanks for his valued service. He was not directly replaced; instead, Ir. Abang Jemat Bin Abang Bujang, formerly a Non-Independent

Non-Executive Director was re-designated as an Independent Non-Executive Director on the same date. On 28 April 2011, Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik was appointed as an Independent Non-Executive Director of the Company. Tuan Haji Jeli specializes in human resources, having spent a considerable number of years in Sarawak Shell Berhad. His appointment to the Board will be an asset to the Company as he will be able to advise us on human resource matters.

The total number of Board members is now 13, of whom one is the Chairman, five are Independent Non-Executive Directors and seven are Executive Directors. We believe we now have the optimum board configuration to take our group forward.

The total amount of scholarships and donations given back to society in the past 8 years since our listing now stands at over RM10 million.

CORPORATE SOCIAL RESPONSIBILITY

It is our policy to act as an exemplary corporate citizen in all areas of our activities and operations. Therefore we view the safeguarding of quality, health, safety and the environment as an essential component of our CSR work, along with effective and carefully targeted corporate philanthropy. During the year we were successful in all of our CSR activities, as outlined in the Corporate Social Responsibility chapter, and confirmed by our winning the Sarawak Chief Minister's Environmental Award 2010. The total amount of scholarships and donations given back to society in the past 8 years since our listing now stands at over RM10 million.

the fresh mandate given to the State Government in the recently concluded state election further strengthens the economic, social and political stability of Sarawak.

PROSPECTS FOR 2011 AND BEYOND

The Economic and Political Background

With the recession and its aftermath well behind us, the Malaysian economy has fully resumed its historically strong economic growth. The Malaysian Institute of Economic Research (MIER), one of the most reputable observers of the economy, expects the economy to expand by 5.2% in 2011, rising to 5.5% in 2012, with a manageable CPI forecast of 3.2% year on year. MIER's Business Conditions Index (BCI) of 130.0 suggests a bright outlook for Malaysian businesses, with property sector being singled out as "reasonably healthy". Bank Negara Malaysia also maintains a 5-6% growth forecast. The national bank also notes that the Japanese tsunami has had less economic impact than expected; in fact Sarawak stands to benefit from the increased demand for energy and construction timber used in Japan's reconstruction. Thus the steadily growing 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. Additionally, the fresh mandate given to the State Government in the recently concluded state election further strengthens the economic, social and political stability of Sarawak. This will permit and further boost growth and development in the state and augurs well in terms of increased opportunities for the Naim Group.

as a sign of our confidence in the Sarawak economy, especially the property market, we are planning to invest up to RM200 million in major property ventures over the medium-to-long term

Reducing Risk and Creating Wealth through Bold Investments

We are aware that the construction sector may pose an increased level of risk in the coming years, with potentially reduced margins and lower conversion rates of LOIs to LOAs in the long term. We believe our capability and track record will help mitigate any impact this toughening of the construction sector may have on our group's performance. Nevertheless, we intend to sharpen our focus on the property sector in order to better balance our long-term risk profile.

Therefore, as a sign of our confidence in the Sarawak economy, especially the property market, we are planning to invest up to RM200 million in major property ventures over the medium-to-long term, subject to feasibility study. We are currently holding discussions with other parties, both domestically and internationally, to jointly invest in two mammoth projects which we believe will be the biggest direct investments in Sarawak in the coming years. They are expected to have a massive spill-over effect on the Sarawak economy, creating abundant business and employment opportunities.

Property Division

The Group's land bank now stands at around 2,400 acres to be developed, with a total estimated GDV of about RM6.0 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-stay homes, and producing specially designed homes for niche markets (starter homes, senior citizens, Malaysia-My-Second-Home buyers, etc.). We have also obtained the necessary approvals for our proposed mixed developments in Bintulu and Kuching. See the Review of Operations for further details.

Message to our Shareholders

the RM300 billion SCORE project, for which AmResearch rates us as an excellent proxy, is expected to quadruple Sarawak's per capita income in real terms over a 20-year period

We also expect to benefit from the government's recently announced "My 1st Home Scheme" which is designed to facilitate ease of financing for first-time home buyers

Confidence-Boosting Factors
The Group continues to have great confidence in Sarawak's property market, for a variety of reasons, of which three 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 of 2.42 million is growing at between 3% and 4% per annum in urban areas and 2.3% overall, fuelled not only by a high birth rate, but also by substantial urban-rural migration as the state develops and industrializes (source: 2010 census, preliminary count). 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.

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, the industrial expansion of the Binulu hinterland at Samalaju, as well as the dramatic expansion of the oil and gas industry. In the longer term, the RM300 billion SCORE project, for which AmResearch rates us as an excellent proxy, 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.

3. My 1st Home Scheme: We also expect to benefit from the government's recently announced "My 1st Home Scheme" which is designed to facilitate ease of financing for first-time home buyers and targets properties below RM220,000, an area where we are particularly strong.

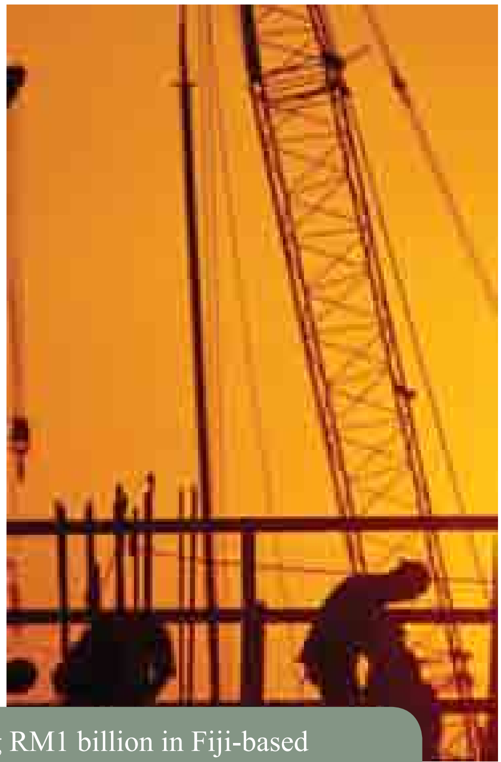
The Group's land bank now stands at around 2,400 acres to be developed, with a total estimated GDV of about RM6.0 billion remaining.

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

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 or even quadruple over the next five years.

Out-of-State and Overseas Expansion
We have set up a corporate office in Kota Kinabalu, Sabah, which has already identified a number of optimal locations for property developments and is seeking to obtain suitable land on favourable terms. Our Kuala Lumpur Office is also tasked with identifying potential development opportunities in Peninsular Malaysia, but we will only venture into this highly competitive market as and when we believe the time is right. For the time being, we continue to develop links and hold discussions with credible overseas partners in markets where we feel the Naim approach would yield the right results at minimal risk.

For the medium term, the Group's profits will be boosted by a number of major contracts.



We are targeting RM1 billion in Fiji-based contracts in the long term, and have already secured one additional job, which was awarded in February 2011.

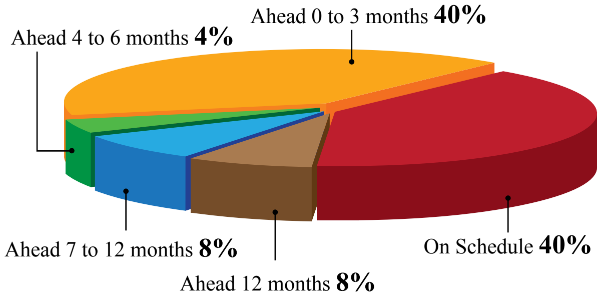
Construction Division

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.

Projects in the Pipeline

For the medium term, the Group's profits will be boosted by a number of major contracts. The most important of these are the Sabah Oil and Gas Terminal (SOGT) project and the Kuching Flood Mitigation Scheme for the Drainage and Irrigation Department, Sarawak. According to the project designers, the scheme is likely to have a contract value in the region of RM1.3 billion (including land acquisition element), although it will be implemented in stages depending on state funding priorities and other considerations.

Historic Project Completion Performance



Note: The above percentage (%) is based on a total of 25 completed projects which comprise all projects undertaken and completed by NAIM from 1 Jan 1996 to 31 Dec 2010.

Expansion Out-of-State and Overseas

The award of the SOGT project to our JV with Samsung is only part of our planned out-of-state expansion within Malaysia. Our Sabah and Kuala Lumpur offices are also tasked with pursuing opportunities in both the Civil Works and Oil and Gas contracting markets. We are very optimistic of being able to secure further significant contracts, partly because of our track record and partly because of commitment to employing local managers and staff, transferring skills and technologies, and developing local suppliers and subcontractors.

We continue to work on developing our overseas contracting activities, especially in Fiji, where we already have RM200 million worth of work in progress. We are targeting RM1 billion in Fiji-based contracts in the long term, and have already secured one additional job, which was awarded in February 2011.

the Group has set up a task force to study and evaluate Industrialised Building System (IBS) technology as a construction process.

Mitigation of Labour Costs and Shortages

In view of the current shortage of workers and increasing labour cost, the Group has set up a task force to study and evaluate Industrialised Building System (IBS) technology as a construction process. The Group may collaborate with local universities to conduct detailed R&D into IBS technology.

Message to our Shareholders

The Group's total order book now stands at over RM3.5 billion, with a value-to-run of over RM2.5 billion, which will secure construction division profits for the next 3 or 4 years, and does not include projects currently being bid for.

Our Current Order Book

The Group's total order book now stands at over RM3.5 billion, with a value-to-run of over RM2.5 billion, which will secure construction division profits for the next 3 or 4 years, and does not include projects currently being bid for. However, in order to secure construction revenues and profits for the longer term, the Group is currently bidding for various major infrastructure projects, including oil and gas industry related projects, whose estimated value is RM5.0 billion over the next five years.

NOTE: The order book value of RM3.5 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.

the oil and gas sector has been identified as a key sector and one of the high growth areas under National Key Economic Areas

Oil & Gas Division

The main reason for our positive outlook in oil and gas is that under the Federal Government's Economic Transformation Programme, the oil and gas sector has been identified as a key sector and one of the high growth areas under National Key Economic Areas. Recent discoveries of deep water wells in Sarawak could also spur interest in the oil and gas industry. In addition, State controlled oil major Petronas has also stated its intention to spend some RM40 billion in financial year 2011, which should further boost the oil and gas industry.

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 2011 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 efforts. 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 2010. 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 and as always, the warmest thanks of all are due to you, our fellow shareholders. Despite the economic challenges and uncertainties of recent 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 past economic storms. We sincerely hope that you will continue to give us the opportunity to reward your strong faith in our abilities.

We would also 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. 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.

Finally, we would like to thank our employees once again, for completing almost RM4.4 billion worth of work to date, all delivered on time, within specification and within budget.

Thank you

Datuk Abdul Hamed Bin Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

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 2010 we sold about 500 units of residential and commercial properties to a value of approximately RM144 million. We were able to launch six different products during the year, some of which had been re-designed and re-targeted according to prevailing market and economic conditions. These new launches received an excellent response from buyers, with over 90% of launched properties sold by the end of the year. We also started to receive overwhelmingly positive feedback from buyers regarding our unique 2-year warranty period, first introduced in July 2009.

During the year we carried out extensive preparatory work for a number of new projects and joint ventures to be launched over the next 3 years. 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 under review, 429 homes and commercial properties were sold to a value of RM122 million. There was also a strong continuing demand for shophouses, which we are working to address.

Desa Ilmu
Desa Ilmu, the largest integrated development in Kota Samarahan, Kuching's educational hub, has been an excellent performer but is now almost complete, so sales are therefore reducing on a year-by-year basis. For 2010, we achieved sales of 35 units at a total value of RM6 million.

Desa Rampangi
Desa Rampangi is an 83-acre land package on the Santubong Peninsula, Kuching's booming northern leisure corridor. It is strategically located next to the SPNB Sultan Tengah project (see Construction). Planning has been approved and is expected to be implemented soon.

Review of Operations

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 townhouses and detached houses making up a gated and guarded community in an exclusive low density residential neighbourhood. The development concept is to maintain the gentle undulating terrain and to keep as many of the existing trees as possible. The target buyers will be upwardly mobile professionals, as well as expatriates participating in the Malaysia My Second Home (MM2H) programme. Outline planning has been done, the necessary approvals have been obtained, and the total estimated GDV will be announced once the detailed planning is complete.

Batu Lintang
Our plans for the valuable 33.58-acre land package at Batu Lintang, one of central Kuching's most desirable areas, took a step closer to realization during the year. We have been working closely with two major local charities, Lembaga Amanah Kebajikan Masjid Negeri Sarawak (LAKMNS) and Tabung Baitulmal Sarawak (TBS), to devise a property development strategy which benefits our shareholders and at the same time contributes to the greater good of society. The MOU for the Joint Venture was signed on 22 January 2011.

The JV is 70% owned by Naim, with LAKMNS and TBS holding 15% each. The proposed development will consist of two office towers, a shopping mall, condominiums, hotel, multi-storey car parks and a show room, as well as a water theme park, a roof garden and plenty of green areas. We are confident it will become the largest and most prestigious comprehensive mixed development in the state, combining local and international design expertise and innovation. The advanced construction techniques required, as well as the supporting infrastructure, will provide valuable synergies for our Construction Division. The development is expected to realize an estimated GDV of over RM1.5 billion over a 20 year period.

Riveria
Located at the heart of Kuching's popular southern corridor, on 119 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 been a star performer since its initial launch in 2005 and once again proved its popularity in 2010, when we were able to sell all 29 units launched to a total value of RM14 million. We will be launching Riveria Phase II during the coming year.

Pantai Piasau Residences, Miri
This prestigious residential and commercial development is situated on 49.5 acres of beachfront land, one of the finest piece of undeveloped real estate in Northern Sarawak. The development is a joint venture with Lembaga Amanah Kebajikan Melayu Miri (LAKMM), our first joint venture with a charitable body, on land at Kpg. Pulau Melayu. LAKMM's share of 10 units of completed detached houses and 18 units of detached lots, valued at RM33 million, was successfully handed over on 30 September 2010. The remaining land will be developed in phases to provide 63 detached houses, 34 semi-detached houses, 240 apartments and condominiums, shophouses, a mini-market, a clubhouse and restaurant. The development will target MM2H expatriates as well as affluent local buyers, and is expected to yield a GDV in excess of RM300 million.

Piasau Camp
Another piece of valuable beachfront land within walking distance of Pantai Piasau Residence (above), this 4.5 acre plot is suitable for condominium, resort and marine park development. Planning is in progress to develop this land.

Desa Labang
Currently being held in reserve for future growth, Desa Labang is one of Group's key long term assets. With continuing growth in the petrochemical industry, plus a number of mega-projects such as SCORE slated over the next two decades, 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 relevant agencies on the development of our 36 acre property at the Old Bintulu Airport. This site enjoys a prime central location and we have already obtained approval for a mixed commercial, retail, hotel and residential development. The detailed plans are being finalised and our experience suggests that the estimated GDV would be more than RM1.5 billion.

New Samalaju Township
On 17th December 2010 we signed a Joint Venture Agreement with Similajau Industries Sdn Bhd and the Bintulu Development Authority to jointly undertake the development of the Samalaju New Township, 60 km from Bintulu. The site covering, about 2,200 acres, is located within the Sarawak Corridor of Renewable Energy (SCORE) adjacent to the Samalaju Industrial Park, which will house major energy intensive industries including a polysilicon plant, aluminium smelter and manganese smelter. The township will provide residential accommodation for the employees of these industries, estimated at 5,000 families, and will also include supporting amenities such as educational, medical, shopping and recreational facilities. The total GDV of the project is yet to be precisely determined, but we believe it will be substantial.

Innovations and Developments
During the year we have continued to implement a variety of new property development and marketing strategies, in order to maximize yields from our ongoing business, and to increase overall buyer appeal and profitability in the long term. Foremost amongst these is our ongoing commitment 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 standards, which will improve design flexibility, streamline the purchasing function, reduce labour and materials costs and lead times, and enhance quality and buyer appeal. These standards are laid out in detail in our new Naim Standards Manual.

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 recent economic downturn, demand for luxury homes fell away considerably, but has now started to recover. We are now able to populate the initial phases of any new development with a greater proportion of affordable homes catering to the mass housing market, whilst retaining the flexibility to add additional higher cost properties on short lead times as market conditions improve. This increased flexibility also gives us the option to address niche markets, 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. To implement this, we have already obtained pre-approval from the relevant authorities for a variety of housing types across a broad range of locations.

Real Estate Investment Trusts
Whilst investing in property, especially shophouses, is still popular, there are still risks involved for the small investor, and therefore Real Estate Investment Trusts (REITs) which work to spread those risks are becoming increasingly popular. To capitalize on this we have set up a property investment arm, to own and operate rental properties. The first of these, shopping complex Permy Mall in Bandar Baru Permyjaya, will be fully let by 2011. For future expansion we are looking to retain a proportion of our Batu Lintang, Miri Pantai Piasau Residences, Piasau Camp and Bintulu City Centre developments as rental properties, and will launch a REIT when the rental portfolio has reached sufficient size, ideally around RM1 billion.

Upgrading of Head Office Showroom in Wisma Naim
During the year we carried out an extensive upgrade of our showroom at Wisma Naim, Kuching, achieving a high quality ambience whilst providing more customer friendly contact areas and more effective displays of our housing and commercial property products.

Yet Another Industry Award
We were once again able to add to our considerable tally of industry awards. In January 2010 we were honoured to receive the Sarawak Housing and Real Estate Developers Association (SHEDA) "Top Developer in Residential Development" award for a Public Listed Company.

Review of Operations

Construction Operations

The construction division enjoyed its best-ever year, contributing 68.35% of revenue (RM418.78 million) compared to 61.38% in 2009 (RM347.96 million). This is fully in line with our forecasts for the year, and despite rising costs and worldwide materials shortages, we were able maintain a respectable average gross margin. We also substantially increased our order book, secured additional work overseas, and ventured into new areas of contracting, including our first out-of-state project in Malaysia, the SOGT in Sabah, which was also our first venture into Oil and Gas contracting.

This project is divided into 5 phases. Desa Bahagia Phase 1, which consists of 963 units, was completed ahead of schedule in March 2010.

275KV Bakun-Similajau Transmission Line (Package A)

Our first major project within the Sarawak Corridor of Renewable Energy (SCORE), this contract was secured by Sinohydro-Naim JV, an unincorporated JV in which Naim has 50% stake. The Package A was completed on schedule in July 2010.

Ongoing Projects

As of December 31 2010, RM1.5 billion worth of projects were under construction, and all were progressing on target or ahead of schedule.

Completed Projects

Projects completed during 2010 had a combined value of RM566 million and were completed on time or ahead of schedule.

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 was completed on schedule in June 2010.

SPNB Desa Bahagia, Miri (Phase 1)

The largest of three turnkey projects for Syarikat Perumahan Negara Berhad (SPNB), Desa Bahagia involves the construction of 2,603 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 low-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.

Construction of Bengoh Dam, Kuching

This 63 metre high by 267 metre long dam has a capacity of 144 million cubic metres ($1m^3$ = 1,000kg or 1 tonne) and will produce a lake with a surface area of approximately $10km^2$. Designed to secure Kuching's water supply for the foreseeable future, the dam is only the second in Malaysia to be constructed using Roller Compacted Concrete (RCC) technology, which offers a projected service life of 100 years.

Due to the technical complexity of the project and our strategic objective of leveraging on and learning from the best companies in their respective fields, we worked closely with Sinohydro Corporation of China, whose track record includes the 18,200MW Three Gorges Dam in China and the 2,400MW Bakun Dam in Sarawak. The civil works are complete and the dam is currently awaiting approval for impoundment.

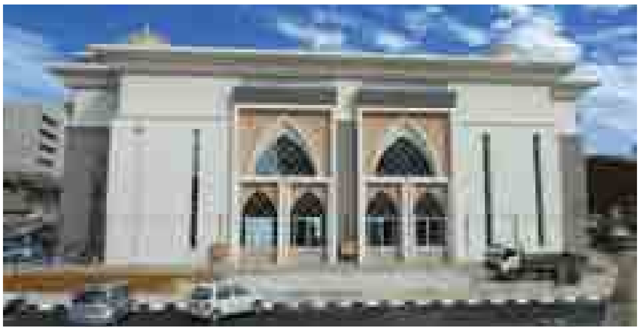
中国水利水电建设集团(马)有限公司
SINOHYDRO CORPORATION(M)SDN. BHD.

Upgrading of Sibu – Matadeng Road
Providing fast and direct access to one of Sarawak's fastest growing regions, this road will help to release the economic potential of Sarawak's coastal heartland. As well as extensive straightening and flattening of the existing road to provide a safe and pleasant driving experience, the project also involved the laying of a main water pipeline along the length of the road.

Construction of Senari Industrial Complex Oil & Gas Jetty, Tanjung Manis
This contract involves the construction of the Senari Industrial Complex Jetty for Oil & Gas. The project is located in Tanjung Manis, Sarawak, and was awarded to Naim by Tanjung Manis OGC Port Sdn Bhd in May 2010. The project is part of the Central Oil Distribution Terminal (CODT) which will distribute oil from Petronas and Shell to the central region of Sarawak, including SCORE. The jetty is expected to be completed in May 2011.

SPNB Desa Bahagia Miri (Phase 2-5)
The remaining phases of Desa Bahagia (Phase 2-5) consist of 1,640 units of residential and commercial units. We are awaiting further instruction from client.

SPNB Sultan Tengah, Kuching
This involves a mixed development of almost 1,975 residential houses and commercial shop lots, complete with ancillary buildings and supporting infrastructure. We have completed the site clearing and earth filling stage to-date and are awaiting plan approval from the client before actual construction proceeds.



Design-Build of Kompleks Islam Sarawak
We were awarded this contract in 2009, to construct a multi-purpose hall and 17-storey tower with 2 basements and 3 levels of podium. The client for this prestige project is Majlis Islam Sarawak and the contract duration is 30 months. Construction work is currently well under way and the project is scheduled for completion by end of 2011.

Construction of 13 Schools
This Federal project was awarded to Naim and a joint venture partner by the Ministry of Education. Naim's parcel involves the construction of eight schools, complete with hostels and ancillary buildings, located throughout Sarawak. It is targeted to complete by October 2011.

Jalan Kampung Semadang – Bau
This 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 August 2012, the road will provide easy vehicular access to both the Bengoh Dam and its associated resettlement scheme.

275kV Bakun-Samalaju Transmission Line (Package B)
We are undertaking a significant part (Package B Part I and II) of the 275KV Overhead Transmission Line from the 3,600 MW Bakun Hydroelectric Project to the Samalaju Industrial Zone, near Bintulu. The project is currently well on schedule for timely completion in January 2012. The experience we will gain by working with Sinohydro Corporation of China will stand us in good stead when we bid for other similar projects, both in Sarawak and regionally.

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 for 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

Review of Operations

announced once they are provisionally awarded. At the time of writing, there are three major projects at the LoI stage.

Flood Mitigation Works, Kuching
This construction project has completed its final study and design revision stage, and we are awaiting the go-ahead from the Federal Government to continue work. Our revised design 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 4,000m^3/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
On 27th October 2010 we were awarded the contract to construct the infrastructure for the Bengoh Resettlement Scheme by Jabatan Kerja Raya Sarawak. This project comprises a mini-township with full urban amenities and infrastructure to provide comfortable permanent homes for the people resettled under the Bengoh Dam project, for which we were also the main contractor. The 324 acre site will accommodate the four kampungs (villages) and provide homes for more than 200 families. A further 704 acres of agriculture land will be prepared for allocation to the resettled families. The scope of works also includes paved roads, gravel roads for the agriculture area, a water supply system and electrical services.

Overseas Operations
Our first steps in our quest to become a major international property and construction player began in 2009 when we were awarded and started work on two major road upgrading projects for the Government of Fiji. We have since secured a further project from the same client. We are confident that our track record of total reliability and timely completion was the key to the award of these contracts, which are being financed by the Asian Development Bank and Exim Bank Malaysia.

The first project, the upgrading of the 9.2 km Kings Road, is to be completed in August 2011. The rehabilitation of the Fiji National Highway is on an ongoing basis with major works to be completed in June 2012. In January 2011 we were awarded a further contract to carry out road pavement rehabilitation in Fiji's northern division. The total value of our contracts in Fiji now stand in excess of RM200 million.

Oil and Gas Division Operations
Our Oil and Gas Division was established in 2006 to aggressively pursue engineering, procurement, construction and commissioning (EPCC) work for the Oil & Gas sector, both upstream and downstream. Since its establishment the division has already achieved the status of a Petronas-licensed contractor (Major Construction and Civil Works), and has subsequently upgraded this license to include M&E. Although it is the youngest member of the Naim business family, the Oil and Gas Division has now moved beyond its early development stage, and during 2010 it secured its first major EPCC project, the Sabah Oil And Gas Terminal (SOGT).

Our Pioneering Oil & Gas EPCC Project with Samsung Engineering Co Ltd, Korea
On 1st September 2010 we received a letter of award from Petronas Carigali Sdn Bhd to construct the Sabah Oil and Gas Terminal (SOGT) in a Joint Venture with Samsung Engineering of Korea. We are delighted with this award, not only because of its high value, but also because of what it says about us as a company; it is our first major award from a blue chip private sector client whose rigorous and stringent procurement policies and tender procedures are amongst the most demanding and transparent in Malaysia.

