

Our Anniversary Countdown Celebration At A Glance (continue)

A Fun Carnival Indeed!



25 October 2015:

We organised our Miri anniversary carnival at the Permy Mall Miri. It was a great celebration with the Miri community!

Dato James Chan Leading The Carolling Session



13 December 2015:

We brought X'mas spirit to the Kuching community with our Anniversary Christmas Carnival. Our Guest of Honour, Mayor of the Council of the City of Kuching South (MBKS), YBhg Dato James Chan also sang Christmas carols with us!



Thumbs Up For A Great 20 Years!



We organised another round of celebratory dinner with 250 stakeholders in Kuala Lumpur, with the Minister of International Trade and Industry Malaysia, YB Dato' Sri Mustapa Bin Mohamed as our Guest of Honour!

YB Dato' Sri Mustapa With Datuk Amar Hamed & Datuk Hasmi At Our Mini Gallery

Datuk Amar Abdul Hamed, We Salute You!!

Datuk Amar Abdul Hamed bin Haji Sepawi made Sarawak proud when he was adjudged The BrandLaureate's prestigious 'Man of the Year' Brand ICON Leadership Award 2015. An internationally recognised award, the Awards recognise great iconic brand leaders who have transformed their brands into powerful brands which sustain the test of time.

A highly respected personality in the business community, Datuk Amar Hamed said he was honoured and humbled by the award.

'It is important for me to say that although this award was conferred on me, it has been earned by every single person in the groups of companies that I represent. The success of our brands is the result of a synergy between transformational leadership and pure hard work to reach a high level of integrity and passion among our workforce.

As such, I'm indeed honoured with the award and I would also like to express my appreciation to all our workforce, our customers, consultants, advisors and for the opportunities given by the Government,' he remarked.

DATUK AMAR – WE ARE PROUD OF YOU AND WE LOOK FORWARD TO YOUR CONTINUED GUIDANCE IN THE FUTURE!



Other Highlights

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Corporate Diary



Opening Ceremony Of Our New Bintulu Sales Gallery

Ushering The Year Of The Goat, The Naim Way (21 February 2015)

The Group organised simultaneous Chinese New Year celebratory events in Kuching, Miri and Bintulu. Leading the celebration was the event held at Bintulu Paragon, which featured performances by international artistes and the launch of its final units of Street Mall.

The Kuching and Miri celebrations were held at the Group's sales galleries, which featured an array of fun activities such as lion dances, calligraphy contests and many more.



Kuching's CNY Celebration



Miri's CNY Celebration

Naim Organises Board Of Directors And Senior Management Retreat 2015 (11 – 15 March 2015)

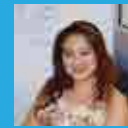
Health and fitness were the order of the day when more than 40 members comprising Naim's Board of Directors and senior management team participated in its annual corporate retreat in Chiang Mai, Thailand. Members also participated in a fitness regime during the retreat.



Our Fun Yet Challenging Retreat In Chiang Mai, Thailand



Yap Khan Kee A
reputable company in diversified fields & yet maintaining a people-oriented organisation



Maria Tan An
organization that's leading the future of the industry



Cynthia Senin Anak Garan
To be Malaysia's most respected developer & contractor



Shirley Liew
To double our prosperity!



Clement Lee
Proud to be part of NAIM-look forward to grow the hospitality business!



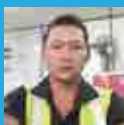
Marlystra Jawai Lee
To become ASEAN's leading developer & contractor



Arnie Rozmyati Ariffin
Document Controller
Look forward to greater teams!