This unincorporated Joint Venture with Samsung Engineering of Korea (Samsung 90% : Naim 10%) is our pioneering venture into Oil and Gas EPCC contracting, and was secured in an open tender.

This project requires a high level of technical expertise so we are quite content to play a supporting role to Samsung and enjoy a substantial degree of technology transfer for future projects. It involves the construction of an Oil and Gas Distribution Terminal, at Kimanis, which is expected to yield 300,000 barrels of oil and 1.25 billion cu ft of natural gas per day. The terminal, which is scheduled for completion by the end of 2013, will receive crude oil from offshore Sabah, then process and distribute it via the proposed 500km on-shore gas line linking Sabah and Bintulu.

Associate Company – Dayang Enterprise Holdings Bhd.
Miri-based Dayang Enterprise Holdings Bhd. is listed on the Main Board of Bursa Malaysia Securities. As well as its commercial value, our existing controlling 34.2% stake in Dayang offers the Naim Group valuable business synergies and opportunities in its oil and gas contracting operations

Dayang's profit after tax rose 52 per cent to an all time high of RM68 million from RM45 million in 2009, contributing RM24.377 million or 24.9% of our Group's profit after tax for 2010. Dayang's order book also grew to over RM1.6 billion by February 2011.

As a matter of courtesy, as Dayang is an associate and not a subsidiary, we have chosen not to comment in detail on Dayang's operations in this Annual Report. Please refer to Dayang's own Annual Report or their website at www.desb.net.

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, It is currently being superseded by our newly announced Corporate Transformation Plan (CPT), which is modeled on the Government's Economic Transformation Programme (see Message to shareholders)

MANAGEMENT AND ADMINISTRATIVE OPERATIONS

Information Technology
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 2011 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 new Corporate Transformation Plan.

Motivating And Rewarding Our Workforce – KPIs Phase 2
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 our staff and to retain his or her services and long-term commitment and recognition. The benefits accruing from the introduction of these KPIs have been substantial, and therefore their use was extended to all monthly paid staff of the Group on 26 May 2010. We keenly anticipate further increases in productivity and reduced staff turnover as a result. However, KPIs are not the only tool used for performance monitoring; we have also introduced Competency Rating to evaluate behavioural and other soft skills, in order to achieve a balanced appraisal of every employee.

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 63 for further details.

Corporate Social Responsibility
We achieved a number of important milestones during the year. Please refer to the Corporate Responsibility chapter on pages 59 to 62 for details.

Board of Directors

Datuk Abdul Hamed Bin Haji Sepawi, aged 62, was appointed as Chairman of Naim Holdings Berhad on 25th July 2003.

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 62, was appointed as Chairman of Naim Holdings Berhad on 25th July 2003. Prior to the Naim Group's listing he was Chairman of Naim Land Sdn. Bhd. (formerly known as 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 is currently Executive Chairman of Ta Ann Holdings Berhad and Chairman of Sarawak Plantation Berhad and Smartag Solutions Berhad, companies listed on Bursa Malaysia Securities Berhad. He is also the Chairman of a non-listed company, Sarawak Energy Berhad.

Managing Director

Datuk Hasmi Bin Hasnan

Chairman
Risk Management Committee
Corporate Disclosure Committee

Member
Remuneration Committee
Human Resource/KPI Committee
Business Development Committee
Board Executive Committee
Business Process Engineering Committee
Corporate Social Responsibility Committee

Datuk Hasmi Bin Hasnan, aged 58, is the founder of Naim Land Sdn. Bhd. (formerly known as 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 Property man of the year for 2008 by the International Real Estate Federation (FIABCI) in Kuala Lumpur.

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

Datuk Hasmi Bin Hasnan, aged 58, is the founder of Naim Land Sdn. Bhd. (formerly known as 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.

Board of Directors

Dato William Wei How Sieng aged 60 was re-appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

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 60, was re-appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

He began his career as a teacher in the Sarawak State Education Department, later achieving the range of headmaster. From 1990 onwards he ventured into a wide range of businesses including newspaper publication, management, property development, property management, construction, manufacturing and trading. He worked for the Naim Group from 1987 until March 2005, when he resigned as Executive Director. He managed his own group of companies engaged in property development from 2005 till 2009.

Dato William Wei has been appointed a Board Member of the Housing Development Corporation from 2004 to 2011. He is Advisor and immediate past President of Sarawak Housing Real Estate Developers' Association (SHEDA), a Council Member of Malaysian Association of Company Secretaries (MACS) and a Member of Angkat Zaman Mansang (AZAM).

Ms Sulaihah Maimunni aged 54 was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

Executive Director

Sulaihah Binti Maimunni

Chairman
Business Process Engineering Committee

Member
Board Executive Committee

Ms Sulaihah Maimunni, aged 54, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

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

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

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

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 55, 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 Land Sdn. Bhd. (formerly known as 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 was assigned to take charge of the trading, machineries and land acquisition divisions. In April 2011, he was reassigned as Head of Property Division.

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

Mr. Kueh Hoi Chuang, aged 55, was appointed Executive Director of Naim Holdings Berhad on 25th July 2003.

Executive Director
Haji Radzali Bin Haji Alision

Member
Risk Management Committee
Business Development Committee
Business Process Engineering Committee

Haji Radzali Bin Haji Alision, aged 55, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

He first joined Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn Bhd) in January 2005 as the Head of Property Investment & Overseas Business. In January 2008 he became Vice President – Market Intelligence of Naim Holdings Berhad. 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 of 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.

Haji Radzali Bin Haji Alision, aged 55, was appointed Executive Director of Naim Holdings Berhad on 1 February 2010.

Board of Directors

Mr. Leong Chin Chiew, aged 49, was appointed Executive Director of the Company on 12 March 2008.

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 49, was appointed Executive Director of the Company on 12 March 2008.

Mr. Leong holds a Bachelor of Applied Science majoring in Quantity Surveying 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, 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 with from the construction of Institut Kemahiran Belia Negara (IKBN Miri). This project won the first CIDB award for the Naim Group.

Encik Abang Hasni Bin Abang Hasnan, aged 60 was appointed Executive Director of Naim Holdings Berhad on 25th July 2003.

Executive Director
Abang Hasni Bin Abang Hasnan

Encik Abang Hasni Bin Abang Hasnan, aged 60 was appointed Executive Director of Naim Holdings Berhad on 25th July 2003. He received his early education in Government Secondary School, Kanowit and later pursued studies in carpentry and joinery and obtained a Certificate from City & Guilds of London Institute. In 1972 he attended a technical course in wood processing and mechanical and engineering equipment at British Columbia Institute of Technology, Canada.

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

Senior Independent Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad

Chairman
Audit Committee

Member
Nomination Committee
Risk Management Committee

Datuk Haji Hamden Bin Haji Ahmad, aged 62 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.

Datuk Haji Hamden Bin Haji Ahmad, aged 62 was appointed Independent Non-Executive Director on 25th July 2003.

Independent 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 58 was appointed Independent Non-Executive Director on 25th July 2003 and was redesignated as Non-Executive Director on 14 March 2005. On 21 March 2011 he was reinstated as Independent Non-Executive Director. He holds a Bachelor of Engineering (Electrical) from Newcastle University, New South Wales, Australia. He is a registered Professional Engineer with Board of Engineers, Malaysia and also a member of the Institute of Engineer, Malaysia. He was awarded the Pingat Perkhidmatan Bakti (PPB) in 1997.

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

Ir. Abang Jemat Abang Bujang, aged 58 was appointed Independent Non-Executive Director on 25th July 2003.

Board of Directors

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis, aged 65, was appointed Independent Non-Executive Director on 16th February 2005.

Independent Non-Executive Director

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

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

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis, aged 65, was appointed Independent Non-Executive Director on 16th February 2005. He was awarded a degree of Doctor (honoris causa) by Swinburne University of Technology Australia in 2008 in recognition of his eminent contribution to the state of Sarawak. He graduated with a Master of in Business Administration from Brunel University, UK. He also holds a Diploma in Management Science (Finance), Institut Tadbiran Negara Malaysia (INTAN); Certificate of Executive Programme AIM and Senior Executive Fellows Programme, Harvard University, USA.

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

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

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

Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik aged 60 was appointed Independent Non-Executive Director of Naim Holdings Berhad on 28 April 2011

Independent Non-Executive Director

Haji Jeli Bohari Bin Biha @ Jeli Umik

Chairman
Human Resource/KPI Committee

Member
Audit Committee

Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik aged 60 was appointed Independent Non-Executive Director of Naim Holdings Berhad on 28 April 2011.

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

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

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

From 2002, he held various portfolios in the Chief Minister's Office, Kuching as Director, State Human Resource Planning and as Director of Human Resource Development & Quality, until his retirement in August 2006. He is currently a Board member of Yayasan Sarawak and holds directorships in several private limited companies.

Independent Non-Executive Director

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

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.

He holds a BSc (Hons) in Civil Engineering (University of Brighton, UK), an MSc in Structural Engineering (University of Manchester, UK), is a PEng with the Board of Engineers, Malaysia (BEM), a CEng with the Engineering Council, UK, and Honorary Fellow of the ASEAN Federation of Engineering Organisations. He is a Fellow and Past President of the Institution of Engineers, Malaysia, and a Fellow of the Institution of Civil Engineers UK, International Ferrocement Society, Academy of Sciences Malaysia, and ASEAN Academy of Engineering & Technology. He is President of the Malaysian Society for Engineering and Technology and Past President of the Federation of Engineering Institution of Islamic Countries.

Professor Dato' Abang Abdullah began his career as a lecturer at the Faculty of Engineering, Universiti Putra Malaysia, in 1976, became Faculty Dean and 1982 and was awarded a Full Professorship in 1987. He also served as Chairman of the Malaysian Council of Engineering Deans and has held key positions in both public and private sectors, including Board Membership of the Malaysian Highway Authority and the BEM. He also holds a wide range of government advisory positions both in Malaysia and Saudi Arabia. In addition, he has written a book on Industrialised Buildings Systems (IBS) and has conducted extensive research on construction technology. He and his research team developed the Putra Block hollow block building system, winning the Gold Medal at the IEII Geneva (2001) and the CIDB Research Award (2008). He was awarded the Dato' Peduka Mahkota Selangor (DPMS) by HRH Sultan of Selangor in the same year.

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

Please refer to page 147 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 43 for Directors attendance at board meetings held during the financial year.

Senior Management Team

Datuk Hasmi Bin Hasnan
Managing Director

Dato William Wei How Sieng
Chief Operating Officer

Sulaihah Binti Maimunni
Senior Director, MD's office

Kueh Hoi Chuang
Senior Director, Trading & Machineries

Abet Bin Abang Mataim
Chief Financial Officer

Haji Radzali Bin Haji Alision
Senior Director, Property

Leong Chin Chiew
Senior Director, Overseas Projects

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

Sivakumar Ramasamy
Head of 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

Alaric Soh Huang Siah
Senior General Manager, Sales and Marketing

Charles Arthur Bateman
Senior General Manager, Land Acquisition and Administration

Haji Affendi Sapiie
General Manager, Project Procurement

Janang Sawing
General Manager, Project Procurement


Teo King Heng
QA/QC Manager


Beh Boon Ewe
General Manager, Project


Wong See Yong
General Manager, Project


Victor Yee Jiunn Shyan
General Manager, Contracts


Bong Siew Khim
General Manager, Costing


Shirley Noivont David
Head of Internal Audit


Tan Teck Jong
General Manager, Human Resource


Hasmiah Anthony Hasbi
Senior Legal Advisor


Dr Ling Chin Poh
General Manager, Mechanical & Electrical Engineering


Muzamry Dato' Mohamad
Operations Manager


Ting Sing Dien, Patrick
Senior Manager, Trading


Patrick Chieng Kwong Ee
Quality Assurance Manager


Bedindang Nalong
Safety, Health and Environment Manager


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


Siti Hawa Binti Perseh
Project Manager


Shahrom Bin Abdul Razak
Corporate Social Responsibility Manager


Jama'ayah Rajei
Public Relations Officer

Human Resources

The Human Resource Department remains deeply committed in helping the Company to accomplish its objectives and goals to attract and retain the cream of the crop while continually developing, motivating and rewarding its workforce. Our continuous initiatives are inter alia to put the right people in the right job and right place as well as develop employees' potential and productivity while also inculcating a sense of social responsibility towards community services.

Tabung Amanah Naim

Tabung Amanah Naim, is a charitable body which was launched on 12 September 2004. Tabung Amanah Naim is established as part of Naim's Community and Social Responsibility (CSR) Program to provide financial assistance for needy individuals as well as charitable, educational, sports, and cultural activities.

For educational support, Naim provides financial assistance to young and bright local undergraduates to pursue their tertiary education as well as compliment future requirements for quality workforce. Presently, all 8 sponsored students under this scheme who have graduated are working with Naim, holding various positions relevant to their qualification.

Apprenticeship Programme

Besides undergraduates and graduates, our Apprenticeship Program is also open to school leavers who have completed their SPM. Skilled and unskilled employees are also eligible for this program which places the candidates at various sites in accordance to their technical qualifications.

Internship Program

Naim also has an ongoing internship program which provides undergraduate and graduate students opportunities to do their industrial training with Naim as part of their course requirements. In 2010, a total of 32 students underwent their internship program with us.

Succession Planning

As the group strives to build stronger leadership qualities at all levels of the organization, management has taken the initiative to identify and develop pools of talent that could potentially fill and perform well in key roles through its succession planning strategy.

The talents are sourced either internally or externally. Internally, a pool of candidates has been selected as successors. Externally, a recruitment search of top quality graduates through the Naim Management Trainee Scheme (NMTS) has been carried out to offer employment to the selected candidates in the area deemed most suitable for them. The management trainees will be exposed to a dynamic corporate environment with hands-on experience within various divisions in the Group.

A development program will be planned accordingly to equip the successors with the necessary and required competencies to become potential future leaders of Naim. Through this continuous effort, it is our primary aim to create awareness on this succession planning strategy to improve the employees' commitment. This program will also benefit Naim by retaining top talents within the Company.

Employee Opinion Survey
An Employee Opinion Survey was conducted in 2010 on employees at Executive level and above. The main objective of this survey was to enable the Company to obtain data regarding employees' perceptions on these nine dimensions: Customer Service, Work Environment, Communication, Interdepartmental Relationship, Culture and Values, Quality, Leadership, Performance, and Employee Roles.

The survey results have been used to implement changes to policies and practices. These changes can improve employee satisfaction. Among the changes made was the implementation of the Employee Survey for HR, to gauge opinion on HR services. Additionally, a series of Quality Improvement programs have been conducted to educate employees on the need to improve quality and standards. A formal Grievance Procedure has been placed and incorporated into the Employee Handbook to encourage open communication. Besides, a policy of minimum training hours per employee per year is to be adopted.

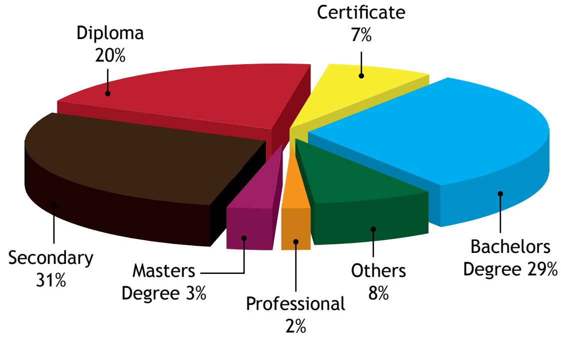
KPI Campaign
The Key Performance Indicators (KPI) Campaign was another major initiative for 2010. Naim has officially rolled out its KPI campaign taglined, "I am KPI Driven", in May for the Kuching division and in June for the Miri branch. The KPI is an indicator that provides information on how far we have succeeded in achieving our personal, department's and company's objectives. It is believed that the KPI drives employees to focus towards promoting a greater sense of accountability. All monthly-paid employees will be reviewed and rewarded based on the results.

Employee Self Service (ESS)
The HR and IT Department formed a co-operation by initiating the Employee Self Services (ESS) on KaizenHR System for all of the Naim office-based employees. This module, implemented at the beginning of 2010, allows employees to log in and manage their personal details. Other applications in the ESS allows for leave application and balance queries, as well as pay slip viewing and printing. A series of briefings have been conducted to familiarize employees with utilization of the module. The second half of the year saw Naim fully utilizing ESS for all office-based employees in Kuching and Miri. Extensions of this service to our offices in Kota Kinabalu and Kuala Lumpur are on the cards.

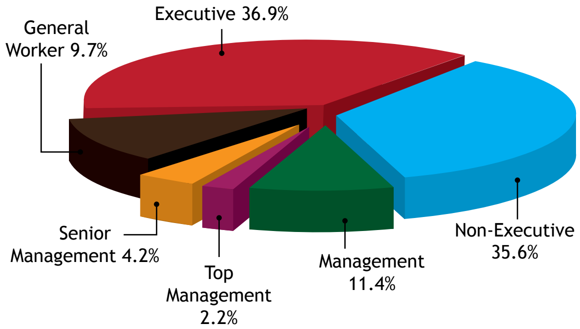
People Investment
Since it is a core value for the Group to develop its workforce to their fullest potential towards personal growth and professional development, a training budget of RM 1.5 million has been allocated for the year, with a total of investment cost spent for staff training amounting to RM0.5 million and a total of 12,717 training hours. As of 31 December 2010, over a hundred of our staff attended public external training both within Malaysia and overseas. The average number of hours of formal learning per employee in Naim increased from eight hours per employee in 2009 to 10.8 hours in 2010.

The Company also invested in professional module and certification programs. In-house training by external consultants included IFCA Modules, KaizenHR, Fire Fighting and Evacuation, Secreterial programs, Tax and FRS Seminars, Sales and Customer Training programs, as well as Project Management programs.

Education Background for Monthly Paid Employee



Manpower Distribution by Job Grades



For 2011, it is recommended that an average of 24 hours of training per employee per year shall be carried out, empowering employees to develop their skills and careers in Naim. Training programs focusing on quality leadership, teamwork, and effective performance will be conducted to equip employees with the required skills and knowledge to stay ahead, be it in – or out – of the workplace.

Our People Strength
Our employees continue to be our strongest, most valuable asset. As of 31 December 2010, of a total of 553 full time staff working at various locations, 61% hold tertiary and technical qualifications, which is an increase of 10% compared to last year. This is in line with our objective to absorb more graduates and employees with technical qualifications into our workforce. A majority of Directors and Senior Managers also possess professional and/or postgraduate qualifications.

With respect to job grades, Senior Management made up 4.2% of the total workforce while Management made up 11.4%. Executive level staff totaled at 36.9% and finally, 45.3% comprised of Non-Executive level staff and General Workers.

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
(resigned as director and ceased to be a member of the Audit Committee on 21 March 2011)

Haji Jeli Bohari Bin Biha @ Jeli Umik
(appointed as member of the Audit Committee on 28 April 2011)
Independent Non-Executive Director

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

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

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

Attendance at Audit Committee Meetings
The Audit Committee met seven (7) times during the year 2010 and the details of attendance are as follows:-

Audit Committee Members	No. of Meetings Attended	Attendance (%)
Datuk Haji Hamden Bin Haji Ahmad	7/7	100
Datu Haji Abdul Rashid Bin Mohd Azis	7/7	100
Sylvester Ajah Subah @ Ajah Bin Subah (ceased to be a member of Audit Committee on 21 March 2011)	7/7	100
Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed as member of Audit Committee on 28 April 2011)	Not applicable	Not applicable

Internal auditors, relevant management staff and when necessary, external auditors, are invited to attend the Audit Committee meetings to discuss the quarterly and year-end results, the audit findings and financial reporting issues.

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

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

1. Reviewed and discussed audited financial statements and the quarterly unaudited financial information with management and both external and internal auditors to ensure compliance with generally accepted accounting principles and Financial Reporting Standards.
2. Discussed with auditors those matters required to be discussed in the Statement on Internal Control.
3. Based on the satisfactory reviews and discussions referred to in 1 and 2 above, the Audit Committee recommended to the Board of Directors :-
   a. that the audited financial statements be approved by the Board and signed by designated Directors; and
   b. that the quarterly unaudited financial information be approved for announcement to Bursa Malaysia Securities Berhad.
4. Reviewed recurrent related party transactions and non-recurrent related party transactions, and reported to the Board on a quarterly basis its review on all commercial relationships between each and every director(s), senior manager(s), major shareholder(s) and any other person(s) or organization(s) connected to the Naim Group, whether directly or indirectly. If and when such commercial relationships existed, the Audit Committee and the Board ensured that such transactions were on normal commercial terms that were not more favourable to the related parties than those generally available to the public.
5. Reviewed and discussed the internal audit plan, scope of work and reports with the internal auditors.
6. Reviewed and discussed the audit plan, scope of work and reports with the external auditors.
7. Reviewed the assistance given by employees to the external auditors.

INTERNAL AUDIT DEPARTMENT

The company is served by an in-house Internal Audit Department. The department is headed by a chartered accountant who holds a Masters Degree in forensic accounting and financial criminology. All internal audit personnel (except for those in support functions, such as secretaries and assistants) possess tertiary qualifications in the field of accountancy or information technology.

Functions:
The functions of the Internal Audit Department are as follows:
1. To analyse, examine and evaluate whether the Group's internal controls over operational activities are effective.
2. To evaluate and ensure that procedures are in place to safeguard the Group's assets.
3. To provide assurance on compliance with statutory requirements, laws, Group policies and guidelines.
4. To assist and enable management to 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 in any aspect of the Group's financial and other business transactions and to enhance the Group's operational performance.
6. To confirm and verify relevant information through rigorous research and to gather information that is relevant, 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 Audit Department is accorded unrestricted access to the Group's operations, functions, records, properties and personnel.

Independence:
The Internal Audit Department is independent of the activities audited by it and is required to perform with impartiality and due professional care. The Internal Audit Department reports directly to the Audit Committee, which evaluates the performance of the Head of Internal Audit.

Duties and Responsibilities:
Each year the Internal Audit Department is required to develop and execute an audit plan to be conducted during the year. Reports on the

Internal Audit Department's activities are to be made to the Audit Committee on a quarterly basis.

The report will include the annual audit plan, as well as independent analyses, appraisals, counsel and any other relevant information on or relating to the activities being reviewed.

Any cases of fraud, whether actual or suspected, and which demand urgent attention, are required to be reported to the Chairman of the Audit Committee and the Managing Director immediately upon discovery by Internal Audit Department staff.

Activity:
In general, the Internal Audit Department is required to address the areas described in the functions outlined above. During the financial year ended 31 December 2010, its internal audit activities covered the following areas:

- Progress of building projects by the Construction Division
- Progress of road projects by the Construction Division
- Operation and financial management of TR Green Sdn Bhd
- Density crusher run control system used on road projects for Naim Engineering Sdn Bhd
- Procurement procedures for machineries for Naim Engineering Construction (Fiji) Limited
- Inventory workshop management for Naim Engineering Sdn Bhd
- Road maintenance by the Construction Division
- Inventory management for Naim Supply & Logistic Sdn Bhd
- Process claims on work done for Naim Engineering Sdn Bhd
- Defects rectification works for the Construction Division
- Rectification works after Defect Liability Period for the Property Division
- Other areas as and when requested by the Board and management.

During the year, reviews of the existing internal controls covered under the audit plan revealed that they were generally satisfactory. In areas where controls were deemed lax, additional measures were recommended for implementation to address any weaknesses in the system.

A total cost of RM398,000 was incurred by the Internal Audit Department in respect of the financial year under review.

AUDIT COMMITTEE - TERMS OF REFERENCE

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

Objectives
The objectives of the Audit Committee are to:-

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

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

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

Authority
The Audit Committee shall :-

a. have the authority to investigate any activity within its terms of reference, enjoy unrestricted access to any information relevant to its activities, and receive unconditional assistance and support from any and all employees of the Naim Group at any time. Accordingly, all employees are directed to cooperate fully and immediately with any request made by the Committee;
b. have the necessary human, financial, technical and material resources required to carry out its duties;
c. be authorized to obtain independent professional advice as and when it considers this to be 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 ensure that it has the necessary authority to carry out its work;
   ii. Evaluate the internal audit programmes and processes, the results of internal audit programmes, processes or investigation undertaken, and whether or not appropriate action is taken based on the recommendations of the Internal Audit Department.

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 the 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 thereto;
   ii. To discuss with the external auditors any problems or areas of concern 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 any and all related party transactions and conflict of interest situations that may arise within the Naim Group, including any transactions, procedures or courses of conduct that raise questions of management integrity. The committee is also required to ensure that the Directors report such transactions annually to the shareholders via the Annual Report.

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

Meetings
Meetings shall be held at least 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 Audit Committee shall be the Company Secretary.

Corporate Governance

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

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

BOARD OF DIRECTORS

The Board of Directors plays a vital role in corporate governance. It is the responsibility of the Board to endorse the organisation's strategy, develop policies, appoint and remunerate key management staff, review and approve business plans, budget and major capital expenditures, monitor the performance and ensure accountability to the shareholders, the relevant authorities and other concerned stakeholders.

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

BOARD COMPOSITION AND BALANCE

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

The Board's composition during the year under review was 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 independent directors. If the number of directors is not 3 or a multiple of 3, then the number nearest 1/3rd shall be used.

On 21 March 2011, Mr. Sylvester Ajah Subah @ Ajah Bin Subah resigned as Independent Non-Executive Director of the Company and on the same date, Ir. Abang Jemat Abang Bujang was redesignated as Independent Non Executive Director.

On 28 April 2011, Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik was appointed as an Independent Non-Executive Director of the Company. Details of his profile is in page 34 of this Annual Report. The Board composition after the changes in the Board is now as follows:

Category	No. of Directors	%
Executive Directors	7	53.85
Non-Executive Directors	1	7.69
Independent Non-Executive Directors	5	38.46
Total	**13**	**100.00**

During the year under review, the Board was served by 13 Board members. 54% of the Board comprises Executive Directors and the balance 46% are Non-Executive Directors. Of the 46% Non-Executive Directors 67% (31% of the total Board) are independent. The Board is made up of diverse group of individuals with broad experience and accomplishments in finance, property, construction, project management and business development, and all have demonstrated the ability to exercise sound business judgment.

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

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

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

Non-Executive Directors do not participate in the routine operations of the Group. Further, the Independent Non-Executive Directors bring unbiased guidance to the Company. They constructively challenge and at the same time contribute to the development of strategies. They scrutinize the performance of management in meeting approved budgets and monitor the reporting of performance. Being independent of management and free of any business or other relationship, they are therefore able to promote arm's-length oversight and at the same time bring independent thinking, views and judgment to bear in decision making. The Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them.

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

The Board has designated one of its independent members, Datuk Haji Hamden Bin Haji Ahmad, as a Senior Independent Non-Executive Director. He is Chairman of the Audit Committee and in addition thereto, he shall continue to act as a liaison between the investment community and the Group's management and the Board. His email contact is hamden.a@naimcendera.com.

BOARD MEETINGS

The Board is responsible for determining the number of meetings to hold each year. During the year under review, the Board met 10 times.

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

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 is responsible for the overall leadership of the Board, whereas the Managing Director oversees and monitor 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,

Name of Director	Date of Appointment /Resignation	Number of Board Meetings attended	Percentage
Datuk Abdul Hamed Bin Sepawi	Appointed on 25 July 2003	9/10	90%
Datuk Hasmi Bin Hasnan	Appointed on 25 July 2003	8/10	80%
Dato William Wei How Sieng	Appointed on 1 February 2010	8/9	89%
Sulaihah Binti Maimunni	Appointed on 1 February 2010	6/9	67%
Kueh Hoi Chuang	Appointed on 25 July 2003	8/10	80%
Haji Radzali Bin Haji Alision	Appointed on 1 February 2010	8/9	89%
Leong Chin Chiew	Appointed on 12 March 2008	9/10	90%
Abang Hasni Bin Abang Hasnan	Appointed on 25 July 2003	10/10	100%
Datuk Haji Hamden Bin Haji Ahmad	Appointed on 25 July 2003	10/10	100%
Ir. Abang Jemat Bin Abang Bujang	Appointed on 25 July 2003	8/10	80%
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Appointed on 16 February 2005	10/10	100%
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	Appointed on 15 May 2007	7/10	70%
Haji Jeli Bohari Bin Biha @ Jeli Umik	Appointed on 28 April 2011	Not Applicable	Not Applicable
Dato Dr. Sharifuddin Bin Abdul Wahab	Appointed on 25 July 2003 Resigned on 31 January 2010	0/1	0%
Ahmad Bin Abu Bakar	Appointed on 6 February 2006 Resigned on 31 January 2010	0/1	0%
Sylvester Ajah Subah @ Ajah Bin Subah	Appointed on 26 February 2007 Resigned on 21 March 2011	10/10	100%

The Board meets at least once every quarter for the purpose of reviewing the Group's past quarterly financial performance against its annual operating plan, budget, future strategy and business plans. 5 additional meetings were convened to deliberate on urgent issues that required the decision of the Board. Members of the management team and/or advisors will schedule presentations during Board and Committee meetings, to provide the Board and/or Committee with additional information that might be considered appropriate with respect to issues, projects, actions and decisions.

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 auditors, senior management staff and company secretaries to attend the meetings when appropriate. Other consultants may also be invited to attend the meetings from time to time.

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

BOARD AND MANAGEMENT RESPONSIBILITIES

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

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 other benchmarking tools deemed relevant such as Earnings per share against competitors in similar industry.

In addition to the above responsibilities, the current business environment poses major challenges for both the Board and management. The Board provides management with targets that tie to Key Performance Indicators (KPI).

At the end of 2010, management announced an ambitious plan to create sufficient sustainable growth to achieve a market capitalization of RM5 billion by 2020. Under this plan, management is currently outlining the strategies for alignment of resources for implementation under the Naim Human Resource Development Program. A workshop was convened in December 2010 to work out the blueprints towards achieving the target. In order to support these group objectives in an increasingly competitive environment, management feels that the requisite human capital is crucial in achieving the long-term goals whilst sustainably maintaining a competitive advantage.

Human Resource Consultants have been hired to undertake the following:

1. An employee satisfaction survey was conducted.
2. Based on the outcome of the survey, career development tracks were redeveloped.
3. Evaluate the applicability and appropriateness of Key Performance Indicators.
4. Adjust pay packages to attract competent staff.
5. Implement recruitment of fresh graduates with excellent results under the management trainee scheme.
6. Accurately define and evaluate staff competencies.
7. Identify potential successors for key positions.
8. Recommend and implement ongoing training and education for the enhancement of long-term business growth.

SUPPLY OF INFORMATION

Prior to every scheduled Board meeting, appropriate written materials relating to the Agenda to be discussed at the meeting will be circulated to all Directors. Management prepares such information in advance of each Board and Committee meeting to allow for adequate review and preparation.

Presentations scheduled during Board and Committee meetings by management and/or consultants and advisors are to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's business.

In addition, Directors have complete and open access to officers and employees of the Group.

The Managing Director, Senior Director, Corporate Services & Human Resource and Company Secretaries are responsible for the preparation and circulation of Board papers.

ACCESS TO ADVICE AND INFORMATION

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

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

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

RESTRICTION ON DEALING IN SECURITIES

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

Additionally, no dealing in the Company's securities is allowed by any director and principal officers from the time when 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, 2 Executive Directors resigned on 31 January 2010 and 1 Executive Director resigned on 31 December 2009. As replacement thereof, 3 Executive Directors were appointed to the Board on 1 Feb 2010. In subsequent year, 2011, 1 Non-Executive Independent Director resigned on 21 March 2011 and a Non-Executive Independent Director was appointed on 28 April 2011 in place thereof.

The general guidelines for appointment to the Board, either to fill a vacancy as a result of a creation of a new post or the resignation or retirement of an existing Director are as listed hereunder.

Acting on the recommendation of the Nomination Committee, the Board appoints the Directors to hold office until the next annual general meeting of shareholders.

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

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

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

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

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

RE-ELECTION OF DIRECTORS

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

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

Directors retiring by rotation are set out below :-

Director	Position	Age	Last Retirement	Year due for Retirement*
Datuk Abdul Hamed Bin Sepawi	Chairman	62	2010	2012
Datuk Hasmi Bin Hasnan	Managing Director	58	2010	2013
Dato William Wei How Sieng	Executive Director	60	2010	2013
Sulaihah Binti Maimunni	Executive Director	54	2010	2012
Kueh Hoi Chuang	Executive Director	55	2011	2014
Haji Radzali Bin Haji Alision	Executive Director	55	2010	2013
Leong Chin Chiew	Executive Director	49	2011	2014
Abang Hasni Bin Abang Hasnan	Executive Director	60	2011	2014
Datuk Haji Hamden Bin Haji Ahmad	Senior Independent Non-Executive Director	62	2009	2012
Ir. Abang Jemat Bin Abang Bujang	Independent Non-Executive Director	58	2009	2012
Datu (Dr) Haji Abdul Rashid Bin Mohd. Azis	Independent Non-Executive Director	66	2011	2014
Professor Dato' Abang Abdullah bin Abang Mohamad Alli	Independent Non-Executive Director	59	2010	2013
Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed on 28 April 2011)	Independent Non-Executive Director	60	2011	2014

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 acquire new skills, and at the same time to enable them to discharge their duties effectively and efficiently. Newly appointed directors have to understand some of the basic concepts of the Bursa Malaysia Securities Listing Requirements and they are 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 Sepawi	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Datuk Hasmi Bin Hasnan	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Telling the Truth Session (11 July 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Dato William Wei How Sieng	• Mandatory Accreditation Programme on by Bursatra Sdn. Bhd. (14-15 April 2010) • Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Telling the Truth Session (11 July 2010) • Affordable Housing Projects by Marcus Evans (2-3 August 2010) • Tricor – JK Tax Seminar by JK Corporate Services (25 October 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Sulaihah Binti Maimunni	• Mandatory Accreditation Programme on by Bursatra Sdn. Bhd. (14-15 April 2010) • Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Engagement vs Activitism-Achieving The Right Balance?, The Changing Landscape of Independent Directors-Actual vs Views from the Boardroom by Bursa Malaysia (29-30 June 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Kueh Hoi Chuang	• Mandatory Accreditation Programme on by Bursatra Sdn. Bhd. (14-15 April 2010) • Successor Planning & Career Development Talk by OD Management Consultants (29 July 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Haji Radzali Bin Alision	• Mandatory Accreditation Programme on by Bursatra Sdn. Bhd. (14-15 April 2010) • Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Making Transformation Happen by Breakthrough Performance (8 July 2010) • Telling the Truth Session (11 July 2010) • Successor Planning & Career Development Talk by OD Management Consultants (29 July 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Leong Chin Chiew	• Arabic Language Class by Mohammad Ihsan Bin Haidzir (15-20 May 2010) • The Institution of Surveyors Malaysia 50th Anniversary Celebration 1 Day (25 May 2010) • Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Successor Planning & Career Development Talk by OD Management Consultants (29 July 2010) • Affordable Housing Projects by Marcus Evans (2-3 August 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Abang Hasni Bin Abang Hasnan	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Successor Planning & Career Development Talk by OD Management Consultants (29 July 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Datuk Haji Hamden Bin Haji Ahmad	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • The 6th Asia Pacific Audit & Governance Summit 2010 by Columbus Circle (29-30 June 2010) • Audit Committee Institute Roundtable Discussion titled: Going Forward: Risk & Reform-Implications for Audit Committee Oversight by KPMG (7 July 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Ir. Abang Jemat Bin Abang Bujang	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • Internal Control & Risk Management by ACCA (20 August 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • World of Risk Based Audit (11 – 12 October 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli	• Directors' Training Workshop - Meeting Bursa's Financial Reporting Timelines (15 June 2010) • World Engineering Congress 2010 (2-5 August 2010) • An overview of FRS 139 and FRS7 and their implementation issues, MASB IC 15 Agreements for the Construction of Real Estate by KPMG (19 March 2010)
Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed on 28 April 2011)	• Not applicable

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 / KPI Committee
- Business Development Committee
- Business Process Engineering Committee
- Corporate Disclosure Committee
- Corporate Social Responsibility Committee

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

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

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

Summary of committee membership is as follows:-

Name of Directors/ Management staff	AC	NC	RC	RM	HR/KPI	BD	BE	BPE	CDC	CSR
Datuk Abdul Hamed Bin Sepawi		C √				C √	C √			C √
Datuk Hasmi Bin Hasnan			√	C √	√	√	√	√	C √	√
Dato William Wei How Sieng				√	√	√	√	√		
Sulaihah Binti Mamunni							√	C √		
Kueh Hoi Chuang				√	√	√		√		
Haji Radzali Bin Haji Alision				√		√		√		
Leong Chin Chiew, Edmund				√	√	√		√		
Datuk Haji Hamden Bin Haji Ahmad	C √	√		√						
Ir. Abang Jemat Bin Abang Bujang			C √		√			D/A √		
Datu (Dr) Abdul Rashid Haji Azis	√	√	√		√					
Professor Dato' Abang Abdullah bin Abang Mohamad Alli										√
Haji Jeli Bohari Bin Biha @ Jeli Umik	√				C √					
Abet Bin Abang Mataim				√			√			
Kho Teck Hock, Ricky				√	√			√	√	√
Bong Siu Lian									√	
Wong Ping Eng, Christina				√						
Sivakumar Ramasamy				√				√		
Affendi Bin Sapiie						√				
Wong See Yong								√		
Tan Teck Jong					√			√		
Shirley Noivont David, IA				√						
Patrick Chieng								√		
Shahrom Bin Abdul Razak										√
Wong Ching Sen								√		
Total No. of members	**3**	**3**	**3**	**11**	**9**	**7**	**5**	**13**	**3**	**5**

Notes

C	:	CHAIRMAN
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
D/A	:	DIRECTOR/ADVISOR
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. However for 2010, the Executive Directors' individual performance was reviewed by the Chairman and all Independent Non-Executive Directors due to the introduction of Key Performance Indicators (KPIs) for Executive Directors and the need to discuss their impact more widely.

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 investment community, media and the public. Naim recognizes that all investment community, media and the public shall have equal access to material information through the widest possible publicly disseminated disclosure.

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

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

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

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

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

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

The Company follows the following main principles in its investor relations:-

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

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 was 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 operation shift, 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.

An employee handbook was launched in early 2011 as a guide to all employees. It contains a series of rules, regulation and policies about the Group's operations. It is used to instill awareness of key policies among the employees and at the same time safeguard the Group's interests, financially and legally.

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 corporate social responsibility.

The Group's Code of Ethics guides the behaviour and performance of all Employees and Directors. It sets forth the basic principles 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 company that adheres to high ethical, moral and business standards.

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

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

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

CORPORATE RESPONSIBILITIES STATEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

CSR had been incorporated into the long term objective of the Group and it is an ongoing commitment. Corporate responsibility enables social and environmental concerns to be integrated in the business operations strategies to enable socially responsible decisions to be made in conformance to ethical behaviour, whilst creating shared value for our stakeholders including our employees, property buyers and the communities in which we operate, whilst at the same time providing good returns for shareholders.

We are committed to being an active and responsible member of the communities where we do business. We grant assistance via our education sponsorship initiatives, support of non government institutions, and donations to charitable activities and organization.

Naim's homes are constructed with the foremost attention given to providing a high quality of life to our home buyers. The need of a person is considered as the most important issue when deciding on a new dwelling. Quality of life is connected to pleasures and satisfaction of individual and social need and desires; i.e. the quality of the homes they live in, the bedrooms they sleep in, the kitchens they cook in, the living room they relax in, and the environment in which they take their morning or evening stroll, enjoying the green surrounddings. Surveys were conducted to gauge the need of home buyers and their level satisfation. From their feedback, Naim homes have been designed based on buyers' quality of life needs.

For more details of CSR activities please see pages 59 - 62.

COMPENSATION OF DIRECTORS

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

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

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

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

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

Non-Executive Directors are entitled to 2 kinds of remuneration

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

As 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 2010 are as follows:

No. of Executive Directors	Range of Remuneration
1	Above RM1,950,001 to RM2,000,000
1	Above RM950,001 to RM1,000,000
2	Above RM550,001 to RM600,000
1	Above RM450,001 to RM500,000
1	Above RM400,001 to RM450,000
1	Above RM250,001 to RM300,000
No. of Non-Executive Directors	
1	Above RM1,000,001 to RM1,050,000
1	Above RM100,001 to RM150,000
4	Above RM50,001 to RM100,000

MANAGEMENT SUCCESSION

Succession planning was ranked high risk by the Risk Management Committee. To mitigate the risk, the Board has instructed for a roadmap on succession planning to be worked out and to identify competencies and train suitable second liners for key positions. Management succession is currently reviewing and implementing recommendations to ensure the availability and sustainability of capable executives who are ready to assume primary or critical roles.

The Nomination 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 review the Group's financial position and the results of its operations. At the same time, the management has to ensure that the financial statements are prepared in accordance with the appropriate and applicable Malaysian statutory accounting requirements and drawn up on a consistent basis supported by prudent judgments and estimates.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

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

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

INTERNAL CONTROL SYSTEMS

The 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 authorized and recorded. The internal control systems are described in full in the Statement of Internal Control on page 58 of this annual report.

RELATIONSHIP WITH AUDITORS

The functions of the Audit Committee in relation to the external auditors and internal auditors are set out in pages 40 & 41 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

Total cumulative treasury shares as at 31 December 2010 was 13,056,000.

During the financial year ended 31 December 2010, the Company did not purchase any of its own shares. In addition, none of the treasury shares were resold or cancelled.

Options, Warrants or Convertible Securities

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

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

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

Sanctions and Penalties

Save as disclosed below, there were no sanctions or penalties imposed on the Company, its subsidiaries, directors and management during the financial year:-

On 20 January 2010, the Group 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 Group's equity interest in Dayang Enterprise Holdings Bhd. ("DEHB") in the Group'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 Group'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 and its affiliates by the Group in the financial year ended 31 December 2010 amounted to RM587,000.

Variation in Results

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

Profit Guarantee

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

Revaluation Policy

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

Utilization of Proceeds

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

Related Party Transactions

The related party transactions are disclosed on pages 134 to 135 of the Annual Report.

Material Contracts

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

Supplementary Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010 into realised and unrealised profits or losses, pursuant to the directive of Bursa Malaysia Securities issued in December 2010, is disclosed in Note 38, page 141 of this Annual Report.

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
Chairman

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

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

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

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

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

- **Relevant Knowledge**
  Board members must possess commercial knowledge, business acumen and experience.
- **Strategy and Vision**
  With the requisite knowledge as mentioned previously, Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends and evaluating strategies.
- **Business Judgment**
  Shareholders rely on the Board to make rational and sensible decisions on their behalf to bring about a reasonable return to their investments. The Board has to maintain a track record of sound business decisions that add value to the long-term strategic advantage of the Company.
- **Financial Management Skills**
  Board members must be capable of monitoring management's performance through having an adequate knowledge of financial accounting and corporate finance.
- **Industry Knowledge**
  Businesses normally face new challenges and new opportunities which are unique to the industry. The Committee will recruit and/or maintain an appropriate level of industry-specific knowledge on the Board.
- **Time Commitment**
  Service on the Board demands a considerable commitment of time to attend and participate in regular and special meetings of the Board and its committees. A large portion of this time is devoted to reviewing materials relating to the business and preparing for meetings of the Board and its committees.
- **Other Directorships**
  The Committee will also take into consideration whether a Director is otherwise retired or to be retired from full time employment and, thereby, able to take up additional directorships.
- **Conflict of interest**
  Candidates are required to disclose to the Board details of any contract or other interest involving the Company in which they have a personal interest.
- **Independence**
  A director shall be considered independent if he does not have any direct or indirect relationship with Naim that may impair, or appear to impair, the director's ability to make independent judgments and satisfies the requirements of "independence" of the Listing Requirements.

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

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

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

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

NOMINATION COMMITTEE – TERMS OF REFERENCE

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

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

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

One Nomination Committee meeting was convened during the year under review.

REMUNERATION COMMITTEE

The Remuneration Committed 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
Independent Non-Executive Director

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

Sylvester Ajah Subah @ Ajah Bin Subah
(Resigned as Director on 21 March 2011
and ceased to be a member of the Remuneration Committee)

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

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

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

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

REMUNERATION COMMITTEE – TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

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

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

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

Note: Directors' Remuneration for 2010

The Remuneration Committee did not meet during 2010 to deliberate on Excutive Directors' remuneration. This was due to the introduction of Key Performance Indicators (KPIs) for Executive Directors and the need to discuss their impact more widely. Instead, Executive Directors' remuneration was deliberated and determined at various Board meetings by the Chairman and all Independent Non-Executive Directors in the absence of the Executive Directors.

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

Dato' William Wei How Sieng
as member of the Risk Management Committee
Executive Director/Chief Operating Officer

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

Haji Radzali Bin Haji Alision
as member of the Risk Management Committee
Executive Director

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

Abet Bin Abang Mataim
(appointed member of the Risk Management Committee effective 25 May 2010)
Chief Financial Officer

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

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

Sivakumar Ramasamy
(appointed member of the Risk Management Committee effective 24 November 2010)
Head of Engineering & Construction

A representative from the Internal Audit Department

Board Committees

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	9.08%
Executive Directors	5	45.44%
Management Staff	4	36.40%
Internal Auditor	1	9.08%
Total	**11**	**100.00%**

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

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

a. Composition

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

b. Duties and Responsibilities

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

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

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
Chairman

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

Dato William Wei How Sieng
as member of the Board Executive Committee
Executive Director/Chief Operating officer

Sulaihah Binti Maimunni
as member of the Board Executive Committee
Executive Director

Abet Bin Abang Mataim
as member of the Board Executive Committee
Chief Financial Controller

The composition of directors and management participation in the Board Executive Committee is as follows:-

Category	No. of directors	Percentage
Non-Executive Director	1	20%
Executive Directors	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:-

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

within the 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:-

Haji Jeli Bohari Bin Biha @ Jeli Umik
(appointed Chairman of Human Resource/KPI Committee on 28 April 2011)
Independent Non-Executive Director

Datuk Hasmi Bin Hasnan
as member of the Human Resource/KPI Committee
Managing Director

Dato William Wei How Sieng
as member of the Human Resource/KPI Committee
Executive Director/Chief Operating Officer

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
Independent Non-Executive Director

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

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

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

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

Category	No. of directors	Percentage
Independent Non-Executive Directors	3	33.33%
Executive Directors	4	44.45%
Management Staff	2	22.22%
Total	**9**	**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
Chairman

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

Dato William Wei How Sieng
as member of the Business Development Committee
Executive Director/Chief Operating Officer

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

Haji Radzali Bin Haji Alision
as member of the Business Development Committee
Executive Director

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

Affendi Bin Sapiie
as member of the Business Development Committee
General Manager, Project Procurement

Board Committees

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

Category	No. of directors	Percentage
Non-Executive Director	1	14.29%
Executive Directors	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:-

a. to review the market analysis, feasibility studies and recommendations for potential projects or contracts;
b. to conduct strategic analysis of projects, contracts, real estate deals and land acquisition deals;
c. to gather market intelligence and to understand both our direct and indirect competitors;
d. to develop contacts/exchanges of information and maintain good relations with government, authorities, ministries, property developers and others; and
e. 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
as Director/Advisor of the BPEC
Independent Non-Executive Director

Sulaihah Binti Maimunni
as Chairman of the BPEC
Executive Director

Datuk Hasmi Bin Hasnan
as member of the BPEC
Managing Director

Dato William Wei How Sieng
as member of the BPEC
Executive Director/Chief Operating Officer

Kueh Hoi Chuang
as member of the BPEC
Executive Director

Haji Radzali Bin Haji Alision
as member of the BPEC
Executive Director

Leong Chin Chiew
as member of the BPEC
Executive Director

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

Sivakumar Ramasamy
as member of BPEC
Head of Engineering & Construction

Wong See Yong
as member of BPEC
General Manager, Project

Tan Teck Jong
as member of the BPEC
General Manager, Human Resource

Patrick Chieng Kwong Ee
as member of BPEC
Quality Assurance Manager

Wong Ching Sen
as member of BPEC
Manager (Project Implementation/Coordination Kuching Section)

John Kenneth Carpenter
ceased to be employed on 15 November 2010 and accordingly he ceased to be a member of BPEC

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

Category	No. of directors	Percentage
Independent Non-Executive Director	1	7.70%
Executive Directors	6	46.15%
Management Staff	6	46.15%
Total	**13**	**100.0%**

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:-

a. to review the current work-flows within the organisation structure;
b. to detect process weak points and to modify processes where gains can be obtained with low costs;
c. 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
d. 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

Mr. Kho Teck Hock, Ricky
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 director 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
Chairman

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

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

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

Shahrom Bin Abdul Razak
as member of the CSR Committee
Corporate Social Responsibility Officer

The structure of directors and management participation in the CSR Committee is as follows:-

Category	No. of directors	Percentage
Independent Non-Executive Director	1	20.00%
Non-Executive Director	1	20.00%
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 voluntary good behaviour and credibility of the Board which will create a good governance culture for the entire organization and its business partners.

Responsibility

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

Risk Management Framework

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

Key Processes of Internal Control

The key processes of Internal Control are summarised as follows:

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

This statement is made in accordance with a resolution of the Board of Directors dated 28 April 2011.

Corporate Social Responsibility

As a company, we feel that we have a powerful moral obligation not merely to abide by the law, but to have a positive and proactive impact on every individual and organization we come into contact with in the course of our business. We have always taken into consideration the interests of the communities in which we operate and have always assumed full responsibility for the impact of our business activities on customers, suppliers, employees, shareholders, communities and the environment. In recent years, we have also began to move away from the traditional view that corporate responsibility is about special initiatives and philanthropic efforts; at Naim, Corporate Responsibility is an essential and integrated component of everything that we do.

QUALITY, HEALTH, SAFETY AND THE ENVIRONMENT (QHSE)

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 and statutory requirements prescribed.

I Improve the QHSE management system through training, regular audit and review.

M Manoeuvre towards Zero Defects in Quality, Health, Safety and the Environment.

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

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 the Integrated Management System comprising ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007, which will enter its 5th year of implementation in 2011.

Corporate Social Responsibility

Quality
We owe a great deal of our success to excellent quality management, and the subsequent delivery of top quality products and services, a fact that is acknowledged by a string of quality awards over the last few years. During 2009 we introduced a Zero Defects Policy for all our property operations, requiring a massive in-house communication and training effort, which has in turn enabled us to introduce an unprecedented 2-year warranty to home buyers.

Following on from this success, we introduced the new Naim Standards Manual in December 2010 to further enhance our Zero Defects programme. The Manual comprises of a set of standards which exceed all current industry norms and are to be used by all employees, consultants, sub-contractors and suppliers with respect to quality and uniformity in materials and equipment used in both the property and construction divisions.