Muhamad Taufiq Bin Muhamad Nasiruddin
To venture into aircraft and shipping logistics



Lawrence Anak Bajai To be the best construction company



Nur Hidayah Bt Wam
To have NAIM as an example of how a company protects and care about Bumiputera (especially Sarawakians) in developing a quality staff for future benefit & development



Ahmad Haziq Bin Abd Razak To create more quality urban lifestyles & build stronger communities



Dickson Anak Anggop
To have greater & stronger teams

Our Memorable March Past In Kuching



Miri's Labour Day Event With Bandar Baru Permyjaya's Residents

Naim's Memorable Labour Day Celebrations 2015 (1 May 2015)

It was indeed a memorable Labour Day Celebration for our Kuching, Miri and Bintulu workforce. Leading the celebration was our Kuching team, as our team was chosen by the Ministry of Human Resources Malaysia to represent the nation's workforce in delivering a pledge during the National-level Labour Day Celebration held in Kuching. The pledge was delivered by our contingent leader, Awang Khairuddin in front of a 10,000-strong crowd.

Our Miri and Bintulu celebration featured an array of exciting games and competitions for staff and their families.

Naim Plays Host To The Chief Secretary To The Government And Delegates Of Perumahan Penjawat Awam 1Malaysia (Ppa1m) And 1Malaysia People's Housing Programme (PR1MA) (7 July 2015)

We played host to YBhg Tan Sri Dr Ali Hamsa, the Chief Secretary to the Government and also the Chairman of PR1MA and PPA1M, the Sarawak State Secretary and other dignitaries, reaffirming our Group's commitment in assisting the Government to address the nation's affordable housing needs.



Datuk Hasmi Briefing The Dignitaries

Naim Organises Senior Management Corporate Retreat 2015 (11 – 12 September 2015)

Close to 60 persons comprising our Board Members and staff attended this retreat, which saw intense discussions on future business strategies and sharing sessions among team members.



Sharing Session In Progress

Naim Signs Agreement With TM For Unifi (10 November 2015)

In our effort to provide better service to our Bintulu Paragon property purchasers, we entered into a collaborative agreement with Telekom Malaysia (TM) to provide UniFi high-speed broadband service for its residents, making the development the first integrated development in Bintulu to have UniFi coverage.



Exchange Of Collaborative Agreement

Naim Pays Tribute To The Media (4 December 2015)

We brought early X'mas cheers to the media fraternity with our Media Nite event held in Kuching. The annual event was organised as a tribute to the media for its contribution in our Group's communications initiatives.



Kuching's Media Nite In Progress

Naim Organises Miri Clubhouse 'Open Day' (15 November 2015)

We organised the 'Open Day' in conjunction with Naim Clubhouse @SouthLake Permyjaya's launch on 14 October 2015, whereby members of the public were invited for tours around the clubhouse and its facilities.



Welcome To Our Clubhouse!



Roselind Luli

Ak Robert Jawan

Congratulations on 20th Anniversary! I'm proud to be part of NAIM's big family!



Kiu Diong Mee Proud of NAIM's contribution in Property Development and Construction - keep it up!



Mohamad Hafiezul Bin Mohd Abdul Latip

Good working environment - look forward to a great future!

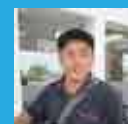


Trany Christopher

NAIM boleh terus maju



Terry Wenceslaus Move Forward with NAIM



Franklin NAIM the best. "agitudup agingelaban"

NAIM IN THE



Hamed wins the BrandLaureate 'Man of the Year' at Brand

BrandLaureate has named Hamed Mohamed as the 'Man of the Year' at Brand for 2014. Hamed, CEO of NAIM, was recognized for his leadership in driving the company's growth and innovation in the real estate sector. The award is presented annually to individuals who have made significant contributions to their respective industries.



Naim voted M'sian top 20 property developer

Naim Holdings Berhad has been ranked as the top property developer in Malaysia for the 20th time by the Global Property Guide. The company's success is attributed to its diverse portfolio of projects, including residential, commercial, and industrial developments. Naim's commitment to quality and customer satisfaction has earned it a strong reputation in the market.



Naim installs MRT Link Bridge A, records another milestone

Naim has successfully completed the installation of MRT Link Bridge A, marking a significant milestone in the development of the MRT system. The bridge, which connects the MRT station to the surrounding area, is a testament to Naim's engineering expertise and commitment to infrastructure development. The project has been completed ahead of schedule and within budget.