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

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

As a result of these guidelines rigorously enforced Healthy Workplace and Zero Accident Policies we have once again achieved positive results, with no work-related illnesses or significant accidents being reported during 2010.

Environmental Responsibility
We recognize that the Naim Group's continued growth and ability to operate depend on how successfully we reconcile our financial objectives with environmental protection and community well-being. Our performance as a company will increasingly be evaluated on how we do in all the three areas. Through the full integration of environmental objectives into our business plans and ongoing capital investment in existing and new operation facilities, we are making steady progress towards sustainability.

It gives us great satisfaction to state that our operational facilities, development projects, conceptual and technical designs and operations not only meet, but in many cases exceed the requirements set out in government regulations. We continually strive to improve environmental performance by setting and reviewing measurable objectives and targets associated with our operations. We are delighted to note that others recognize our environmental efforts too; on 2 November 2010 we the received Sarawak Chief Minister's Environmental Award (CMEA) 2010 in the Large Enterprises – Construction category.

CORPORATE PHILANTHROPY

Tabung Amanah Naim
Over the last few years, the Naim Group has donated generously to various social and charitable organizations. However, following the Group's listing, the Board felt it necessary for the sake of transparency and good corporate governance, for the bulk of the Group's charitable activities to be directed through a dedicated special purpose vehicle. Therefore the Group set up the Tabung Amanah Naim (Naim Trust Fund) on 12 September 2004. The fund was launched with a corporate donation from the Naim Group and personal donations from the Directors. These sums are topped-up and expanded on an annual basis by donations from the Group and its subsidiaries. The Fund is controlled by a Board of Trustee and has the following objectives:

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

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

- Candidates must be of age 21 year and below.
- Open only to candidates from public universities and other institutions of higher learning (IPTAs). Private colleges and universities are not included.
- Candidates with STPM results with minimum of 2As and 1B including a pass in General Studies.
- Possess strong leadership qualities, high scholastic achievements and notable participation in extra curricular and sporting activities.
- Not bonded or holding any scholarships or receiving financial assistance from any other organizations or bodies.

To date Naim has awarded scholarship to 8 students via the trust fund, who have all graduated and are now working in Naim.

We have identified a further five local students for scholarship awards and they will be commencing their studies during 2011. We are also for the first time offering scholarships to qualified Fijian students who wish to pursue their degree level study overseas. Two reputable universities were identified for the Fijian students; the Swinburne University in Kuching and Curtin University of Technology in Miri, and the selection process is currently under way.

Corporate Donations
We donated RM2.2 million donations during the year. Please see the list of activities and events on the following pages. We are pleased to note that the total sum of donations and scholarships awarded in the eight years since our listing now stands at over RM11 million.

Corporate Social Responsibility Activities & Events

Naim Glitter Nite Party in Miri, 15 January 2010
Naim organized a Glitter Nite Party for members of the media in Miri. The party was held at Ulu Mulu, Marina Bay, Miri.

Naim hosted appreciation dinner for RELA in Miri, 6th February 2010
On 6th February 2010, Naim Miri hosted an appreciation dinner for RELA Miri at the Dynasty Hotel Miri. Present at the dinner were the Miri Police Head of Public Order and Traffic Division, ASP Zamry bin Alli, and Miri Rela Officer, En. Abdul Rashid bin Ibrahim.

Chinese New Year Open House, 27th February 2010
In conjunction with Chinese New Year 2010, Naim held a Chinese New Year Open House in Miri on 27 February 2010 at Alyssa Show House, Bandar Baru Permyjaya Miri.

Naim donates RM10, 000 to "Ulu Baram Community Outreach Programme", 23rd March 2010
As part of its Corporate and Social Responsibility (CSR) commitment Naim Holdings Berhad (NAIM) donated RM10, 000 to Kuching Specialist Hospital Sdn Bhd. for its Ulu Baram Community Outreach Programme.

The donation is to meet part of the cost of medication and other health supplements for the benefit of the residents living in the interior of the Baram.

Labour Day Celebration, 1 May 2010
Hundreds of people comprising Naim staff, residents of Bandar Baru Permyjaya and members of the public thronged the Naim Labour Day celebration at Dewan Dato' Permaisuri, Permyjaya, Miri.

Gawai Open House, 19th June 2010
In conjunction with Gawai celebration 2010, Naim held its Gawai Open House at Calista Show House in Desa Pujut 2, Permyjaya Miri.

Corporate Social Responsibility Activities & Events

Majlis Berbuka Puasa Naim 2010 at Pullman Hotel, 25 August
In conjunction with the month of Ramadan Naim organized a Majlis Berbuka Puasa at the Pullman Hotel Kuching.

Majlis Berbuka Puasa & Charitable Donations to Mosques and Suraus in Samarahan & Miri, 23 & 27 August
On 23 August, Naim made domations to the Darul Ilmu Mosque, Deas Ilmu, and 6 Suraus in Kota Samarahan. Guest of Honor was the Resident of Samarahan Division, YBhg. Puan Rodzhariah binti Haji Morshidi.

A similar event was held on 27 August in Miri, where Naim contributed to 15 Suraus and a Mosque, the Masjid Ar-Rayyan in Permyjaya. Guest of honor was the Resident of Miri, Mr. Ganie Ugay.

Permyjaya Hari Raya Open House, Miri, 19 September
In conjunction with the Hari Raya celebration 2010, Naim held its Hari Raya Open House at Veronica Showhouse in Desa Pujut 2, Permyjaya Miri.

Naim Open House & Handover of House Keys to Lembaga Amanah Kebajikan Melayu Miri, 30 September
Naim hosted an Open House and Key Handover Ceremony for Lembaga Amanah Kebajikan Melayu, Miri. The guest of honor was Sarawak Chief Minister Yang Amat Berhormat Pehin Sri Abdul Taib Mahmud. Also present were Yang Berhormat Datuk Patinggi Tan Sri Dr. George Chan Hong Nam and Yang Berhormat Datuk Amar Haji Awang Tengah bin Ali Hassan.

Ramah Tamah Aidil Fitri with Managing Director of Naim, 3 October
In conjunction with Hari Raya celebration, Naim Managing Director, Datuk Hasmi bin Hasnan, held a Ramah Tamah Aidil Fitri at the Hilton Hotel Kuching.

Naim Supports Program Pintar Peringkat Negeri Sarawak & Program Nasional Sejahtera (National Smart Programme), 6 October
Chief Minister of Sarawak, Yang Amat Berhormat Pehin Sri Abdul Taib Mahmud officiated at the Majlis Pelancaran Program Pintar Peringkat Negeri Sarawak.

Naim Sponsors Community Outreach Programme to Pulau Bruit-Daro, 9 November
Naim Holdings Bhd donated RM20,000 in support of the community outreach programme to Pulau Bruit organized by the Kuching Specialist Hospital (KcSH). The objective is to get medical equipment and supplies to the area.

Naim donated to family members of victims of Tatau boat tragedy, 23 December
Naim Holdings Berhad donated a total sum of RM50,000 to family members of 13 people who perished in the express boat tragedy on 18 October at Sungai Anap in Tatau. Desmond anak Peter, aged 10, who lost both his parents and a sister, received RM20,000 while two others, Nickonimus Imang Jau and Noria Lina anak Wilfred received RM10,000 respectively. Both Nickonimus and Noria lost their respective Father. The amount for the three children would be utilized as Education Fund to enable them to study until they reach the age of 18.

Naim Christmas Open House, Miri, 26 December
The residents of Bandar Baru Permyjaya as well as members of the public flocked to join the Naim Children's Christmas Colouring Contest at Laurelia Showhouse on 26th December 2010.

Investor Relations Activities

Naim has always made every effort to develop and maintain close long term relationships with its stakeholders. Its key focus on investor relations activities is to consistently update and inform shareholders, institutional investors and research analysts with relevant comprehensive, transparent and prompt information on the Group. It achieves this through quarterly financial reports, regular announcements through the printed and other media, the Annual Report and other regular activities to inform shareholders and analysts about the development of its business as well as important events within Naim.

Naim regularly participates in and organizes visits, road shows, briefing, meetings and presentations locally and abroad for fund managers as well as investment analysts. This is done to develop a long-term relationship of trust among existing and future stakeholders, and to enable them to have an informed and realistic opinion of the company's profitability, strategic positioning, and associated opportunities as well as risks. It is through such activities that Naim's corporate management strategies and current developments are discussed with interested parties who will gain fair and necessary disclosure of information. Such activities are regularly led and conducted personally by the Managing Director, Datuk Hasmi Hasnan, and Senior Director of Corporate Services & Human Resource, Mr. Ricky Kho (email: ricky.kho@naim.com.my), who communicate directly with interested parties on prominent matters.

As one of the leading players in the property and construction industry in Malaysia, Naim has been regularly invited to participate in international road shows and to date it has enjoyed positive and consistent coverage from AmResearch, OSK Securities, KAF and TA Securities , to name just a few. Naim also gets regular visits from its major shareholders, analysts, fund managers and other potential investors including Employees Provident Fund, Lembaga Tabung Haji, Permodalan Nasional Berhad, Affin Securities, ECM Libra, TA Securities and Maybank 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 stakeholders to have an informed and realistic opinion of the Group's profitability, strategic positioning, and associated opportunities as well as risks.

Visit by Fund Managers and Investment Analysts to Naim, 22 January
A group of visitors from RHB Bank, Tabung Haji, Etiqa Insurance and PERKESO made a working visit to Naim Kuching Branch Office.

Courtesy Visit by MIDF Amanah Investment Bank Berhad, 27th April
MIDF Amanah Investment Bank Berhad made a courtesy visit to Naim's Kuching office.

Working Visit by MIDF, 20 July
On the 20th July 2010, Naim received a working visit by Malaysian Industrial Development Finance Berhad (MIDF) to the Bengoh Dam Project. The objective of the site visit was to get a better understanding of Naim's business operations.

Visit by AM Investment Group, 4 February
Naim played host to AM Investment Group who were on a visit to Naim Kuching Branch office on 4 February 2010.

Visit by Maybank Investment Bank Berhad , 25th May
A group of fund managers from Maybank Investment Bank Berhad made a working visit to a Naim project site.

Working Visit by RAM, 21st April
A group of Senior Officials from Rating Agency Malaysia visited Naim on 21st April 2010 as part of their working visit to Kuching.

Permodalan Nasional Berhad (PNB) Visit, 20-21 December
Permodalan Nasional Berhad made a working visit to Naim. On hand to receive them were Managing Director, Datuk Hasmi Bin Hasnan, Senior Director, Corporate Services and Human Resource, Ricky Kho, Senior Director, Property, Haji Radzali Alision, Senior General Manager, Alaric Soh and Sales and Marketing Manager Kuching, Gary Kho.

Naim set to revise order book target upwards

Naim, Cahya Mata in RM1.5b project

Tie-up to build township for industrial park workers

THERE WILL BE SCHOOLS, A POLICE STATION, MEDICAL FACILITIES, COMMERCIAL CENTRES AND RECREATIONAL FACILITIES

Naim aims to be RM5 billion company

Jalan Selangau-Matadeng, Mukah upgrading may be completed by year-end

Naim ahead in SPNB project

Naim implements road rehabilitation project in Fiji

Sinohydro-Naim JV job a boost for sentiment

But analysts still unclear how it will benefit local firms

Naim donates to families of Tatau boat tragedy

纳音利比亚 发展综合计划

Naim, CMS to develop Samalaju New Township with BDA

Naim's assurance

Naim to ride on increasing contract flows — Analysts

Diary of Corporate Events 2010

Naim won the Top Developer in Residential Development, 29 January
29 January was a proud day for Naim when it won the SHEDA "Top Developer in Residential Development" award for Public Listed Company. Naim Senior Director, Property, Tuan Haji Radzali bin Alision, received the award from YB Datuk Amar Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, Minister of Housing and Urban Development, at the SHEDA Annual Dinner 2010 on 29th January at Borneo Convention Centre Kuching.

Naim at Bintang Mall Miri, 8 – 10 January
The Naim sales booth was well patronized by members of the public who were attracted by the Naim Special offers on the New Year Exhibition at Bintang Mall Shopping Complex in Miri.

Courtesy Call by Miri Deputy Resident to Naim Sales, 20 January
Miri Deputy Resident, Encik Abdul Aziz bin Mohd. Yusuf, paid a courtesy visit to Naim Sales Office in Miri.

Property Road Show at Boulevard Shopping Complex Miri, 19 - 21 February
In conjunction with Chinese New Year 2010, Naim participated in a Property Exhibition at Boulevard Shopping Mall Miri on 19th to 21st February.

Naim at CIMB Bank, 22 February
Naim opened a sales booth at CIMB Bank at Jalan Perry, Miri, in conjunction with the Chinese New Year 2010 promotion.

Naim at Maybank Road Show, 23 February
Naim took part in the Maybank Road Show in Miri. This one day event was held at Boulevard Shopping Complex.

Working Visit by Sarawak State Secretary to Selangau Matadeng Site, 8 March
The Sarawak State Secretary, YB Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani, made a working visit to our Selangau Matadeng site.

Training on 2 FRSs – FRS 7, Financial Instruments: Disclosures and FRS 139, Financial Instruments: Recognition & Measurement, 15 – 17 March
20 Naim staff attended 2-day training on 2 FRSs – FRS 7, Financial Instruments: Disclosures and FRS 139, Financial Instruments: Recognition & Measurement. It was jointly organized by Naim and Weida Group. The training was conducted by KPMG Kuala Lumpur and held at the Pullman Hotel Kuching.

Working Visit by Sarawak Minister of Infrastructure Development and Communication to Selangau Matadeng Site, 9 March
Naim had the pleasure to receive a working visit by the Sarawak Minister of Infrastructure Development and Communication, YB Dato Sri Michael Manyin anak Jawong, together with Assistant Minister – Communication, YB Datuk Lee Kim Shin and Assistant Minister – Infrastructure Development, YB Datuk Haji Daud bin Abdul Rahman, to the Selangau Matadeng site on 9th October 2010.

Signing Ceremony of Tenancy Agreement between Naim Realty Sdn Bhd and GCH Retail (Malaysia) Sdn Bhd (GCHR), 30 March
On 30th March 2010, Naim through its wholly-owned subsidiary Naim Realty Sdn Bhd signed a tenancy agreement with GCH Retail (Malaysia) Sdn Bhd (GCHR). The signing was held at the Istana Hotel Kuala Lumpur and was witnessed by the Mayor of Miri City, YBhg. Mr.Lawrence Lai. Signing on behalf of Naim Realty was Naim Chairman YBhg. Datuk Abdul Hamed Sepawi while Chief Operating Officer Mr. Tom Herriott represented GCH Retail (Malaysia) Sdn Bhd.

Diary of Corporate Events 2010

Secretaries Week-Looking good feeling great, 24 April
In conjunction with Secretaries Week 2010, about 30 Naim staff comprising secretaries and administrative personnel attended a "Looking Good Feeling Great!"workshop. The workshop was held on 24th April at Merdeka Palace Hotel Kuching, conducted by celebrity couple Mr. Christien New and his wife Lavin Seow (former Miss Malaysia/ World Runner Up) and organised by UCSI Extension, Sarawak.

The Permy Mall Exhibition, 8 May
Naim held a Permy Mall Exhibition at the Community Hall, Permyjaya, Miri. This 1-day exhibition was officiated by His Honour the Mayor of Miri, Mr. Lawrence Lai.

Naim signs the MoU with Cahya Mata Sarawak and Bintulu Development Authority to develop Samalaju New Township, 10 May
Naim, through its wholly-owned subsidiary Naim Cendera Sdn Bhd, signed a Memorandum of Understanding with Cahya Mata Sarawak and the Bintulu Development Authority to jointly undertake the development of the Samalaju New Township. The signing ceremony was held at the Pullman Hotel, Kuching on 10th May, 2010. Signing on behalf of Naim was Dato William Wei, Naim Chief Operating Officer, with CMS Group Managing Director, Datuk Richard Curtis, and General Manager BDA, Datu Mohidin Ishak, signing for their respective organizations.

Naim at "Career and Employment Fair", 21 May
Naim participated in a "Career and Employment Fair" at Swinburne University of Technology Sarawak Campus in Kuching. Naim's participation in this fair is to create awareness and to inform the public of the opportunities that Naim can offer to the graduates of the university.

Ground breaking Ceremony - Rehabilitation & Maintenance of National Highway Suva- Nadi- Lautoka- Rakiraki, 1 June
The Ground Breaking Ceremony was held at Lomolomo, PWD Quarry, Lautoka, Fiji on 1st June 2010. The ground breaking ceremony was officiated by Fijian Prime Minister, The Right Honourable Commodore Josaia Voreqe Bainimarama and witnessed by Mr. Paula, Acting Permanent Secretary for Ministry of Works, Transport and Public Utilities, Mr. Apisai Ketenilagi, Director of the Department of National Roads, Mr. John Prasad, Permanent Secretary of Ministry of Finance, Encik Nor Azam, Malaysia Acting High Commissional Fiji, Naim Group Chairman, Datuk Abdul Hamed bin Sepawi, Managing Director, Datuk Hasmi bin Hasnan, Senior Independent Non-Executive Director, YB Datuk Hj. Hamden bin Haji Ahmad, Independent Non-Executive Directors, Datu (Dr.) Haji Abdul Rashid bin Mohd. Azis and Professor Dato' Abang Abdullah bin Abang Mohamad Alli and Dr. Sharifuddin bin Abdul Wahab.

Naim Launches KPI Campaign, 26 May
Naim Holdings Berhad held a launching ceremony to officiate the roll-out of its Key Performance Indicator (KPI) campaign at Wisma Naim, Kuching.

Naim 8th Annual General Meeting, 15 June
Naim held its 8th Annual General Meeting on 15th June 2010 at Ground Floor, Wisma Naim.

Directors' Training Workshop, 15 June
Naim organized a Directors' Training Workshop on Meeting Bursa Financial Reporting. The workshop was held after the 8th Naim Annual General Meeting at Wisma Naim, Kuching. It was conducted by Mr. Azizan Zakaria and Ms. Yee Chai Yun from PricewaterhouseCoopers.

Diary of Corporate Events 2010

Visit by Samsung Engineering Co. Ltd., 29 June
Naim had the pleasure of playing host to a group from Samsung Engineering Co. Ltd. on 29th June 2010 at Naim office in Kuala Lumpur. The group was lead by Mr. Sung Il Hong, Manager – Hydrocarbon Plant Business Development & Marketing Department III, Mr. Yong Seok Lee, Manager- Hydrocarbon Plant Business Development & Marketing Department III, Mr. Il Young Ahn, Gas Project Management Division Associate and Mr. Byung Jun Shin, Assistant Manager – Gas Project Management Division.

Naim Signed MoU for the collaboration of Smart Cities in China, 29 June
Naim has signed a Memorandum of Understanding for the collaboration of Panyu Smart Cities on 29th June 2010. Parties involved in the MOU were the Guangzhou Panyu Economy and Trade Promotion Bureau, the Miri City Council, the Institute Of Digital Guangdong and Naim Holdings Berhad. The signing ceremony was held at Renaissance Kuala Lumpur Hotel.

Site Visit for the Proposed ASSAR Senari Industrial Complex (ASIC II) Project, 6 July
Naim Engineering Sdn Bhd has been awarded by Assar Senari Holdings Sdn Bhd a RM22 million contract to build jetty at Tanjung Manis, Sarawak for the Oil & gas operation. Present during the site familiarization ceremony was the Chief Executive Officer of Assar Senari Holdings Sdn Bhd, Syeed Mohd Hussain, Naim Holdings Berhad's Chief Operating Officer, Dato William Wei and an Independent Director of Naim Holdings Berhad, YB Datuk Haji Hamden Ahmad.

Telling the Truth Training, 10-11 July
Naim held its "Telling the Truth Training" at the Kingwood Hotel, Sibu. The purpose of the seminar is to emphasize the importance of keeping daily site dairies, collecting and sharing of information and to tell the truth. Most common defects and their prevention were also covered during the training. A total of 134 participants took part drawn from Naim's Senior Project Managers, Project Managers, Site Supervisors & Site Personnel.

Prime Minister's Visit to Miri, 22 July
A large crowd comprising residents of Bandar Baru Permyjaya and members of the public gathered at Institute Kemahiran Belia Negara (IKBN), Miri to welcome the Prime Minister YAB, Datuk Patinggi Mohd Najib Bin Tun Haji Abdul Razak. The Prime Minister was visiting rural locations around Miri and made a stopover at IKBN before leaving for Kuala Lumpur. Amongst the crowd of well wishers was our own MD/CEO, Datuk Hasmi Hasnan.

Make-Up & Beauty Workshop, 23 July
Naim organized a Make Up and Beauty Workshop for its staff. The objective of the workshop is to provide Naim staff with additional personal grooming knowledge as well as to keep abreast with the current make-up trends. The workshop was conducted by Carol Karen and Errol from Scentiments Fragrance and Cosmetics.

Train to Peak – Interpersonal Skills to give Professionals the Edge, 30 - 31 July
13 Naim Sales & Marketing staff attended a 2-day training on “Train to Peak-Interpersonal Skills to give Professionals the Edge” conducted by Mr. Fabian Fidelis of Dwell Solution Provider. It was held at the Curtin University of Technology, Miri, Sarawak.

Property Roadshow at E-Mart Miri, 6 - 8 August
In conjunction with our Naim Merdeka Raya Promotion 2010, Naim organized a roadshow at E-Mart Miri. The Naim sales booth was well patronized by members of the public who were attracted by Naim’s special promotions.

Working Visit by Jinan University to Naim, 14 September
Naim had the pleasure of playing host to a Chinese delegation from the Jinan University on the 14/9/2010 to 15/9/2010. The Jinan delegation was led by University Vice President, Mr. Ye Qin, Deputy Director-Development & Planning Office and in his delegation were Mr. Liu Qihui, Director-Teaching Affairs Office, Mr. Zhang Ronghua, Director-Finance Office, Mr. Chen Weigang and Deputy Director-International Affairs Office, Mr. Li Lijia.

Courtesy Call on Sabah Chief Minister, 7 October
On 7/10/2010 the Chairman of Naim Holdings Bhd. Datuk Abdul Hamed Sepawi, together with Managing Director Datuk Hasmi bin Hasnan, paid a courtesy visit on the Chief Minister of Sabah.

Diary of Corporate Events 2010

Signing Ceremony for Engineering, Procurement, Construction & Commissioning of SOGT Project between Petronas Carigali Sdn Bhd, Naim Engineering Sdn Bhd & Samsung Engineering Co, Ltd, 18 October
Present were CEO for Petronas Carigali Sdn Bhd, Datuk Abdullah Karim, Naim Chairman, Datuk Abdul Hamed Sepawi, and Samsung Engineering's CEO, Park Ki-Seok.

Visit by Directors of Public Works Department Fiji, 14 October
On the 14/10/2010, Naim received a working visit by 2 officers from the Public Works Department, Fiji namely Mr. Apisai Ketenilagi, the Director for the Department of National Roads (DNR) and Mr. Atunaisa Nayago, the Resident Engineer of Rehab.

SHEDA Home & Property Roadshow, 29 - 31 October
In conjunction with SHEDA (Sarawak Housing & Real Estate Developers Association) Home & Property Roadshow, Naim participated by etting up a sales booth at Bintang Mega Mall.

Naim Won CM's Environmental Award 2010, 2 November 2010
Naim Chief Operating Officer, Dato William Wei, received the award from Yang Berhormat Datuk Amar Haji Awang Tengah bin Ali Hassan, Minister of Planning and Resource Management, at the Majlis Penyampaian Anugerah Alam Sekitar Ketua Menteri Sarawak 2010 at Borneo Convention Centre Kuching.

29 November, Visit by SUTL Group of Companies from Singapore
Naim received a visit by the SUTL Group of Companies from Singapore. The group was led by its Executive Chairman and CEO of SUTL Group, Mr. Arthur Tan.

Launching of Naim Standards Manual
On the 1st December 2010, Naim Holdings Berhad held a launching ceremony of its "Naim Standards Manual". These standards are slated towards its commitment for better quality control in products and services offered. The launching ceremony was held at Wisma Naimand officiated by Naim Managing Director, Datuk Hasmi bin Hasnan.

Corporate Transformation Programme
On 18th December 2010 we held a "Property Transformation Programme" at the Riverside Majestic Hotel, Kuching. The objective of this programme is to set a target for the Naim Group to achieve within the next ten years time as well as to identify new markets.

Economic Outlook

OUTLOOK FOR THE MALAYSIAN ECONOMY

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2011 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.

Bank Negara Malaysia - Annual Report 2010
Outlook for the Malaysian Economy in 2011

The Malaysian economy is projected to grow by 5–6% in 2011. Growth is likely to improve during the course of the year with better growth performance in the second half of the year. The growth momentum will be underpinned by strong domestic demand, emanating primarily from private sector activity. Private consumption will be supported by favourable labour market conditions, higher disposable incomes, sustained consumer confidence and ready access to financing. Private investment is expected to remain strong, supported by capital spending by the domestic-oriented industries given the high levels of capacity utilisation and positive business confidence, as well as the implementation of key initiatives announced by the Government under the Economic Transformation Programme (ETP). Meanwhile, the public sector will remain supportive of growth, with higher capital spending projected in the second half of 2011. This is mainly resulting from the implementation of new projects and the acceleration of on-going projects to promote private sector activity.

On the supply side, all economic sectors are expected to expand in 2011, supported mainly by the continued growth of domestic demand. The services and manufacturing sectors are expected to grow at a more moderate pace given the high statistical base of 2010 with the expansion being driven by domestic demand dependent sub-sectors. Trade-related services and export-oriented manufacturing industries, however, will record slower growth, in line with the expected moderation in external demand. Meanwhile, growth in the agriculture and mining sectors is projected to strengthen, benefiting respectively from the expected turnaround in the production of industrial crops amid high commodity prices and the higher output of natural gas following the opening of two new gas fields. Further progress of on-going infrastructure projects and new projects due for implementation under the ETP will provide the impetus for the construction sector.

Malaysian Institute of Economic Research (MIER)
(25th April 2010, http://www.mier.org.my/outlook/)

In Malaysia, economic growth is projected to moderate to 5.2% yoy in 2011, before rising to 5.5% in 2012. Structural impediments in net exports will drag down overall GDP growth in 2011, while domestic demand likely strong due to supportive government policy measures. The CSI moderated to 108.2 in 1Q11 on weaker access to finances and firming inflationary expectations. In contrast, firms' outlook remains bright as suggested by stronger BCI of 113.3 and CEO of 118.1. The property sector is reasonably healthy (RPI of 130.0). Mimicking the trend in CSI, RTI also eased to 99.1. With GDP growth within the potential level of 5.0-6.0%, coupled with manageable CPI forecast of 3.2% YOY in 2011; the BNM is expected to lift the OPR marginally higher to 3.25% by end-2011. As the economy gathers momentum in 2012, CPI may edge higher to 3.3% prompting further hikes in OPR to 3.50%. The RM/USD is projected to hit 3.05 in 2011 on larger capital inflows. Improving macroeconomic fundamentals will see an average RM/USD of 2.95 in 2012.

Ministry of Finance - Malaysian Economic Report Q4 2010
(www.treasury.gov.my/pdf/ekonomi/sukutahun4_2010.pdf)

On the domestic front, the Malaysian economy will continue on its expansion path in the first two quarters of 2011. This is reflected by the Leading Index, which increased from 172.4 points in June 2010 to 183.7 points in December 2010. On the demand side, growth is expected to emanate from private consumption and higher investment activities. On the supply side, growth will be supported by continued expansion in the services and manufacturing sectors.

World Bank - East Asia and Pacific Economic Update
(March 2011, www.worldbsnk.org)

Looking ahead, GDP growth is expected to forecast at 4.8 percent in 2011 and 5.7 percent in 2012. The driver of growth will likely remain domestic private demand, which is expected to be dampened by fiscal consolidation and external demand uncertainty. Inventory restocking should moderate, with private consumption and, perhaps to a lesser extent, private fixed investment filing in that slack.

Downside risks relate to the external environment, particularly with respect to euro area concerns and fiscal imbalances in advanced economies more generally. Policy-induced moderation in China and other emerging East Asian economies may also dampen exports along with private consumption growth. Large subsidy cuts and rising international commodity prices could also hold back consumer spending. Upside risks relate chiefly to the Government of Malaysia's recently announced Economic Transformation Program, where bolder-than-expected implementation efforts could help raise confidence and investment.

Doing Business 2011 (World Bank Publication)
(www.doingbusiness.org)

Malaysia eased business start-up by introducing more online services. Malaysia's introduction of online stamping reduced the time and cost to transfer property.

Note: Malaysia was ranked in the top 10 most improved economies and 23rd of 183 overall for ease of doing business for 2011 by Doing Business 2011

OUTLOOK FOR THE SARAWAK ECONOMY

Bernama (National News Agency)
(16 April 2011)

Two Third Majority Win For BN Means Stability & Continuity For Business Community

With the two-thirds majority win by Barisan Nasional in the 2011 Sarawak state election, it has meant stability and continuity for the business community as well as other sectors in the state for the next five years. It also means that the government can push ahead with its economic development programmes for the benefit of the people, especially with initiatives under the Economic Transformation Programme (ETP) and Sarawak Corridor of Renewable Energy (SCORE) that will bring about more business and job opportunities.

Over the past few months, Sarawak has been attracting a lot of attention from investors. As of January 2011, two projects with investments amounting to RM187.7 million have been approved, including basic metal products as well as the wood products industries. Some top industries that have been identified as potential investments in Sarawak are glass, steel, palm oil, fishing and aquaculture, livestock, tourism, marine engineering, timber-based, aluminium and the oil-based industry.
According to business consultancy Oxford Business Group, Sarawak, being the largest state in Malaysia, has substantial amounts of land available for development as well as plentiful natural resources like natural gas and petroleum."But the government sees even more potential for investment in the state outside of these traditional areas," it added.
In 2010, Sarawak attracted RM3.9 billion in both foreign and domestic direct investments, placing it fourth in the country. Between 2006 and 2010, Sarawak has continuously ranked among Malaysia's country's top five states in terms of investment, attracting a total of RM29.4 billion during the period.
In 2010, 43 projects were approved in the state, with private investments totalling RM3.95 billion, of which RM3.55 billion or 90.1 per cent was foreign direct investments (FDIs) and RM400m or 9.9 per cent, direct domestic investments (DDIs). These projects are expected to create a total of 7,083 job opportunities.

CH Williams, Talhar & Wong – Sarawak Property Market Outlook 2011
(http://www.wtwy.com/reports/view/10/wtw-property-report-2011)

Overall property prices which have been on the steady rise since 2009 will continue to increase slightly due to increasing costs of construction materials, land and labour but will remain competitive next year. The most saleable types of residential properties are still terraced houses followed by semi-detached units whilst 3-storey shophouses are preferred to their 4-storey counterparts. The design layout and features of new houses in the Sarawak market, especially in the capital of Kuching are also now becoming more savvy in meeting the modern customers' needs and tastes. Commercial properties, mainly in the form of shophouses, still enjoy strong demand particularly those within or close to established business and residential centers.

Recent launches indicate good sales rates although this may change with more upcoming commercial developments slated for launch in 2011. Obvious changes, if any, will only be felt and seen in 2012 and 2013 when the 10th MP and SCORE projects are fully underway and when the spin-off effects on demand as a result of increasing labour force and per capita income in the State, are more evident.

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

Malaysian Rating Corporation Berhad – The State of Sarawak
(August 2010, www.marc.com.my)

The Sarawak Corridor of Renewable Energy (SCORE), which is one of the five regional development corridors in Malaysia, is an important catalyst for future growth for the state. The main focus of SCORE is to leverage on Sarawak's energy resources, particularly hydropower (28,000 MW), coal (1.46 billion tonnes) and natural gas (40.9 trillion square cubic feet). These resources will, in turn, allow Sarawak to price its energy competitively and at the same time stimulate investment activities in power generation as well as energy-intensive industries that will enhance economic well-being in the central region. The 10 industries that will spearhead the SCORE are the aluminum, glass, steel, oil-based, palm oil, fishing & aquaculture, livestock, timber-based, marine engineering and tourism industries.

Thus far, interest in the corridor has been quite forthcoming, evidenced by the cooperation agreement signed by China's state owned company State Grid Corporation of China (SGCC) and a Malaysian company, 1Malaysia Development Berhad (1MDB) in January 2010. The agreement was sealed for the purpose of undertaking investment activities in an aluminum smelter plant and three hydropower dams for a total of USD11 billion.

Oxford Business Group – Economic Update Sarawak: Growth Areas
(26 April 2011, www.oxfordbusinessgroup.com)

As part of the Sarawak Corridor of Renewable Energy (SCORE) project, the state is now expanding its focus to include a greater emphasis on industry. One focal point in this effort will be Bintulu, which has been identified as one of the main growth areas in the SCORE corridor.
SCORE aims to encourage investment in renewable energy projects as well as energy-intensive businesses, making use of the state's ample natural resources to drive the creation of a vibrant industrial sector. The core of this is the state's energy resources of 28,000 MW, of which 20,000 MW is sourced from hydropower. The corridor is expected to attract total investment of RM334bn ($110.7bn).

Financial Statements

Directors' Report
for the year ended 31 December 2010

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 2010.

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

Results	**Group RM'000**	**Company RM'000**
Profit for the year attributable to:		
Owners of the Company	97,750	82,633
Minority interests	2,157	-
	99,907	82,633

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

i. a second interim dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,000 in respect of the year ended 31 December 2009 on 14 April 2010; and

ii. a first interim dividend of 5.0 sen per ordinary share of RM1.00 each totalling RM11,847,000 in respect of the year ended 31 December 2010 on 11 October 2010.

On 28 February 2011, 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 2010. The dividend was subsequently paid on 8 April 2011.

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

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

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

Datuk Abdul Hamed Bin Haji Sepawi
Datuk Hasmi Bin Hasnan
Dato William Wei How Sieng
Sulaihah Binti Maimunni
Leong Chin Chiew
Kueh Hoi Chuang
Haji Radzali Bin Haji Alision
Abang Hasni Bin Abang Hasnan
Datuk Haji Hamden Bin Haji Ahmad
Ir. Abang Jemat Bin Abang Bujang
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
Professor Dato' Abang Abdullah Bin Abang Mohamad Alli
Tuan Haji Jeli Bohari Bin Biha @ Jeli Umik (appointed on 28 April 2011)
Sylvester Ajah Subah @ Ajah Bin Subah (resigned on 21 March 2011)

Directors' Report
for the year ended 31 December 2010

Directors' interests in shares
The interests of those who were Directors 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 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
Direct interests in the Company				
Datuk Abdul Hamed Bin Haji Sepawi	12,150,000	-	-	12,150,000
Datuk Hasmi Bin Hasnan	29,168,850	-	-	29,168,850
Kueh Hoi Chuang	144,100	-	4,400	139,700
Leong Chin Chiew	24,000	-	-	24,000
Haji Radzali Bin Haji Alision	1,500	-	-	1,500
Sylvester Ajah Subah @ Ajah Bin Subah	34,000	-	-	34,000
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
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd. (now known as Naim Premix Sdn. Bhd.)	2,100,000	600,000	-	2,700,000
Naim Binaan Sdn. Bhd. (formerly known as Aktif Majusama Sdn. Bhd.)	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
Naim Engineering Construction (Fiji) Limited ("NECFL")	999,999	-	-	999,999
Naim Quarry (Fiji) Limited ("NQFL")	-	999,999	-	999,999
Naim Premix (Fiji) Limited ("NPFL")	-	999,999	-	999,999
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB")	1	998	-	999
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
Naim Housing Sdn. Bhd.	1,000	-	-	1,000
Plus Viable Sdn. Bhd.	2,100,000	600,000	-	2,700,000
Naim Binaan Sdn. Bhd.	7,000,000	-	-	7,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
NECFL	999,999	-	-	999,999
NQFL	-	999,999	-	999,999
NPFL	-	999,999	-	999,999
NECSB	1	998	-	999

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

Directors' interests in shares (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 2010 did not have any interest in the shares of the Company and of its related corporations during and at the end of the financial year.

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

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

Issue of shares and debentures
There were neither changes in the authorised, issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

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

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

i. all known bad debts have been written off and adequate provision made for doubtful debts, and

ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i. that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii. that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 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 2010

Subsequent events
Dayang Enterprise Holdings Bhd. ("DEHB"), an associate of the Company, effected a bonus issue of 88,000,000 new ordinary shares of RM0.50 each on 10 February 2011, of which 31,671,675 ordinary shares of RM0.50 each were issued to the Company. The Company has on 28 February 2011 subscribed for its entitlement of 39,589,593 ordinary shares of RM0.50 each to the rights issue by DEHB for a total cash consideration of RM43,549,000.

In April 2011, the Company disposed of 10,000,000 ordinary shares of RM0.50 each in DEHB for a total cash consideration of RM20,743,000, net of transaction costs. The resultant group interest in DEHB has decreased from 35.99% to 34.17% as at the date of this report.

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

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

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 28 April 2011

Statements of Financial Position as at 31 December 2010

		Group			Company	
	Note	31.12.2010 RM'000	31.12.2009 RM'000 (restated)	1.1.2009 RM'000 (restated)	31.12.2010 RM'000	31.12.2009 RM'000
Assets						
Property, plant and equipment	3	123,690	108,239	77,808	22	33
Prepaid lease payments	4	2,506	2,618	2,730	-	-
Investment in subsidiaries	5	-	-	-	329,962	279,962
Investment in associates	6	168,080	149,363	146,897	108,819	108,819
Investment in joint ventures	7	8,669	10,957	7,882	-	-
Land held for property development	8	110,443	110,492	102,296	-	-
Investment property	9	20,871	3,574	464	-	-
Intangible assets	10	9,639	2	898	-	-
Deferred tax assets	11	2,282	1,414	832	-	-
Other investments	12	48	476	450	-	-
Total non-current assets		446,228	387,135	340,257	438,803	388,814
Inventories	13	32,714	27,136	24,350	-	-
Property development costs	14	217,182	241,336	240,066	-	-
Trade and other receivables	15	308,094	292,574	276,602	8,373	11,897
Deposits and prepayments	16	4,011	10,323	5,008	-	-
Current tax recoverable		7,181	8,562	12,516	2,639	2,564
Cash and cash equivalents	17	39,214	90,096	57,121	240	10,900
Total current assets		608,396	670,027	615,663	11,252	25,361
Total assets		1,054,624	1,057,162	955,920	450,055	414,175
Equity						
Share capital	18	250,000	250,000	250,000	250,000	250,000
Reserves	19	474,015	402,363	337,651	116,894	57,955
Total equity attributable to owners of the Company		724,015	652,363	587,651	366,894	307,955
Minority interests	2(a)(v)	15,449	21,961	24,228	-	-
Total equity		739,464	674,324	611,879	366,894	307,955
Liabilities						
Loans and borrowings	20	20,712	10,078	3,436	-	-
Deferred tax liabilities	11	48,495	51,646	53,748	-	-
Total non-current liabilities		69,207	61,724	57,184	-	-
Loans and borrowings	20	104,401	130,921	54,054	57,500	45,000
Trade and other payables	21	137,200	183,123	232,039	25,661	61,220
Current tax payable		4,352	7,070	764	-	-
Total current liabilities		245,953	321,114	286,857	83,161	106,220
Total liabilities		315,160	382,838	344,041	83,161	106,220
Total equity and liabilities		1,054,624	1,057,162	955,920	450,055	414,175

The notes on pages 87 to 141 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	22	612,691	566,920	118,635	30,821
Cost of sales	22	(448,252)	(437,395)	-	-
Gross profit		164,439	129,525	118,635	30,821
Other income		4,894	5,028	-	-
Selling and promotional expenses		(2,614)	(3,764)	-	-
Administrative expenses		(56,598)	(31,747)	(5,975)	(1,907)
Other expenses		(745)	(889)	-	-
Result from operating activities		109,376	98,153	112,660	28,914
Finance income	23	3,801	694	-	-
Finance cost	23	(7,596)	(2,818)	(3,757)	(2,665)
Net finance costs		(3,795)	(2,124)	(3,757)	(2,665)
Share of results of:					
- equity accounted associates		26,400	15,897	-	-
- joint ventures	7	62	3,606	-	-
Profit before tax	22	132,043	115,532	108,903	26,249
Income tax expense	25	(32,136)	(30,542)	(26,270)	(3,492)
Profit for the year		99,907	84,990	82,633	22,757
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		154	(35)	-	-
Fair value changes of available-for-sale financial assets		(102)	-	-	-
Total other comprehensive income for the year		52	(35)	-	-
Total comprehensive income for the year		99,959	84,955	82,633	22,757
Profit attributable to:					
Owners of the Company		97,750	84,981	82,633	22,757
Minority interests		2,157	9	-	-
Profit for the year		99,907	84,990	82,633	22,757
Total comprehensive income attributable to:					
Owners of the Company		97,852	84,946	82,633	22,757
Minority interests		2,107	9	-	-
Total comprehensive income for the year		99,959	84,955	82,633	22,757
Basic/Diluted earnings per ordinary share (sen)	26	41.25	35.85		

The notes on pages 87 to 141 are an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2010

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		------------Attributable to owners of the Company------------									
		-----------*Non-distributable*-----------						*Distributable*			
At 1 January 2009		250,000	86,092	26,370	(33,469)	-	-	258,658	587,651	24,228	611,879
Total comprehensive income for the year		-	-	-	-	(35)	-	84,981	84,946	9	84,955
Shares issued by subsidiaries	34	-	-	-	-	-	-	-	-	289	289
Own shares acquired	19	-	-	-	(1,279)	-	-	-	(1,279)	-	(1,279)
Dividends paid to:											
- owners of the Company	27	-	-	-	-	-	-	(18,955)	(18,955)	-	(18,955)
- minority interests		-	-	-	-	-	-	-	-	(2,565)	(2,565)
At 31 December 2009		250,000	86,092	26,370	(34,748)	(35)	-	324,684	652,363	21,961	674,324
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	(Note 19)					
At 1 January 2010											
- as previously stated		250,000	86,092	26,370	(34,748)	(35)	-	324,684	652,363	21,961	674,324
- effect of adopting FRS 139	37	-	-	-	-	-	102	(3,457)	(3,355)	58	(3,297)
At 1 January 2010, restated		250,000	86,092	26,370	(34,748)	(35)	102	321,227	649,008	22,019	671,027
Total comprehensive income for the year		-	-	-	-	154	(102)	97,800	97,852	2,107	99,959
Gain arising from changes in group composition		-	-	-	-	-	-	849	849	-	849
Dividends paid to:											
- owners of the Company	27	-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
- minority interests		-	-	-	-	-	-	-	-	(6,154)	(6,154)
Acquisition of minority interests	34	-	-	-	-	-	-	-	-	(834)	(834)
Disposal of subsidiaries	34	-	-	-	-	-	-	-	-	(1,689)	(1,689)
At 31 December 2010		250,000	86,092	26,370	(34,748)	119	-	396,182	724,015	15,449	739,464
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	(Note 19)					

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		------------ Attributable to owners of the Company ------------				
		----------- *Non-distributable* ----------			*Distributable*	
At 1 January 2009		250,000	86,092	(33,469)	2,809	305,432
Total comprehensive income for the year		-	-	-	22,757	22,757
Dividends paid to owners of the Company	27	-	-	-	(18,955)	(18,955)
Own shares acquired	19	-	-	(1,279)	-	(1,279)
At 31 December 2009/1 January 2010		250,000	86,092	(34,748)	6,611	307,955
Total comprehensive income for the year		-	-	-	82,633	82,633
Dividends paid to owners of the Company	27	-	-	-	(23,694)	(23,694)
At 31 December 2010		250,000	86,092	(34,748)	65,550	366,894
		(Note 18)	(Note 19)	(Note 19)	(Note 19)	

The notes on pages 87 to 141 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	132,043	115,532	108,903	26,249
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	569	896	-	-
- investment property (Note 9)	130	11	-	-
- prepaid lease payments (Note 4)	112	112	-	-
Depreciation of property, plant and equipment (Note 3.3)	13,070	5,610	12	8
Property, plant and equipment written off	98	-	-	-
Dividend income	(6)	(234)	(118,334)	(30,585)
Negative goodwill recognised (Note 34)	(18)	-	-	-
(Gain)/Loss on disposal of:				
- property plant and equipment	(126)	(1)	-	-
- quoted shares	(512)	-	-	-
- subsidiaries (Note 34)	2,384	(14)	-	-
- investment property	-	(467)	-	-
Finance costs (Note 23)	7,596	2,818	3,757	2,665
Finance income (Note 23)	(3,801)	(694)	(301)	(236)
Share of results of:				
- equity accounted associates	(26,400)	(15,897)	-	-
- joint ventures (Note 7)	(62)	(3,606)	-	-
Unrealised foreign exchange (gain)/loss	(201)	305	-	-
Operating profit/(loss) before changes in working capital	124,876	104,371	(5,963)	(1,899)
Changes in working capital:				
Inventories	8,593	(2,785)	-	-
Land held for development	49	-	-	-
Property development costs	10,383	(4,263)	-	-
Trade and other receivables, prepayments and deposits	(7,494)	(26,278)	3,524	1,266
Trade and other payables	(48,196)	(49,220)	(36,959)	(8,075)
Cash generated from/(used in) operations	88,211	21,825	(39,398)	(8,708)
Income tax (paid)/refunded	(38,735)	(23,439)	1,655	125
Interest paid	-	(6)	-	(1,190)
Interest received	-	56	301	236
Net cash from/(used in) operating activities	49,476	(1,564)	(37,442)	(9,537)

Statements of Cash Flows
for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of:				
- minority interests in an existing subsidiary (Note 34)	(816)	-	-	-
- property, plant and equipment [Note (i)]	(34,840)	(30,338)	(1)	(8)
- other investments	-	(26)	-	-
- investment property (Note 9)	(17,122)	-	-	-
- intangible assets (Note 10)	(10,206)	-	-	-
- new subsidiary (Note 34)	-	-	(50,000)	-
Proceeds from disposal of:				
- property, plant and equipment	409	699	-	-
- investment property	-	920	-	-
- other investments	940	-	-	-
Increase in deposits pledged to banks	(130)	(396)	-	-
Dividends received	7,390	13,220	90,334	26,185
Distribution of profits by joint ventures	2,350	1,450	-	-
Interest received	1,401	638	-	-
Net cash (used in)/from investing activities	(50,624)	(13,833)	40,333	26,177
Cash flows from financing activities				
Net (repayment of)/proceeds from borrowings	(13,449)	76,188	12,500	6,825
Proceeds from issue of shares to minority interests	-	303	-	-
Repurchase of treasury shares	-	(1,279)	-	(1,279)
Repayment of finance lease liabilities	(1,201)	(2,904)	-	-
Dividends paid to:				
- owners of the Company (Note 27)	(23,694)	(18,955)	(23,694)	(18,955)
- minority interests	(6,154)	(2,565)	-	-
Interest paid	(5,366)	(2,812)	(2,357)	(1,475)
Net cash (used in)/from financing activities	(49,864)	47,976	(13,551)	(14,884)
Net (decrease)/increase in cash and cash equivalents	(51,012)	32,579	(10,660)	1,756
Cash and cash equivalents at beginning of year	89,700	57,121	10,900	9,144
Cash and cash equivalents at end of year [Note (ii)]	38,688	89,700	240	10,900

Statements of Cash Flows
for the year ended 31 December 2010

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	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Paid using internal funds	34,840	30,338	1	8
In the form of finance lease assets	725	10,224	-	-
Total (see Note 3)	35,565	40,562	1	8

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

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'00**
Deposits with licensed banks	15,536	18,424	-	500
Short term cash funds	11,900	28,950	-	4,000
Cash and bank balances	11,778	42,722	240	6,400
Total (see Note 17)	39,214	90,096	240	10,900
Less: Deposits pledged (Note 17)	(526)	(396)	-	-
	38,688	89,700	240	10,900

The notes on pages 87 to 141 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 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2010 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 28 April 2011.

1. Basis of preparation

a. Statement of compliance

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

During the current financial year, the Group/Company has adopted a number of new/revised FRSs, amendments and interpretations, which are effective for the annual periods beginning on and before 1 January 2010. The effects of adopting these new/revised FRSs, interpretations and amendments from 1 January 2010 are disclosed in Note 37.

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

FRS / Amendment / Interpretation	Effective date
Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*	1 March 2010
FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*	1 July 2010
FRS 3, *Business Combinations (revised)*	1 July 2010
FRS 127, *Consolidated and Separate Financial Statements (revised)*	1 July 2010
Amendments to FRS 2, *Share-based Payment*	1 July 2010
Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138, *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12, *Service Concession Agreements*	1 July 2010
IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17, *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*	
- *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	
- *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2, *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 18, *Transfers of Assets from Customers*	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124, *Related Party Disclosures (revised)*	1 January 2012
IC Interpretation 15, *Agreements for the Construction of Real Estate*	1 January 2012

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

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

The Group and the Company plan to apply from the annual periods:

i. beginning 1 January 2011 the standards, amendments and interpretations that are effective for annual periods beginning on or before 1 January 2011; and

ii. beginning 1 January 2012 the standards, amendments and interpretations that are effective for annual periods beginning after 1 January 2011,

except those assessed as being presently not applicable to the Group and the Company. The latter includes Amendments to FRS 132, FRS 1 (revised), Amendments to FRS 2, Amendments to FRS 5, Amendments to IC Interpretation (ICI) 9, ICI 12, ICI 16, ICI 17, ICI 18 and Amendments to ICI 14.

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

FRS 3 (revised), which will 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 Note 2(a)(iv).

The amendments to FRS 127 further require all losses attributable to minority interests to be absorbed by minority interests, i.e. the excess and any further losses exceeding the minority interests in the equity of a subsidiary are no longer charged against the Group's interests. Currently, such losses are accounted for in accordance with the accounting policies as described in Note 2(a)(v).

The above changes to FRS 127 are not expected to have a material impact to the Group.

IC Interpretation 4, which will be applied retrospectively, provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease. The adoption of ICI 4 is not expected to have a material impact to the Group.

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in the financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 are intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation, to provide clarification or guidance thereon or to correct for relatively minor unintended consequences, conflicts or oversights.

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

Notes to the Financial Statements

1. Basis of preparation (continued)

a. Statement of compliance (continued)

The Group will apply ICI 15 for its annual periods beginning 1 January 2012. ICI 15 replaces the existing FRS 201 2004, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from the property development activities will change from the percentage of completion method to the completed method.

The potential impacts on the financial statements of the Group for the year ended 31 December 2010 and 31 December 2009 on the initial application of ICI 15 are summarised as follows:

Group	**As currently stated DR/(CR) RM'000**	**Effects of adopting ICI 15 DR/(CR) RM'000**	**Expected restatement DR/(CR) RM'000**
2010			
Statement of financial position			
Property development costs	217,182	58,899	276,081
Inventories	32,714	308	33,022
Accrued billings	8,777	(7,843)	934
Trade and other receivables	299,317	(18,068)	281,249
Advance payments from property buyers and contract customers	(17,317)	(61,929)	(79,246)
Deferred tax assets	2,282	8,334	10,616
Deferred tax liabilities	(48,495)	(1,231)	(49,726)
Retained earnings	(396,182)	21,503	(374,679)
	=========	=========	=========
Statement of comprehensive income			
Revenue	(612,691)	(30,960)	(643,651)
Cost of sales	448,252	29,574	477,826
Profit before tax	(132,043)	(1,386)	(133,429)
Income tax expense	32,136	473	32,609
Profit for the year	(99,907)	(913)	(100,820)
	=========	=========	=========
Basic/Diluted earnings per ordinary share (sen)	41.25	0.34	41.59
	=========	=========	=========
2009			
Statement of financial position			
Property development costs	241,336	88,016	329,252
Inventories	27,136	1,138	28,274
Accrued billings	14,591	(12,372)	2,219
Trade and other receivables	277,983	(24,155)	253,828
Progress billings	(5,318)	4,660	(658)
Advance payments from property buyers and contract customers	(8,950)	(87,732)	(96,682)
Deferred tax assets	1,414	8,982	10,396
Deferred tax liabilities	(51,646)	(1,299)	(52,945)
Retained earnings	(324,684)	22,609	(302,075)
	=========	=========	=========
Statement of comprehensive income			
Revenue	(566,920)	(7,156)	(574,076)
Cost of sales	437,395	7,922	445,317
Profit before tax	(115,532)	766	(114,766)
Income tax expense	30,542	(263)	30,279
Profit for the year	(84,990)	503	(84,487)
	=========	=========	=========
Basic/Diluted earnings per ordinary share (sen)	35.85	(0.54)	35.31
	=========	=========	=========

Following the announcement made by the MASB on 1 August 2008, the Group and the Company's financial statements for the year ending 31 December 2012 will be prepared in accordance with International Financial Reporting Standards (IFRS) framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

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

   b. **Basis of measurement**
   The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

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

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

   Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected 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 the recognition of profit from construction contracts and property development, as follows:

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

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

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

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

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

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

2. **Significant accounting policies**

   The following are the significant accounting policies of the Group which have been consistently applied to the periods presented in these financial statements, other than those disclosed in the following notes:

   - 2(c), financial instruments;
   - 2(e), leased assets;
   - 2(n), impairment of financial assets; and
   - 2(w), operating segments.

   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.

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

i. Subsidiaries (continued)

Investment in subsidiaries is stated in the Company's statement of financial position 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 their financial and operating policies.

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

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

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

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 they are classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted jointly controlled entities, after adjustments if any, to align their accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

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

Investment in jointly controlled entities are stated in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale.

Jointly-controlled operations

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

iv. Changes in Group composition

Where a subsidiary issues new equity shares to minority interests holders 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 profit or loss.

When the group purchases a subsidiary's equity shares from minority interests holders 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 interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Notes to the Financial Statements

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

v. Minority interests

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

Where losses applicable to the minority exceed the minority's interests 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 investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment to the underlying assets.

b. Foreign currency

i. Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies, except those measured at fair value, are not retranslated at the end of the reporting period. 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

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

c. Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement,* with effect from 1 January 2010, financial instruments are categorised and measured using the accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 37.

i. Initial recognition and measurement

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

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

c. Financial instruments (continued)

i. Initial recognition and measurement (continued)

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

ii. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

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

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

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

b. Held-to-maturity investments

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

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

c. Loans and receivables

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

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

d. Available-for-sale financial assets

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

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

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

Financial liabilities

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

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

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

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

2. Significant accounting policies (continued)

c. Financial instruments (continued)

iii. Regular way purchase or sale of financial assets

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

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

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

iv. Derecognition

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

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

d. Property, plant and equipment

i. Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy on borrowing costs [see Note 2(t)]. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

The 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 profit or loss.

ii. Subsequent costs

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

2. Significant accounting policies (continued)

d. Property, plant and equipment (continued)

iii Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	over lease terms of 55 years to 85 years
Buildings	5, 10, 15 and 50 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 and 10 years
Jetty and wharf	5 years

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

e. Leased assets

i. Finance lease

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

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

ii. Operating lease

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

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

Prior to 1 January 2010, leasehold land that normally had an indefinite economic life and the title for which was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold interest on land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

During the current financial year, the Group has adopted the amendments made to FRS 117, *Leases* in relation to the classification of lease of land. The carrying amount of certain leasehold land that in substance is a finance lease has been reclassified from prepaid lease payments to property, plant and equipment and/or investment property and measured as such retrospectively [see accounting policy in Note 2(d) and Note 2(g)].

f. Intangible assets

i Goodwill

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

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.

2. Significant accounting policies (continued)

f. Intangible assets (continued)

i. Goodwill *(continued)*

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 profit or loss.

ii Other intangible assets

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

iii Amortisation

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

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

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

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

g. Investment property

Investment property (including investment property under construction) is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purpose. 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.

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

Leasehold land is amortised on a straight-line basis over its lease term of 85 years. Buildings under construction are not depreciated until the assets are ready for their intended use.

Determination of fair value

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

h. Land held for property development

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

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

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

i. Property development costs

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

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

2. Significant accounting policies (continued)

i. Property development costs (continued)

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

j. Inventories

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

i. Developed properties held for sale

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

ii. Other inventories

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

k. Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

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(t)].

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

m. Cash and cash equivalents

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

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

n. Impairment

i Financial assets

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

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

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

n. **Impairment** (continued)

i. Financial assets (continued)

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

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

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

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

ii. Other assets

The carrying amounts of other assets (except for inventories [refer Note 2(j)] and deferred tax assets [refer Note 2(u)]) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For 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 the cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

o. **Equity instruments**

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

i. Issue expenses

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

ii. Repurchase 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.

2. Significant accounting policies (continued)

p. Employee benefits

i Short term employee benefits

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

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

ii. State plans

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

q. Payables

Prior to 1 January 2010, payables were measured initially and subsequently stated at cost.

Following the adoption of FRS 139, payables are recognised in accordance with Note 2(c).

r. 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.

s. Revenue and other income

i. Construction contracts

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

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

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

ii. Property development

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

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

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

iii. Sale of goods

Revenue from the sale of goods is measured at 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 profit or loss on the date that the Group or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

v. Sand extraction and land filling services

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

s. Revenue and other income (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

w. Operating segments
In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Freehold land RM'000	--- Leasehold land -- Long term RM'000	Short term RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office and factory equipment RM'000	Plant and machinery RM'000	Jetty and whaft RM'000	Assets under construction RM'000	Subtotal RM'000
	----- Outright purchase -----										
Cost											
At 1 January 2009, restated	-	47,465	1,315	11,502	4,075	16,935	8,885	19,888	-	3,035	113,100
Additions	-	-	-	58	553	1,336	615	26,942	-	665	30,169
Disposals	-	(14)	(25)	(539)	(147)	(848)	(93)	(72)	-	-	(1,738)
Reclassifications	-	-	-	39	-	-	(1)	1,782	-	(1,820)	-
At 31 December 2009/ 1 January 2010, restated	-	47,451	1,290	11,060	4,481	17,423	9,406	48,540	-	1,880	141,531
Additions	667	-	525	2,301	854	2,282	1,034	23,135	1,952	1,986	34,736
Disposals/Write-offs	-	-	-	-	(379)	(689)	(430)	(1,496)	-	-	(2,994)
Reclassifications	-	-	-	-	-	1,298	-	937	-	-	2,235
Disposal of subsidiaries	-	(1,473)	-	(402)	(12)	(202)	(164)	(1,778)	-	-	(4,031)
Effect of movements in exchange rates	-	-	-	-	(19)	107	-	(892)	-	-	(804)
At 31 December 2010	667	45,978	1,815	12,959	4,925	20,219	9,846	68,446	1,952	3,866	170,673
Depreciation											
At 1 January 2009, restated	-	2,532	217	1,383	2,815	13,083	6,763	14,571	-	-	41,364
Depreciation for the year	-	810	24	245	384	1,893	888	3,147	-	-	7,391
Disposals	-	(3)	(4)	(103)	(120)	(810)	(84)	(70)	-	-	(1,194)
Reclassifications	-	-	-	(32)	(3)	-	-	35	-	-	-
Effect of movements in exchange rates	-	-	-	-	(1)	-	-	-	-	-	(1)
At 31 December 2009/ 1 January 2010, restated	-	3,339	237	1,493	3,075	14,166	7,567	17,683	-	-	47,560
Depreciation for the year	-	769	23	368	446	1,831	850	8,866	325	-	13,478
Disposals/Write-offs	-	-	-	-	(346)	(643)	(420)	(496)	-	-	(1,905)
Reclassifications	-	-	-	-	-	987	-	164	-	-	1,151
Disposal of subsidiaries	-	(296)	-	(118)	(12)	(201)	(116)	(1,672)	-	-	(2,415)
Effect of movements in exchange rates	-	-	-	-	(1)	-	-	-	-	-	(1)
At 31 December 2010	-	3,812	260	1,743	3,162	16,140	7,881	24,545	325	-	57,868
Carrying amounts											
At 1 January 2009, restated	-	44,933	1,098	10,119	1,260	3,852	2,122	5,317	-	3,035	71,736
At 31 December 2009/ 1 January 2010, restated	-	44,112	1,053	9,567	1,406	3,257	1,839	30,857	-	1,880	93,971
At 31 December 2010	667	42,166	1,555	11,216	1,763	4,079	1,965	43,901	1,627	3,866	112,805

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group (continued)	**Subtotal RM'000**	**Finance lease assets: Motor vehicles RM'000**	**Finance lease assets: Plant and machinery RM'000**	**Total RM'000**
Cost *(continued)*				
At 1 January 2009, restated	113,100	2,195	5,034	120,329
Additions	30,169	597	9,796	40,562
Disposals	(1,738)	(180)	-	(1,918)
Reclassifications	-	-	-	-
At 31 December 2009/1 January 2010, restated	141,531	2,612	14,830	158,973
Additions	34,736	118	711	35,565
Disposals/Write-offs	(2,994)	(61)	-	(3,055)
Reclassifications	2,235	(1,298)	(937)	-
Disposal of subsidiaries	(4,031)	-	-	(4,031)
Effect of movements in exchange rates	(804)	-	-	(804)
At 31 December 2010	170,673	1,371	14,604	186,648
Depreciation *(continued)*				
At 1 January 2009, restated	41,364	967	190	42,521
Depreciation for the year	7,391	352	1,689	9,432
Disposals	(1,194)	(24)	-	(1,218)
Reclassifications	-	-	-	-
Effect of movements in exchange rates	(1)	-	-	(1)
At 31 December 2009/1 January 2010, restated	47,560	1,295	1,879	50,734
Depreciation for the year	13,478	345	2,749	16,572
Disposals/Write-offs	(1,905)	(27)	-	(1,932)
Reclassifications	1,151	(987)	(164)	-
Disposal of subsidiaries	(2,415)	-	-	(2,415)
Effect of movements in exchange rates	(1)	-	-	(1)
At 31 December 2010	57,868	626	4,464	62,958
Carrying amounts				
At 1 January 2009, restated	71,736	1,228	4,844	77,808
At 31 December 2009/1 January 2010, restated	93,971	1,317	12,951	108,239
At 31 December 2010	112,805	745	10,140	123,690

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Company	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 January 2009	-	50	50
Additions	8	-	8
At 31 December 2009/1 January 2010	8	50	58
Additions	1	-	1
At 31 December 2010	9	50	59
Depreciation			
At 1 January 2009	-	14	14
Depreciation for the year	-	11	11
At 31 December 2009/1 January 2010	-	25	25
Depreciation for the year	2	10	12
At 31 December 2010	2	35	37
Carrying amounts			
At 1 January 2009	-	36	36
At 31 December 2009/1 January 2010	8	25	33
At 31 December 2010	7	15	22

3.1 Classification of leasehold land

The carrying amount of certain leasehold land at 31 December 2009 has been adjusted following the adoption of the amendments to FRS 117, *Leases,* where the leasehold land, in substance a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment [also see Note 37(d)].

3.2 Title to a property

The strata title to one (2009: one) building costing RM103,000 (2009: RM103,000) is in the process of being obtained from the authorities.

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Recognised in profit or loss (Note 22)	13,070	5,610	12	8
Capitalised in:				
- property development costs (Note 14)	400	581	-	-
- construction work-in-progress (Note 15.2)	3,102	3,241	-	-
Recharged to a subsidiary	-	-	-	3
	16,572	9,432	12	11

4. Prepaid lease payments – Group

	Leasehold land (unexpired term less than 50 years) RM'000
Cost	
At 1 January 2009 (restated), 31 December 2009/1 January 2010 (restated) and 31 December 2010	2,993
	=======
Amortisation	
At 1 January 2009, restated	263
Amortisation for the year (Note 22)	112
At 31 December 2009/1 January 2010, restated	375
Amortisation for the year (Note 22)	112
At 31 December 2010	487
	=======
Carrying amounts	
At 1 January 2009, restated	2,730
	=======
At 31 December 2009/1 January 2010, restated	2,618
	=======
At 31 December 2010	2,506
	=======

5. Investment in subsidiaries – Company

	2010 RM'000	2009 RM'000
Unquoted shares, at cost	329,962	279,962
	========	========

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

Name of subsidiary	Principal activities	Effective ownership interest (%) 2010	Effective ownership interest (%) 2009
Direct subsidiaries			
Naim Cendera Sdn. Bhd. ("NCSB") (now known as Naim Land Sdn. Bhd.)	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB") (formerly known as NCSB Engineering Sdn. Bhd.)	Civil and earthwork contractor and hire of machinery	100.0	-
Subsidiaries of NCSB			
Total Reliability Sdn. Bhd. ("TRSB")	Civil and building contractor	51.0	51.0
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Citra Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Cendera Dua Sdn. Bhd. (now known as Naim Supply & Logistic Sdn. Bhd.)	Trading of construction materials	100.0	100.0

Notes to the Financial Statements

5. Investment in subsidiaries – Company (continued)

Name of subsidiary (continued)	**Principal activities**	**Effective ownership interest (%)** 2010	2009
Subsidiaries of NCSB (continued)			
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
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 Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0
Naim Equipment Sdn. Bhd.	Supply and installation of equipment	100.0	100.0
TR Green Sdn. Bhd.	Contractor for landscaping services	100.0	100.0
Naim Management Sdn. Bhd.	Provision of project management services	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Peranan Makmur Sdn. Bhd.	Property investment	100.0	100.0
Yakin Jelas Sdn. Bhd.	Investment holding	100.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Akademi Binaan Naim Sdn. Bhd.	Dormant	100.0	100.0
Samalaju Property Development Sdn. Bhd. (formerly known as Warisan Makna Sdn. Bhd.)	Property developer and contractor	100.0	100.0
Naim Oil & Gas Sdn. Bhd. (formerly known as Naim Ambang Sdn. Bhd.)	Dormant	100.0	100.0
Permyjaya Sino Education Sdn. Bhd. (“PSESB”) *	Dormant	100.0	-
NESB	Civil and earthwork contractor and hire of machinery	-	100.0
Naim Overseas Sdn. Bhd. (“NOSB”)	Investment holding	-	100.0
TR Smart Piles Sdn. Bhd.	Manufacture and sale of reinforced concrete (RC) piles	-	51.0
Subsidiaries of TRSB			
Naim Housing Sdn. Bhd.	Dormant	70.6	70.6
TR Bricks Sdn. Bhd.	Manufacture and sale of bricks	-	45.0
Subsidiaries of NESB			
Plus Viable Sdn. Bhd. (now known as Naim Premix Sdn. Bhd.)	Manufacture and sale of asphalt	90.0	70.0
Naim Binaan Sdn. Bhd. (formerly known as Aktif Majusama Sdn. Bhd.)	Manufacture of RC pile and ready mix, letting of equipment and civil contractor	70.0	70.0
NOSB	Investment holding	100.0	-
Naimcendera Engineering & Construction Sendirian Berhad (“NECSB”) *	Dormant	-	50.0

Notes to the Financial Statements

5. Investment in subsidiaries – Company (continued)

Name of subsidiary (continued)	**Principal activities**	**Effective ownership interest (%) 2010**	**2009**
Subsidiaries of NOSB			
Naim Engineering Construction (Fiji) Limited #	Civil engineering and construction works	99.9 ^	99.9 ^
Naim Quarry (Fiji) Limited ("NQFL") #	Quarry operator	99.9 ^	-
Naim Premix (Fiji) Limited ("NPFL") #	Manufacture of premix	99.9 ^	-
NECSB *	Dormant	99.9	-

* *The consolidated financial statements for the year ended 31 December 2010 include the unaudited accounts of PSESB and NECSB for the year or period ended 31 December 2010, which are not material to the Group.*

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

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

6. Investment in associates

	Group 2010 RM'000	**Group 2009 RM'000**	**Company 2010 RM'000**	**Company 2009 RM'000**
At cost:				
Unquoted shares	5,442	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	27,649	11,902	-	-
	168,080	149,363	108,819	108,819

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

	Effective ownership interest %	**Revenue (100%) RM'000**	**Profit/ (Loss) after tax (100%) RM'000**	**Total assets (100%) RM'000**	**Total liabilities (100%) RM'000**
2010					
Dayang Enterprise Holdings Bhd.	35.9	255,385	67,731	547,086	174,381
Syarikat Usahasama Naim-RSB Sdn. Bhd.	49.0^	*	8	*	1
TR Concrete Sdn. Bhd.	29.1#	10,973	4,104	16,113	4,080
SINOHYDRONAIM Sdn. Bhd.	49.0^	(238)	(1,786)	1,265	5,039
2009					
Dayang Enterprise Holdings Bhd.	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

* *Negligible*
^ *Held through NCSB*
\# *Held through TRSB and NCSB*
@ *Held through TRSB*

The market value of the quoted investment in Dayang Enterprise Holdings Bhd. as at 31 December 2010 is RM361,057,000 (2009: RM217,901,000).

Notes to the Financial Statements

7. Investment in joint ventures

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

	Group 2010 RM'000	Group 2009 RM'000
Non-current assets	8	13
Current assets	37,136	37,147
Current liabilities	(28,475)	(26,203)
Share of assets	8,669	10,957
Income	88,940	144,198
Expenses	(88,845)	(139,390)
Share of profit before tax	95	4,808
Income tax expense (Note 25)	(33)	(1,202)
Share of profit after tax	62	3,606

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

Name	Principal activities	Ownership interest (%) 2010	Ownership interest (%) 2009
PPES Works-Naim Cendera JV	Construction contractor	45.0	45.0
Syarikat Usahasama Naim Cendera Sdn. Bhd. – RSB Management Services Sdn. Bhd. JV	Construction contractor	90.0	90.0
Sinohydro-Naim Sdn. Bhd. JV	Construction contractor	50.0	50.0
Samsung-Naim JV	Construction contractor	10.0	-
Konsortium Javel Naim Cendera JV	Construction contractor	50.0	50.0
Naim-PW JV	Construction contractor	51.0	51.0

8. Land held for property development – Group

	RM'000
At 1 January 2009	102,296
Additions	8,196
At 31 December 2009/1 January 2010	110,492
Additions	30
Write-offs	(79)
At 31 December 2010	110,443

Notes to the Financial Statements

9. Investment property – Group

	Long-term leasehold land RM'000	Building RM'000	Building under construction RM'000	Total RM'000
Cost				
At 1 January 2009	-	750	-	750
Transfer from property, development cost (Note 14)	3,574	-	-	3,574
Disposal	-	(750)	-	(750)
At 31 December 2009/1 January 2010, restated	3,574	-	-	3,574
Additions	19	-	17,408	17,427
At 31 December 2010	3,593	-	17,408	21,001
Amortisation				
At 1 January 2009	-	286	-	286
Amortisation for the year (Note 22)	**	11	-	11
Disposal	-	(297)	-	(297)
At 31 December 2009/1 January 2010	-	-	-	-
Amortisation for the year (Note 22)	130	-	-	130
At 31 December 2010	130	-	-	130
Carrying amounts				
At 1 January 2009	-	464	-	464
At 31 December 2009/1 January 2010, restated	3,574	-	-	3,574
At 31 December 2010	3,463	-	17,408	20,871
Estimated fair value				
At 1 January 2009	-	863	-	863
At 31 December 2009/1 January 2010	3,574	-	-	3,574
At 31 December 2010	3,574	-	#	3,574

** *No amortisation was provided on the land during the last financial year as the land was only acquired towards the 2009 year end.*

The Group is unable to determine reliably the fair value of investment property under construction at this stage until the construction is complete and their future annual cash flows can be measured reliably, whichever is earlier.

9. Investment property – Group (continued)

9.1 Leasehold land was charged subsequent to 31 December 2010 to secure a term loan facility that was granted to a subsidiary during the current financial year. The facility was not utilised as at the end of the reporting period.

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Interest expense	305	-
Personal expenses		
- contributions to state plans	15	-
- wages, salary and others	121	-

Interest is capitalised at the rates ranging from 3.62% to 4.51% (2009: Nil) per annum.

9.3 The carrying amount of certain leasehold land at 31 December 2009 has been adjusted following the adoption of the amendments to FRS 117, *Leases*, where the leasehold land, in substance a finance lease, has been reclassified from prepaid lease payments to investment property [also see Note 37(d)].

10. Intangible assets - Group

	Additional interest in construction contract RM'000	**Stone quarry licence RM'000**	**Total RM'000**
Cost			
At 1 January 2009 and 31 December 2009/1 January 2010	2,836	-	2,836
Additions	-	10,206	10,206
At 31 December 2010	2,836	10,206	13,042
Amortisation			
At 1 January 2009	1,938	-	1,938
Amortisation for the year (Note 22)	896	-	896
At 31 December 2009/1 January 2010	2,834	-	2,834
Amortisation for the year (Note 22)	2	567	569
At 31 December 2010	2,836	567	3,403
Carrying amounts			
At 1 January 2009	898	-	898
At 31 December 2009/1 January 2010	2	-	2
At 31 December 2010	-	9,639	9,639

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

11. Deferred tax assets and liabilities – Group

Recognised deferred tax
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Fair value adjustment on acquisition of subsidiaries *	-	-	(47,629)	(51,231)	(47,629)	(51,231)
Property, plant and equipment	-	133	(2,163)	(1,757)	(2,163)	(1,624)
Financial instruments	1,238	-	-	-	1,238	-
Capital allowance carry-forwards	592	359	-	-	592	359
Tax loss carry-forwards	604	310	-	-	604	310
Other items	1,145	1,954	-	-	1,145	1,954
Tax assets/(liabilities)	3,579	2,756	(49,792)	(52,988)	(46,213)	(50,232)
Set off of tax	(1,297)	(1,342)	1,297	1,342	-	-
Net tax assets/(liabilities)	2,282	1,414	(48,495)	(51,646)	(46,213)	(50,232)

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

Movements in deferred tax during the year are as follows:

<u>Group</u>	**At 1.1.2009 RM'000**	**Recognised in profit or loss RM'000**	**Exchange translation differences RM'000**	**At 31.12.2009 /1.1.2010 RM'000**	**Effect of adopting FRS 139 RM'000**	**Recognised in profit or loss RM'000**	**Exchange translation differences RM'000**	**Disposal of subsidiaries RM'000**	**At 31.12.2010 RM'000**
Fair value adjustment on acquisition of subsidiaries	(53,676)	2,445	-	(51,231)	-	3,602	-	-	(47,629)
Property, plant and equipment	(756)	(868)	-	(1,624)	-	(570)	-	31	(2,163)
Financial instruments	-	-	-	-	(834)	2,072	-	-	1,238
Capital allowance carry-forwards	-	359	-	359	-	233	-	-	592
Tax loss carry-forwards	125	196	(11)	310	-	313	(19)	-	604
Other items	1,391	563	-	1,954	-	(809)	-	-	1,145
	(52,916)	2,695	(11)	(50,232)	(834)	4,841	(19)	31	(46,213)
		(Note 25)				(Note 25)			

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

Unrecognised deferred tax assets

Deferred tax assets of RM7,344,000 (2009: RM2,628,000) have not been recognised in respect of the following temporary differences because it is uncertain if future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group 2010 RM'000	Group 2009 RM'000
Property, plant and equipment	(3,730)	(1,712)
Tax loss carry-forwards	23,207	8,808
Capital allowance carry-forwards	8,824	3,415
Other items	1,075	-
	29,376	10,511

The unabsorbed capital allowance carry-forwards and unutilised tax loss carry-forwards of entities incorporated in Malaysia amounting to RM22,089,000 (2009: RM12,223,000) do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

The unutilised tax loss carry-forwards of foreign subsidiaries amounting to RM9,942,000 (2009: RM1,321,000) can be claimed as a deduction against future taxable income within eight years of the incurrence of such losses.

12. Other investments

	Group 2010 RM'000	Group 2009 RM'000
Non-current		
Available-for-sale financial assets		
- Quoted shares in Malaysia	48	-
Quoted shares in Malaysia, at cost	-	603
Less: Allowance for diminution in value	-	(313)
	-	290
Unit trusts, at cost	-	249
Less: Allowance for diminution in value	-	(63)
	-	186
Total	48	476
Representing items		
- At cost/amortised cost	-	476
- At fair value	48	-
Market value of:		
- quoted shares (Note 29)	48	691
- unit trusts (Note 29)	-	283

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

13. Inventories

	Group 2010 RM'000	Group 2009 RM'000
At cost		
Developed properties held for sale	27,981	16,098
Manufactured/trading inventories (construction and building materials)	1,343	7,816
Raw materials and consumables	2,956	2,310
	32,280	26,224
At net realisable value		
Manufactured/trading inventories (construction and building materials)	434	912
	32,714	27,136

14. Property development costs – Group

	RM'000
At 1 January 2009	
Property development costs	
Land	176,842
Development costs	391,243
	568,085
Accumulated costs charged to profit or loss	(328,019)
	240,066
Additions	
Development costs incurred during the year	120,460
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(112,926)
Transfer of completed properties to inventories	(2,690)
Transfer to investment property (Note 9)	(3,574)
	(119,190)
At 31 December 2009/1 January 2010	
Property development costs	
Land	172,798
Development costs	377,306
	550,104
Accumulated costs charged to profit or loss	(308,768)
	241,336
Additions	
Transfer from inventories for redevelopment	
- Land	53
- Development costs	854
Land cost incurred during the year	2,257
Development costs incurred during the year	80,408
	83,572

14. Property development costs – Group (continued)

	RM'000
Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(92,648)
Transfer of completed properties to inventories	(15,078)
	(107,726)
At 31 December 2010	
Property development costs	
Land	130,281
Development costs	144,720
	275,001
Accumulated costs charged to profit or loss	(57,819)
	217,182

Property development costs incurred during the financial year include:

	Group 2010 RM'000	Group 2009 RM'000
Depreciation of property, plant and equipment (Note 3.3)	400	581
Personnel expenses (including key management personnel):		
- contributions to state plans	598	430
- wages, salaries and others	5,189	3,738
Rental of premises	-	20

15. Trade and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade				
Trade receivables	45,082	44,274	-	-
Less: Allowance for impairment losses	(275)	(405)	-	
	44,807	43,869	-	-
Contract progress billings receivables (Note 15.1)	97,810	171,195	-	-
Less: Allowance for impairment losses	-	(460)	-	-
	97,810	170,735	-	-
Accrued billings	8,777	14,591	-	-
Amount due from contract customers (Note 15.2)	135,355	52,819	-	-
Amount due from:				
- associates	-	9	-	-
- joint ventures	6,349	2,590	-	-
	293,098	284,613	-	-

15. Trade and other receivables (continued)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-trade				
Other receivables	14,252	7,399	2	2
Less: Allowance for impairment losses	(288)	(974)	-	-
	13,964	6,425	2	2
Amount due from:				
- subsidiaries	-	-	8,369	11,892
- associates	1,032	1,536	2	3
	14,996	7,961	8,373	11,897
Total	308,094	292,574	8,373	11,897

15.1 Contract progress billings receivables

Included in the contract billings receivables of the Group are retention sums of RM23,724,000 (2009: RM15,027,000) relating to construction work-in-progress.

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

	Group 2010 RM'000	Group 2009 RM'000
Within 1 year	13,045	184
1 – 2 years	2,747	7,437
2 – 3 years	819	278
> 3 years	7,113	7,128
	23,724	15,027

15.2 Construction work-in-progress

	Group 2010 RM'000	Group 2009 RM'000
Aggregate costs incurred to-date	1,019,385	958,725
Attributable profits	181,438	173,866
	1,200,823	1,132,591
Progress billings	(1,077,374)	(1,104,825)
	123,449	27,766
Amount due to contract customers reclassified to trade and other payables (Note 21)	11,906	25,053
Amount due from contract customers	135,355	52,819

15. Trade and other receivables (continued)

15.2 Construction work-in-progress (continued)

Additions to aggregate costs incurred during the year include:

	Group 2010 RM'000	Group 2009 RM'000
Depreciation of property, plant and equipment (Note 3.3)	3,102	3,241
Personnel expenses (including key management personnel):		
- contributions to state plans	1,088	764
- wages, salaries and others	10,486	7,173
Rental of premises	45	2
Rental of equipment	24	-
Interest expense	-	227

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

16. Deposits and prepayments

	Group 2010 RM'000	Group 2009 RM'000
Deposits	3,018	8,530
Prepayments	993	1,793
	4,011	10,323

16.1 Deposits of the Group as at 31 December 2009 included an amount of RM3,000,000 paid for the acquisition of a quarry operation. The acquisition was completed during February 2010 upon fulfilment of the conditions precedent set out in the sale and purchase agreement.

16.2 Included in prepayments as at 31 December 2009 was an unsecured and interest-free amount of RM1,500,000 being advance payment made for the purchase of parts and consumables. The amount was progressively deducted against the physical goods supplied during the current financial year.

17. Cash and cash equivalents

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Fixed deposits placed with licensed banks	15,536	18,424	-	500
Short term cash funds	11,900	28,950	-	4,000
Cash and bank balances	11,778	42,722	240	6,400
	39,214	90,096	240	10,900

17.1 Cash and bank balances include an amount of RM39,000 (2009: Nil) denominated in U.S.Dollar (USD).

17.2 A fixed deposit of RM526,000 (2009: RM396,000) is pledged as security to a licensed bank for an immigration bond issued for a foreign subsidiary.

Notes to the Financial Statements

18. Share capital

	Group and Company			
	Amount		Number of shares	
	2010 RM'000	2009 RM'000	2010 '000	2009 '000
Authorised				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
Issued and fully paid				
Ordinary shares of RM1.00 each				
Opening and closing balances	250,000	250,000	250,000	250,000

19. Reserves

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share premium	86,092	86,092	86,092	86,092
Capital reserve	26,370	26,370	-	-
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Translation reserve	119	(35)	-	-
Retained earnings	396,182	324,684	65,550	6,611
	474,015	402,363	116,894	57,955

Capital reserve

These consist of the capitalisation of a subsidiary's reserves as a result of bonus issue 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 15 June 2010, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of own shares by the Company during the current financial year. During the financial year ended 31 December 2009, the Company repurchased 1,000,000 of its own shares from the open market at an average price of RM1.28 per share. The total consideration paid was RM1,279,000 and was financed by internally generated funds. The shares repurchased were retained as treasury shares.

The total number of shares repurchased as at 31 December 2010 is 13,056,000 (2009: 13,056,000).

Translation reserve

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

Fair value reserve

The fair value reserve in the statement of changes in equity relates to the re-measurement of the financial assets categorised as available-for-sale as at 1 January 2010. The fair value reserve has been reversed following the disposal of the financial assets in the current financial year.

Retained earnings – Section 108 tax credit

The retained earnings of the Company are distributable as exempt dividends under the single-tier company income tax system enacted via the Finance Act 2007.

Notes to the Financial Statements

20. Loans and borrowings

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Non-current				
Finance lease liabilities	6,981	9,209	-	-
Term loans denominated in:				
- USD (unsecured)	13,731	-	-	-
- RM (secured)	-	869	-	-
	20,712	10,078	-	-
Current				
Unsecured revolving credits	47,500	114,885	12,500	45,000
Unsecured Islamic Bonds	45,000	-	45,000	-
Term loans denominated in:				
- USD (unsecured)	9,153	13,560	-	-
- RM (secured)	-	49	-	-
Finance lease liabilities	2,748	2,427	-	-
	104,401	130,921	57,500	45,000
Total	125,113	140,999	57,500	45,000

20.1 *Securities*

Revolving credits
The revolving credit facility of the Company is granted on a clean basis. The revolving credit facilities granted to a direct subsidiary are covered by a corporate guarantee from the Company.

Finance leases
The finance lease liabilities are secured on the respective finance lease assets of the Group. The finance lease liabilities granted to certain subsidiaries are also guaranteed by the Company and another subsidiary. The total outstanding finance lease liabilities are RM8,034,000 (2009: RM9,876,000).

Term loan
A term loan denominated in RM granted to an indirect subsidiary (which was disposed of during the current financial year) was secured by a fixed charge over the leasehold land of the said subsidiary. The outstanding term loan balance as at 31 December 2009 was RM918,000.

20. Loans and borrowings (continued)

20.2 *Finance lease liabilities*

Finance lease liabilities are payable as follows:

Group	2010 Future minimum lease payments RM'000	2010 Interest RM'000	2010 Present value of minimum lease payments RM'000	2009 Future minimum lease payments RM'000	2009 Interest RM'000	2009 Present value of minimum lease payments RM'000
Less than one year	3,252	504	2,748	3,058	631	2,427
Between one and two years	3,225	331	2,894	5,688	723	4,965
Between two and five years	4,288	201	4,087	4,479	235	4,244
	10,765	1,036	9,729	13,225	1,589	11,636

20.3 *Significant covenants for revolving credits and Islamic Bonds facilities of the Company*

The Company is required to maintain the following loan covenants throughout the tenure of the facilities:

Revolving credits - At all times to maintain an equity interest (direct or indirect via its subsidiaries) in Dayang Group comprising Dayang Enterprise Holdings Bhd. (see Note 6) and its subsidiaries of not less than 33%.

Islamic Bonds
- Debt to equity ratio of not exceeding 1.2 times; and
- Interest cover ratio of at least 4 times.

The outstanding revolving credits have been fully settled subsequent to the reporting period.

21. Trade and other payables

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade				
Trade payables	76,667	105,301	-	-
Amount due to contract customers (Note 15.2)	11,906	25,053	-	-
Progress billings	-	5,318	-	-
	88,573	135,672	-	-
Non-trade				
Accruals	18,182	18,603	1,421	800
Other payables	11,926	18,693	80	115
Amount due to subsidiaries	-	-	24,160	60,305
Advance payments received from property buyers and contract customers	17,317	8,950	-	-
Land usage conversion premium payable	1,202	1,202	-	-
Amount due to associates	-	3	-	-
	48,627	47,451	25,661	61,220
Total	137,200	183,123	25,661	61,220

21. Trade and other payables (continued)

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM36,716,000 (2009: RM38,322,000).

21.2 Other payables of the Group as at 31 December 2009 included an amount owing to a minority shareholder of a subsidiary of RM121,000 for the acquisition of land in prior years. The amount has been fully settled during the current financial year.

21.3 The amount due to subsidiaries is unsecured and repayable on demand.

Except for a sum of RM24,094,000 (2009: RM22,000,000) bearing interest at rates ranging from 3.62% to 4.51% (2009: 4.20%) per annum, the remaining amount due to subsidiaries is interest free.

22. Revenue and profit before tax

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
Contract revenue	418,776	347,963	-	-
Sale of development properties and vacant land	162,938	169,987	-	-
Sale of goods	30,860	48,949	-	-
Hire of equipment	117	21	-	-
Interest on short-term funds and fixed deposits	-	-	301	236
Dividend income from:				
- subsidiaries (unquoted)	-	-	112,000	17,600
- associate (quoted)	-	-	6,334	12,985
	612,691	566,920	118,635	30,821
Cost of sales				
Contract costs recognised as an expense	327,547	273,824	-	-
Cost of development properties and vacant land sold	89,760	119,343	-	-
Cost of goods sold	30,945	44,228	-	-
	448,252	437,395	-	-
Profit before tax is arrived at after crediting:				
Dividend income from				
- quoted shares in Malaysia	6	234	-	-
- subsidiaries (unquoted)	-	-	112,000	17,600
- associate (quoted)	-	-	6,334	12,985
Foreign exchange gain				
- realised	145	-	-	-
- unrealised	201	-	-	-
Gain on disposal of:				
- other investments	512	-	-	-
- property, plant and equipment	126	1	-	-
- investment property	-	467	-	-
- subsidiaries (Note 34)	-	14	-	-
Hire of machineries	20	31	-	-
Negative goodwill recognised (Note 34)	18	-	-	-
Rental income from property lease	138	112	-	-
Reversal of allowance for impairment losses on doubtful receivables	1,276	-	-	-

Notes to the Financial Statements

22. Revenue and profit before tax (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is arrived at after charging:				
Allowance for impairment losses on doubtful receivables	-	927	-	-
Amortisation of:				
- intangible assets (Note 10)	569	896	-	-
- investment property (Note 9)	130	11	-	-
- prepaid lease payments (Note 4)	112	112	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	272	274	28	25
- Overseas affiliates of KPMG Malaysia	66	17	-	-
- Non-audit fees				
- KPMG Malaysia	341	65	268	47
- Local affiliates of KPMG Malaysia	246	62	87	3
Bad debts written off	13	-	-	-
Depreciation of property, plant and equipment (Note 3.3)	13,070	5,610	12	8
Loss on disposal of subsidiaries (Note 34)	2,384	-	-	-
Property, plant and equipment written off	98	-	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	3,285	2,568	-	-
- wages, salaries and others	30,370	24,201	458	529
Rental of equipment	86	97	-	-
Rental of premises	460	637	65	30
Unrealised foreign exchange loss	-	305	-	-

23. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance income				
- interest income from fixed deposits and cash funds	1,401	694	-	-
- interest income from other financial assets	2,400	-	-	-
	3,801	694	-	-
Finance costs				
- interest expense from loans and borrowings	5,367	2,818	3,002	1,475
- interest expense from other financial liabilities	2,229	-	-	-
- interest charged by subsidiaries	-	-	755	1,190
	7,596	2,818	3,757	2,665

24. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	450	447	447	447
- Short term employee benefits	6,537	6,538	11	12
	6,987	6,985	458	459
Other key management personnel				
- Fees	65	111	-	70
- Short term employee benefits	13,404	6,930	-	-
	13,469	7,041	-	70
Total	20,456	14,026	458	529

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 RM156,000 (2009: RM195,000).

25. Income tax expense

Major components of income tax expense include:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	34,281	31,542	26,354	3,599
- prior years	2,696	1,695	(84)	(107)
	36,977	33,237	26,270	3,492
Deferred tax income (Note 11)				
- current year	(2,174)	(2,514)	-	-
- prior year	(2,667)	(181)	-	-
	(4,841)	(2,695)	-	-
Total income tax expense recognised in profit or loss	32,136	30,542	26,270	3,492

Notes to the Financial Statements

25. Income tax expense (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
***Reconciliation of income t**ax expense*				
Profit for the year	99,907	84,990	82,633	22,757
Total income tax expense	32,136	30,542	26,270	3,492
Profit excluding tax	132,043	115,532	108,903	26,249
Share of tax of:				
- equity accounted associates	5,653	2,904	-	-
- joint ventures (Note 7)	33	1,202	-	-
	137,729	119,638	108,903	26,249
Income tax calculated using Malaysian tax rate of 25% (2009: 25%)	34,432	29,910	27,226	6,562
Effect of different tax rates in foreign jurisdiction	(370)	(41)	-	-
Income of foreign source not subject to Malaysian tax	(334)	(36)	-	-
(Non-taxable income)/ Non-deductible expenses	(651)	973	(872)	(2,963)
Movements in unrecognised deferred tax assets	4,716	2,328	-	-
	37,793	33,134	26,354	3,599
Under-/(Over-) provision in prior years	29	1,514	(84)	(107)
	37,822	34,648	26,270	3,492
Less: Share of tax of equity accounted associates and joint ventures	(5,686)	(4,106)	-	-
Total income tax expense	32,136	30,542	26,270	3,492

26. Earnings per ordinary share – Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2010 was based on the profit attributable to ordinary shareholders of RM97,750,000 (2009: RM84,981,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2009: 237,044,000).

Weighted average number of ordinary shares

	2010	**2009**
	'000	**'000**
Issued ordinary shares at beginning of year	250,000	250,000
Less: Cumulative effect of treasury shares bought back in previous years	(13,056)	(12,055)
	236,944	237,945
Effect of ordinary shares repurchased during the year	-	(901)
Weighted average number of ordinary shares at end of year	236,944	237,044

27. Dividends

27.1 *Dividends per ordinary share*

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

	Company 2010	Company 2009
Gross dividend per share (sen)	10.00	8.00
	=======	=======

27.2 *Dividends expense*

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

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

On 28 February 2011, 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 2010. The dividend was paid on 8 April 2011 and will be recognised in the financial statements for the year ending 31 December 2011.

28. Operating segments

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

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

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

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

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

Segment assets and liabilities

The Group Managing Director reviews the statements of financial position of subsidiaries for decision making and resources allocation, instead of a summary of total consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

28. Segmental information (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue from external customers	162,938	169,987	418,776	347,963	30,977	48,970	-	-	612,691	566,920
Inter segment revenue	-	11,000	-	-	41,248	19,849	(41,248)	(30,849)	-	-
Total segment revenue	162,938	180,987	418,776	347,963	72,225	68,819	(41,248)	(30,849)	612,691	566,920
Segment profit/(loss)	67,785	44,182	42,712	55,440	(2,045)	6,956	(2,174)	(9,659)	106,278	96,919
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	(702)	2,023	480	-	-	2,023	(222)
- joint ventures	-	-	62	3,606	-	-	-	-	62	3,606
	67,785	44,182	42,774	58,344	(22)	7,436	(2,174)	(9,659)	108,363	100,303
Unallocated expenses									(697)	(890)
Share of results of an associate, DEHB (in oil and gas segment)									24,377	16,119
Income tax expense									(32,136)	(30,542)
Profit for the year									99,907	84,990
Other comprehensive income									52	(35)
Total comprehensive income for the year									99,959	84,955
Minority interests									(2,107)	(9)
Total comprehensive income attributable to the owners of the Company									97,852	84,946

29. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exception given in paragraph 44AA of FRS 7, which is effective for annual periods beginning on and after 1 January 2010.

29.1 *Categories of financial instruments*

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

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

2010	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
Group			
Financial assets/(liabilities)			
Other investments	48	-	48
Trade and other receivables	308,094	308,094	-
Cash and cash equivalents	39,214	39,214	-
Loans and borrowings	(125,113)	(125,113)	-
Trade and other payables	(107,977)	(107,977)	-
	=========	=========	=========
Company			
Financial assets/(liabilities)			
Trade and other receivables	8,373	8,373	-
Cash and cash equivalents	240	240	-
Loans and borrowings	(57,500)	(57,500)	-
Trade and other payables	(25,661)	(25,661)	-
	=========	=========	=========

29.2 *Financial risk management*

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

a. ***Credit risk***

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

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

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

a. *Credit risk* (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties

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

- Intercompany balances

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

Exposure to credit risk, credit quality and collateral

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

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

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount due from two (2009: two) subsidiaries	-	-	8,302	10,843
Trade receivables from two (2009: two) counterparties	127,389	156,871	-	-
	127,389	156,871	8,302	10,843

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	279,361	284,613	-	-
Fiji	13,737	-	-	-
	293,098	284,613	-	-

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

a. *Credit risk* (continued)

Receivables (continued)

Impairment losses

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

	Group		
	Gross RM'000	Collective impairment RM'000	Net RM'000
2010			
Not past due	193,768	-	193,768
Past due 0-30 days	26,359	-	26,359
Past due 31-60 days	24,313	-	24,313
Past due 61-90 days	3,704	-	3,704
Past due 91-180 days	11,296	(24)	11,272
Past due more than 180 days	33,933	(251)	33,682
Total trade receivables (see Note 15)	293,373	(275)	293,098
2009			
Not past due	126,313	-	126,313
Past due 0-30 days	37,264	-	37,264
Past due 31-60 days	13,759	-	13,759
Past due 61-90 days	10,296	-	10,296
Past due 91-180 days	19,851	-	19,851
Past due more than 180 days	77,995	(865)	77,130
Total trade receivables (see Note 15)	285,478	(865)	284,613

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

	Group	
	2010 RM'000	2009 RM'000
At 1 January	865	912
Impairment losses reversed	(590)	(47)
At 31 December	275	865

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

There is no indication that the amounts due from subsidiaries are not recoverable as at the end of the reporting period. The Company does not however specifically monitor the ageing of the loans and advances to subsidiaries.

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

a. *Credit risk* (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities extended to some of its wholly-owned subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries to ensure that they are able to meet their obligations when due.

Exposure to credit risk, credit quality and collateral

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Bank guarantees	200,913	177,668
Other loans and borrowings outstanding and recognised in financial statements	60,389	86,084
Total (see Note 32)	261,302	263,752

There is no indication that any subsidiaries would default on repayments of its borrowings.

The financial guarantees have not been recognised as their fair value on initial recognition was not material and the probability of the subsidiaries defaulting on the credit lines is remote.

b. *Liquidity risk*

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

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

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

b. Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2010						
Trade and other payables	107,977	-	111,251	90,024	15,978	5,249
Loans and borrowings						
- Finance lease liabilities	9,729	4.60 - 8.99	10,765	3,252	3,225	4,288
- USD Islamic term loan	22,884	2.39	22,884	9,153	9,153	4,578
- Islamic Bonds	45,000	4.80	46,080	46,080	-	-
- Revolving credits	47,500	4.20 - 4.44	47,500	47,500	-	-
	233,090		238,480	196,009	28,356	14,115

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2010				
Other payables	25,661	-	25,661	25,661
Loans and borrowings				
- Islamic Bonds	45,000	4.80	46,080	46,080
- Revolving credits	12,500	4.20	12,500	12,500
	83,161		84,241	84,241

c. Market risk

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

i. Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

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

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

c. *Market risk* (continued)

i Currency risk *(continued)*

Exposure to foreign currency risk

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

	Group RM'000
Denominated in USD	
Cash and cash equivalents	39
Unsecured Islamic term loan	(22,884)
Exposure in the statement of financial position	(22,845)

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

Currency risk sensitivity analysis

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

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

	2010 Profit or loss RM'000
Group	
USD	2,284

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

ii Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

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

29. Financial instruments (continued)

29.2 *Financial risk management* (continued)

c. *Market risk* (continued)

ii Interest rate risk *(continued)*

Exposure to interest rate risk

The interest rate profile of the Group and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Fixed rate instruments				
Financial assets	27,436	47,374	-	4,500
Financial liabilities	(54,729)	(11,636)	-	-
Floating rate instruments				
Financial liabilities	(70,384)	(129,363)	(12,500)	(45,000)

Interest rate risk sensitivity analysis

a Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

b Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	------- Profit or loss -------	
2010	**100 bp increase RM'000**	**100 bp decrease RM'000**
Floating rate instruments		
- Group	(770)	770
- Company	(125)	125

iii. Other price risk

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

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on an individual basis.

Equity price risk sensitivity analysis

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

29. Financial instruments (continued)

29.3 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position are as follows:

	--------- 2010 ---------		---------2009 ---------	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Other investments (Note 12)				
- Quoted shares in Malaysia	48	48	290	691
- Unit trusts	-	-	186	283
Finance lease liabilities	9,729	9,729	11,636	11,636
Term loans denominated in:				
- USD	22,884	22,884	-	-
- RM	-	-	918	918
	========	========	========	========
Company				
Unsecured Islamic Bonds	45,000	45,000	-	-
	========	========	========	========

The following summarises the method used in determining the fair value of financial instruments reflected in the above table.

- ***Investment in equity securities***

  Fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

- ***Non-derivative financial liabilities***

  Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease arrangements. For Islamic Bonds, the market rate of interest is based on similar bonds with similar ratings and periods.

- ***Interest rates used to determine fair value***

  The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2010 %	**2009 %**
Unsecured Islamic Bonds	4.80	-
Finance leases liabilities	4.60 - 8.99	4.60 - 8.99

30. Capital management

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

There were no changes in the Group's strategy and approach on capital management during the year. One of its capital management strategies is to maintain a debt-to-equity ratio of not exceeding 1.2. The debt-to-equity ratio at 31 December 2010 and at 31 December 2009 was as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Total borrowings (Note 20)	125,113	140,999
Less: Cash and cash equivalents (Note 17)	(39,214)	(90,096)
Net debts	85,899	50,903
Total equity	739,464	674,324
Debt-to-equity ratio	0.12	0.08

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt to equity ratio of 1.2 and interest cover ratio of at least 4, to comply with the covenants of its Islamic Bonds facility (see Note 20.3). No breach of such covenants is reported.

31. Capital expenditure commitments

	Group	
	2010	**2009**
	RM'000	**RM'000**
Property, plant and equipment		
- Authorised but not contracted for	6,342	24,629
- Contracted for but not provided for	-	5,868
	6,342	30,497
Investment property		
- Authorised but not contracted for	5,321	-
- Contracted for but not provided for	20,846	-
	26,167	-
Business combination		
- Contracted for but not provided for	-	17,000*
Total	32,509	47,497

* *Being the remaining consideration payable for the acquisition of a quarry operation which has been fully settled in the current financial year (see Note 16.1).*

32. Contingent liabilities - unsecured

The Directors are of the opinion that provision is not required in respect of the following corporate guarantees, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Company	
	2010 RM'000	2009 RM'000
Corporate guarantees granted for banking facilities of certain subsidiaries (Note 29.2)	261,302	263,752

33. 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 connected to certain major shareholders and Directors of the Company and/or of its subsidiaries.

Significant related party transactions, other than compensations to key management personnel (see Note 24) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Nature of transaction		
Dividend income	(112,000)	(17,600)
Management fee expenses	3,356	318
Interest expenses	755	1,190
Rental expense	65	-

Transactions with associates

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Nature of transaction				
Dividend income	-	-	(6,334)	(12,985)
Purchase of construction materials	339	1,225	-	-
Sale of construction materials	(31)	(12,607)	-	-
Construction costs payable	180	-	-	-

33. Related parties (continued)

Transaction with joint ventures

	Group	
	2010	**2009**
	RM'000	**RM'000**
Nature of transaction		
Construction contract revenue	(28,968)	(16,514)
	=======	=======

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Nature of transaction		
Construction costs payable	-	135
Purchase of construction materials	4	22
Rental income	(11)	-
Rental expense	18	74
Purchase of plant and equipment	-	974
Sale of construction materials	-	(171)
	=======	=======

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Nature of transaction		
Consultant fee paid	60	-
	=======	=======

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

The outstanding balances with other related parties are as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Amount due therefrom	148	2
Amount due thereto	(16)	(974)
	=======	=======

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled in cash.

34. Acquisitions and disposals of subsidiaries

i. *Acquisition of new subsidiaries*

On 11 February 2010, one of its indirect subsidiaries, Naim Overseas Sdn. Bhd. ("NOSB") acquired 999,999 ordinary shares of FJD1.00 each in Naim Quarry (Fiji) Limited ("NQFL"), representing 99.99% of the equity thereof, for a consideration of FJD999,999 (equivalent to RM1,649,000).

NOSB also subscribed for 999,999 ordinary shares of FJD1.00 each in Naim Premix (Fiji) Limited ("NPFL"), representing 99.99% of the equity interest thereof, for a consideration of FJD999,999 (equivalent to RM1,656,000) on 17 March 2010.

On 29 November 2010, Naim Cendera Sdn. Bhd. ("NCSB") (now known as Naim Land Sdn. Bhd.) subscribed for the entire issued and paid-up capital of a newly incorporated subsidiary, Permyjaya Sino Education Sdn. Bhd. ("PSESB"), comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.

During the last financial year, Naim Engineering Sdn. Bhd. ("NESB") acquired 2 ordinary shares of BND1.00 each in Naimcendera Engineering & Construction Sendirian Berhad ("NECSB") for a cash consideration of BND1 (equivalent to RM2). In the same year, NOSB acquired 999,999 ordinary shares of FJD1.00 each in Naim Engineering Construction (Fiji) Limited ("NECFL"), representing 99.99% of the equity thereof, for a consideration of FJD999,999 (equivalent to RM1,822,000).

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	
	2010	**2009**
	RM'000	**RM'000**
Net identifiable assets acquired, satisfied by cash	3,305	1,822
Less: Cash acquired	(3,305)	(1,822)
Net cash outflow on acquisition	-	-

The acquisition of NQFL, NPFL and PSESB has no material impact on the results of the Group for the financial year ended 31 December 2010 as these subsidiaries are acquired at the date of the incorporation.

ii. *Changes in investments in existing subsidiaries*

Increase in investments

NESB acquired an additional 450,000 ordinary shares of RM1.00 each in Plus Viable Sdn. Bhd. ("PVSB") from a minority shareholder on 1 March 2010 for a cash consideration of RM585,000. On 16 November 2010, NESB further increased its equity stake in PVSB by acquiring an additional 150,000 ordinary shares of RM1.00 each therein for a consideration of RM231,000. The resultant group equity interest in PVSB has increased from 70% to 90% following the acquisitions.

The acquisition of the additional interest in PVSB had the following effect on the Group's assets and liabilities on the acquisition date:

	2010
	RM'000
Net assets acquired	834
Negative goodwill on consolidation (Note 22)	(18)
Cash outflow on acquisition	816

The negative goodwill of RM18,000 was immediately recognised in the statement of comprehensive income for the year ended 31 December 2010 (see Note 22). The Group also recognised a decrease in minority interests of RM834,000.

In July 2010, NECSB effected a special issue of 998 new ordinary shares of BND1.00 each to NOSB for a cash consideration of BND998 (equivalent to RM2,330). The resultant group equity interest in NECSB has then increased from 50% to 99.9% following the acquisition.

34. Acquisitions and disposals of subsidiaries (continued)

ii. *Changes in investments in existing subsidiaries* (continued)

Decrease in investments

On 26 July 2010, NCSB and Total Reliability Sdn. Bhd. ("TRSB") entered into share swap agreements with TR Concrete Sdn. Bhd. ("TRC"), an associate of the Group, to transfer all of the Group's interests in TR Smart Piles Sdn. Bhd. ("TRSP") and TR Bricks Sdn. Bhd. ("TRB") to TRC in exchange for 376,672 new ordinary shares of RM1.00 each in TRC. Following the share swaps, TRSP and TRB have now become wholly-owned subsidiaries of TRC. The investment cost in TRC has increased from RM1,491,000 to RM4,461,000 with the corresponding effective interest therein increased to 29.1% from 17.9%. The Group recognised a loss of RM2,384,000 arising from the disposal of the equity interests in TRSP and TRB via the share swap arrangement. The Group also recognised a decrease in minority interests of RM1,689,000 during the year.

During the last financial year, Simbol Warisan Sdn. Bhd. ("SWSB"), which was previously a 100% owned subsidiary, issued new ordinary shares to 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 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 decreased from 100% to 70% as at 31 December 2009.

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 interests of RM289,000 during the last financial year.

iii. *Internal restructuring*

On 5 April 2010, NESB, which was previously a 100% owned subsidiary of NCSB, effected a special issue of 49,000,000 new ordinary shares of RM1.00 each to the Company for a cash consideration of RM49,000,000. On the same day, the Company acquired the remaining 1,000,000 ordinary shares of RM1.00 each in NESB held by NCSB at par. NESB consequently has become a wholly-owned subsidiary of the Company. In the same month, NESB also acquired the entire equity interest of NOSB from a related company, NCSB for a cash consideration of RM2.00.

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

35. Material litigations

Suit over land

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), an indirect subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have native customary rights ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs. The said land was previously alienated by the State Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the Court rule in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land. NC7's application to strike out the Plaintiff's claim has been adjourned to a date which has yet to be fixed by the High Court pending the decision of the 1st to 3rd Defendants' appeals at the Court of Appeal. In the meanwhile, the High Court has fixed the trial dates on 28 to 29 July 2011.

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 described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak, which has been alienated to KMSB. 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 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. The High Court has fixed the matter for further mention on 29 April 2011 to monitor the status of the Plaintiffs' appeal.

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 dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. The High Court has fixed the matter for mention on 20 May 2011.

Notes to the Financial Statements

35. Material litigations (continued)

Suit over land *(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, respectively. NCSB's application to strike out the Plaintiff's action was dismissed by the High Court and NCSB is currently awaiting the issuance of written judgment for appeal purposes. In the meanwhile, the High Court has yet to fix the trial date for the suit.

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 19 January 2010 and the High Court has fixed the next mention date on 26 April 2011 and the trial dates on 27 June 2011 to 1 July 2011.

On 5 August 2010, KMSB received another Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed a Statement of Defence on 16 August 2010. The High Court has fixed the matter for further mention on 6 June 2011 to monitor the status of KMSB's appeal on its application to strike out the Plaintiff's action.

On 21 December 2010, NCSB received a Writ of summons and Statement of claim from a supplier, seeking for, *inter alia*, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials for a project. NCSB had filed its Statement of Defence and Counterclaim on 26 January 2011. No date has been fixed for the hearing by the High Court as at the date of this report.

36. Subsequent events

36.1 *Bonus issue and rights issue by an associate*

Dayang Enterprise Holdings Bhd. ("DEHB") effected a bonus issue of 88,000,000 new ordinary shares of RM0.50 each on 10 February 2011, out of which 31,671,675 shares of RM0.50 each were issued to the Company. The Company has on 28 February 2011 subscribed for its entitlement of 39,589,593 ordinary shares of RM0.50 each to the rights issue by DEHB for a total cash consideration of RM43,549,000.

36.2 *Changes in Group composition*

One of its wholly-owned subsidiaries, Naim Cendera Dua Sdn. Bhd. (now known as Naim Supply & Logistic Sdn. Bhd.) increased its issued and paid up capital from RM1,250,000 to RM5,000,000 by way of capitalisation of its retained earnings as bonus shares on 22 February 2011.

In the same month, another subsidiary, Total Realibility Sdn. Bhd., effected a bonus issue comprising 3,000,000 new ordinary shares of RM1.00 each, out of which 1,530,000 new ordinary shares was subscribed by NCSB.

36.3 *Disposal of interest in associate*

In April 2011, the Company disposed of 10,000,000 ordinary shares of RM0.50 each in DEHB for a total cash consideration of RM20,743,000 (net of transaction costs). The resultant group interest in DEHB has decreased from 35.9% to 34.17% as at the date of this report.

37. Significant changes in accounting policies

The principal effect of changes in presentation, changes or methods of computations and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and amendments are summarised as follows:

a. FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to the accounting policies relating to recognition and measurement of financial instruments and significant changes in accounting policies are as follows:

- ***Investment in equity securities***

  Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value which is other than temporary.

  With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates, are now categorised and measured as available-for-sale investments as detailed in Note 2(c).

37. Significant changes in accounting policies (continued)

a. FRS 139, Financial Instruments: Recognition and Measurement (continued)

- ***Loans and receivables***

  Prior to 1 January 2010, loans and receivables (including intercompany loans/advances) were initially recorded at cost and subsequently stated at cost less allowance for doubtful debts.

  With the adoption of FRS 139, loans and receivables that are financial assets are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using current market interest rate of a loan with similar risk and tenure and subsequently measured at amortised cost using the effective interest method with interest income recognised in profit or loss.

- ***Impairment of trade and other receivables***

  Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by management.

  With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

- ***Payables***

  Prior to 1 January 2010, payables were measured initially and subsequently stated at cost.

  With the adoption of FRS 139, payables that are financial liabilities are now recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method with interest expense recognised in profit or loss.

- ***Financial guarantee contracts***

  Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantees may be called upon.

  With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139, which requires for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year to be recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

The effect of adoption of FRS 139 to the Group is summarised as follows:

Group	**Fair value reserve RM'000**	**Retained earnings RM'000**
At 1 January 2010, as previously stated	-	324,684
Adjustments arising from adoption of FRS 139 (net of tax):		
- Fair value of equity securities classified as available-for-sale	102	-
- Remeasurement of trade receivables	-	(6,646)
- Remeasurement of trade payables	-	3,189
	102	(3,457)
At 1 January 2010, as restated	102	321,227

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods.

b. FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that is internally provided to the Group Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously, operating segments were determined and presented in accordance with FRS 114$_{2004}$, *Segment Reporting*.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

37. Significant changes in accounting policies (continued)

c. FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), all non-owner changes in equity that were presented in the statement of changes in equity are now included in the consolidated statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes equity.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

d. Amendments to FRS 117, Leases

The Group has reassessed and determined that certain leasehold land is in substance a finance lease and has reclassified the leasehold land from prepaid lease payments to property, plant and equipment and/or investment property in accordance with the amendments to FRS 117.

The above reclassification has been made retrospectively in accordance with the transitional provisions of the amendments to FRS 117. Certain comparatives have been re-presented for that purpose, as follows:

	------- 31.12.2009 -------		------- 1.1.2009 -------	
	As restated RM'000	**As previously stated RM'000**	**As restated RM'000**	**As previously stated RM'000**
Group				
Statement of financial position				
Property, plant and equipment	108,239	63,397	77,808	32,111
Prepaid lease payments	2,618	51,034	2,730	48,427
Investment property	3,574	-	464	464
	========	========	=======	=======

The reclassification does not affect the basic and diluted earnings per ordinary shares for the current and prior periods.

38. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profits or losses, pursuant to the directive of Bursa Securities, is as follows:

	------- 2010 -------	
	Group RM'000	**Company RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	457,100	65,550
- Unrealised	1,616	-
	458,716	65,550
The share of retained earnings from associates		
- Realised	41,751	-
- Unrealised	(414)	-
	41,337	-
	500,053	65,550
The share of retained earnings from joint ventures		
- Realised	8,702	-
	508,755	65,550
Less: Consolidation adjustments	(112,573)	-
Total retained earnings as per consolidated accounts (see Note 19)	396,182	65,550

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

In the opinion of the Directors,

a. the financial statements set out on pages 81 to 140 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 2010 and of their financial performance and cash flows for the year then ended, and

b. the information set out in Note 38 on page 141 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Datuk Abdul Hamed Bin Haji Sepawi

Datuk Hasmi Bin Hasnan

Kuching,

Date: 28 April 2011

Statement by Directors 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, do solemnly and sincerely declare that the financial statements set out on pages 81 to 141 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 28 April 2011

Abet Bin Abang Mataim

Before me: **PETER SIM HOI PENG**
Pesuruhjaya Sumpah
Lot 9691, 1st Floor,
Jalan Datuk Abang Abdul Rahim,
93450 Kuching, Sarawak

Independent Auditors' Report to the members of
Naim Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Naim Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 81 to 140.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report to the members of
Naim Holdings Berhad

Report on Other Legal and Regulatory Requirements

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

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

b. We have considered the accounts and the audit reports of the subsidiaries of which we have not acted as auditors (which are indicated in Note 5 to the financial statements) as well as the unaudited accounts of the two subsidiaries mentioned in item (d) below.

c. We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate 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 accounts of Permyjaya Sino Education Sdn. Bhd. for the period from 16 November 2010 (date of incorporation) to 31 December 2010 and those of Naimcendera Engineering & Construction Sendirian Berhad for the year ended 31 December 2010, which are not material to the Group, have not been audited.

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 on page 141 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Chin Chee Kong
Approval Number: 1481/01/13 (J)
Chartered Accountant

Kuching,
Date: 28 April 2011

Analysis of Shareholdings
as at 29 April 2011

Authorised Share Capital	:	RM500,000,000 comprising RM500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM250,000,000 comprising RM250,000,000 shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	9	0.21	378	0.000
100 – 1,000	902	21.42	792,622	0.32
1,001 – 10,000	2,558	60.75	11,230,400	4.49
10,001 – 100,000	624	14.82	18,101,100	7.24
100,001 – 12,499,999 (*)	113	2.68	110,800,850	44.32
12,499,999 and above (**)	5	0.12	109,074,650	43.63
Total	4,211	100.000	250,000,000	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	12.25
2	TAPAK BERINGIN SDN. BHD.	27,406,900	10.96
3	LEMBAGA TABUNG HAJI	24,966,400	9.99
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN	13,418,850	5.37
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	13,069,800	5.23
6	NAIM HOLDINGS BERHAD SHARE BUY BACK ACCOUNT	11,916,400	4.77
7	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	3.87
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	7,747,600	3.10
9	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	7,500,000	3.00
10	ABDUL HAMED BIN SEPAWI	7,150,000	2.86
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDUL HAMED BIN SEPAWI	5,000,000	2.00
12	PERMODALAN NASIONAL BERHAD	5,000,000	2.00
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	4,234,100	1.69
14	HWS PROPERTIES SDN BHD	4,012,250	1.60
15	OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.30
16	VALUECAP SDN BHD	2,700,600	1.08
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	2,274,500	0.91
18	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J728 FOR S&P EMERGING ASIA PACIFIC ETF	2,188,213	0.88
19	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,531,500	0.61
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,476,000	0.59

TOP 30 SHAREHOLDERS (CONTINUED)

NO	NAME	NO. OF SHARE HELD	% SHAREHOLDING
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	1,448,500	0.58
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR KENANGA PREMIER FUND	1,401,600	0.56
23	CITIGROUP NOMINEES (ASING) SDN BHD CB SGP FOR PINEBRIDGE INTERNATIONAL FUNDS-ACORNS OF ASIA BALANCED FUND	1,300,000	0.52
24	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,255,800	0.50
25	NAIM HOLDINGS BERHAD SHARE BUY-BACK ACCOUNT	1,139,600	0.46
26	WONG THONG THAI	1,116,400	0.45
27	AMSEC NOMINEES (TEMPATAN) SDN BHD ASSAR ASSET MANAGEMENT SDN BHD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK)	1,080,000	0.43
28	PELITA DINAMIK SDN BHD	1,000,000	0.40
29	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET LONDON FUND OD77 FOR ISHARES III PUBLIC LIMITEDCOMPANY	963,200	0.39
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BDH FOR MAAKL AL-FAID	835,800	0.33

UBSTANTIAL SHAREHOLDER

NAME OF SUBSTANTIAL SHAREHOLDERS		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	ISLAND HARVESTS SDN. BHD.	30,619,600	12.25	-	-
2	DATUK HASMI BIN HASNAN	16,668,850	6.67	40,480,500	16.19
3	TAPAK BERINGIN SDN. BHD.	27,406,900	10.96	-	-
4	DATUK ABDUL HAMED BIN SEPAWI	12,150,000	4.86	27,992,700	11.20
5	LEMBAGA TABUNG HAJI	24,966,400	9.99	-	-

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1	DATUK ABDUL HAMED BIN SEPAWI	12,150,000	4.86	27,992,700	11.20
2	DATUK HASMI BIN HASNAN	16,668,850	6.67	40,480,500	16.19
3	DATO WILLIAM WEI HOW SIENG	-	-	4,012,250	1.65
4	SULAIHAH BINTI MAIMUNNI	-	-	-	-
5	KUEH HOI CHUANG	139,700	0.06	-	-
6	ABANG HASNI BIN ABANG HASNAN	-	-	-	-
7	LEONG CHIN CHIEW	24,000	0.01	1,000	0.00
8	HAJI RADZALI BIN ALISION	1,500	0.00	-	-
9	DATUK HAJI HAMDEN BIN HAJI AHMAD	-	-	-	-
10	IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
11	DATU' (DR) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
12	PROFESSOR DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
13	TUAN HAJI JELI BOHARI BIN BIHA @ JELI UMIK (APPOINTED W.E.F. 28.04.2011)	-	-	-	-

Top 10 Properties

Lot No/ Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	At Cost/ Net Book Value RM'000
LAND HELD FOR DEVELOPMENT				
Lot 819, Blk 13 Kuala Baram Land District Miri	Land For Development	21.08.1997 Expiring 20.08.2096	314,361	11,052
Lot 3247 Block 11 Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 19.07.2094	678,984	28,618
Lot 4711, Block 14, Salak Land District	Land For Development	22.06.2004 Expiring 21.06.2064	335,971	4,895
Lot 1748, Muara Tuang Land District	Land For Development	29.05.2008 Expiring 28.05.2068	2,076,740	23,215
Lot 4172 and Lot 4173, Bintulu Land District	Land For Development	26.09.08 Expiring 05.11.2068	146,930	33,154
Lot 2203, Bintulu Land District	Land For Development	10.12.2009 Expiring 31.12.2069	22,130	8,197
INVESTMENT PROPERTY				
Lot 3244, Block 11, Kuala Baram Land District	Commercial Land	20.07.1995 Expiring 19.07.2094	34,129.68	3,463
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Long Term Leasehold Land				
Lots 30 & 31, Block 34, Kemena Land District, Bintulu	Mixed Development	13.02.2001 Expiring 05.09.2061	4,010,000	12,964
Lot 3287, Block 10, Kuching Central Land District	Mixed Development	3.8.2007 Expiring 2.8.2067	135,970.00	28,910
Building				
Parcel 3064-10-1, Block 10, Wisma Naim, Jalan Rock, Kuching Town Land District, Kuching	Office Building (Age: 14 Years)	31.07.2000 Expiring 11.04.2055	584	1,641

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 9th 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 Thursday, 16 June 2011 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 2010.
ORDINARY RESOLUTION 1

2. **Approval of Directors' Fees**
To approve Directors' Fees in respect of the financial year ended 31 December 2010.
ORDINARY RESOLUTION 2

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

Abang Hasni Bin Abang Hasnan	**ORDINARY RESOLUTION 3**
Kueh Hoi Chuang	**ORDINARY RESOLUTION 4**
Leong Chin Chiew	**ORDINARY RESOLUTION 5**
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	**ORDINARY RESOLUTION 6**

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

Haji Jeli Bohari Bin Biha @ Jeli Umik	**ORDINARY RESOLUTION 7**

4. **Re-Appointment of Auditors**
To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 8**

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

5. **ORDINARY RESOLUTION 9 - AUTHORITY TO ALLOT AND ISSUE SHARES**
"THAT, subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/ regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
ORDINARY RESOLUTION 9

6. **ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES ("PROPOSED SHARE BUY-BACK")**
"THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that :-

   i. the aggregate number of shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

   ii. an amount not exceeding the Company's audited share premium and/or retained profits for the financial year ended 31 December 2010 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 10

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

BY ORDER OF THE BOARD

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

Kuching, Sarawak
Dated this 24 May 2011

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 9 – Authority to Allot and Issue Shares
This proposed resolution in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will unless revoked or varied by the Company in General Meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 15 June 2010. The Company did not utilize the mandate that was approved last year. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercises, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

b. Ordinary Resolution 10 – 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 24 May 2011 for further information.

Statement accompanying Notice of Annual General Meeting

There is no person seeking election as Director of the Company at this Annual General Meeting.

NAIM HOLDINGS BERHAD
585467-M (Incorporated in Malaysia)

CDS account no. of authorized nominee

FORM OF PROXY

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

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

of ____
(FULL ADDRESS)

being a member of NAIM HOLDINGS BERHAD, hereby appoint ______________________

____
(FULL NAME AS PER NRIC IN BLOCK CAPITAL)

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

____
(FULL ADDRESS)

or failing him/her the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held at Ground Floor, Wisma Naim, 2½ Mile, Rock Road, 93200 Kuching, Sarawak on Thursday, 16th June 2011 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 : Abang Hasni Bin Abang Hasnan		
Ordinary Resolution 4	Re-election of Director: Kueh Hoi Chuang		
Ordinary Resolution 5	Re-election of Director: Leong Chin Chiew		
Ordinary Resolution 6	Re-election of Director: Datu (Dr) Haji Abdul Rashid Bin Mohd Azis		
Ordinary Resolution 7	Re-election of Director: Haji Jeli Bohari Bin Biha @ Jeli Umik		
Ordinary Resolution 8	Re-appointment of Auditors : Messrs KPMG as Auditors and authorizing the Directors to fix their remuneration		
Special Businesses			
Ordinary Resolution 9	Authority to allot and issue shares		
Ordinary Resolution 10	Proposed renewal of authority to purchase own shares		

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

Dated this ____________ day of ____________ 2011.

Number of shares held:

____
Signature of Shareholder(s)/Common Seal

Notes:-
1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 9th Floor, Wisma Naim, 2 ½ Mile Jalan Rock, 93200 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

1. Fold here / Lipat di sini

STAMP

The Company Secretary

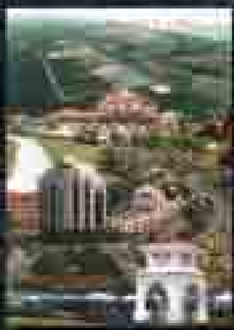
NAIM HOLDINGS BERHAD

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

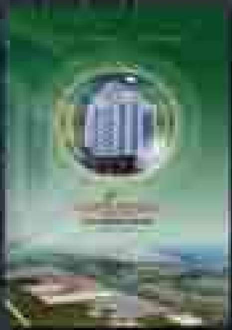
2. Fold here / Lipat di sini

From where we Began . . .

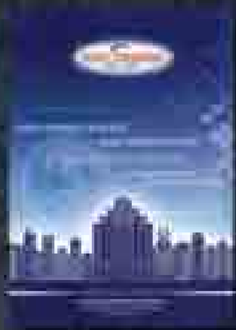
Annual Report 1998
NAIM CENDERA SDN BHD



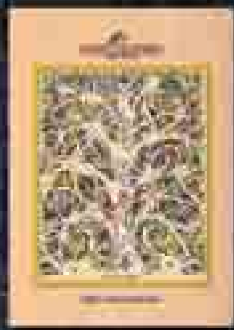
Annual Report 1999
NAIM CENDERA SDN BHD



Annual Report 2000
NAIM CENDERA SDN BHD



Annual Report 2001
NAIM CENDERA SDN BHD



Annual Report 2002
NAIM CENDERA SDN BHD

Annual Report 2003
NAIM CENDERA
HOLDINGS BERHAD

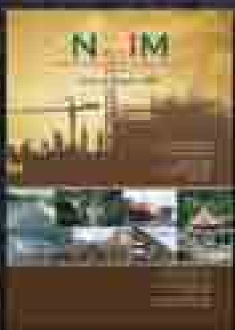
Annual Report 2004
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2005
NAIM CENDERA
HOLDINGS BERHAD

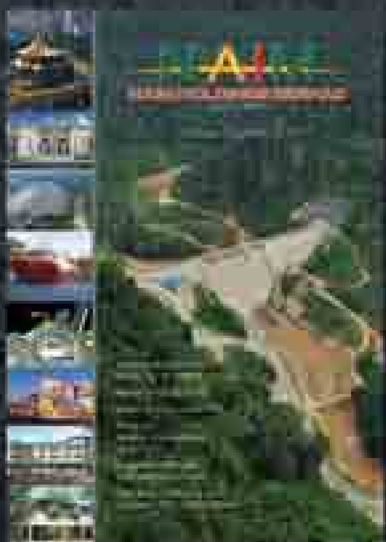
Annual Report 2006
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2007
NAIM CENDERA
HOLDINGS BERHAD

Annual Report 2008
NAIM HOLDINGS BERHAD
(Formerly known as
Naim Cendera Holdings Berhad)



Annual Report 2009
NAIM HOLDINGS BERHAD



Annual Report 2010
NAIM HOLDINGS BERHAD

NAIM

NAIM HOLDINGS BERHAD

Registered and Head Office

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