Naim facilitates a 'greener' environment

Naim is committed to environmental sustainability and has initiated various programs to promote a greener environment. These include tree-planting activities, recycling drives, and the use of eco-friendly materials in construction. Naim's efforts aim to reduce its carbon footprint and contribute to a more sustainable future.



SGH gets haemodialysis machine

Singapore General Hospital (SGH) has received a state-of-the-art haemodialysis machine from Naim. The machine, which is used for treating kidney failure, is a significant addition to SGH's medical equipment. Naim's donation demonstrates its commitment to social responsibility and supporting the healthcare sector.

納英藉助學校 中中校董會獲捐5萬

Naim has donated a sum of 50,000 to the Chinese Middle School (CMS) through the Naim Education Foundation. The donation is intended to support the school's educational activities and infrastructure development. Naim's support for education reflects its commitment to the community and the future of the nation.



NEWS

1 January 2015 -
31 December 2015



Naim Group CEO receiving the award from Naim Group and its subsidiaries, 2015 to 2014 for Naim Group with NAIM Group, Singapore and NAIM Group, USA.

Naim wins 'Outstanding Developer' award

REKING Naim Group has been named the winner of the Naim Group Property Development Award for 2015, 2014 to 2015 in the 'Outstanding Developer' category.

The award is presented annually to the best property developer in Singapore and Malaysia. It is the highest accolade in the industry, recognizing the group's commitment to excellence in property development.

The award is presented to the group by the Naim Group Property Development Award Committee, which is made up of industry experts and professionals.

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EMULATE NAIM, SAYS TYT



TYT Group CEO, Mr. Tan Yee Tin, speaking at the award ceremony. He said that Naim Group is a role model for other developers in the industry.

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Naim contributes to six Chinese schools



Naim Group has contributed to six Chinese schools in Singapore. The group has donated funds to support the schools' educational activities and infrastructure development.

Naim holds professional development seminar

Naim Group has held a professional development seminar for its employees. The seminar focused on enhancing the skills and knowledge of the group's workforce.



Naim Group CEO and other executives at the professional development seminar.

Naim's volunteer firefighters help to combat bushfire



Naim's volunteer firefighters have helped to combat a bushfire in Singapore. The group's efforts were instrumental in containing the fire and protecting the surrounding area.



Naim Group CEO and other executives at a Habitat for Humanity event. The group has supported Habitat's Borneo Blitz Build project, which aims to improve the living conditions of people in Borneo.

NAIM and State Forestry Department sign MoU

NAIM and the State Forestry Department have signed a Memorandum of Understanding (MoU). The MoU outlines the group's commitment to sustainable forestry and environmental protection.

Corporate Governance

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Corporate Governance Statement

A Note on Terminology: Naim Holdings Berhad is the ultimate holding company for Naim Land Sdn Bhd, Naim Engineering Sdn. Bhd. and other subsidiary companies, both direct and indirect. 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 forgo the use of the term “Company” in this statement whenever appropriate, and instead use the term “Group”, which encompasses all companies operating under the control of Naim Holdings Berhad.

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

BOARD OF DIRECTORS

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

The Board is also responsible for the review of performance of the Group’s strategies, objectives, business plans and budgets, and has oversight of the Group’s operations and management.

BOARD COMPOSITION AND BALANCE

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

The Board’s current composition is as follows:

Category	No. of Directors	%
Executive Director	2	20
Non-Executive Director	2	20
Independent Non-Executive Director	6	60
Total	10	100

Notes:

Paragraph 15.02, Bursa Malaysia Securities Listing Requirements requires 1/3 of the Board to comprise Independent Directors. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest 1/3 shall be used.

During the year under review, the Board composition is in line with the recommendations of the Malaysian Code of Corporate Governance 2012 (“MCCG 2012”). The Board is served by ten (10) Board Members of which 20% are Executive Directors, 20% are Non-Executive Director and the balance of 60% comprises Non-Executive Directors who are independent. The Board is made up of a diverse group of individuals with broad experiences and accomplishments in finance, property, construction, project management, oil and gas, business development and multi-national companies. All Members have demonstrated the ability to exercise sound business judgment. The Independent Non-Executive Directors do not participate in the routine operations and they bring unbiased guidance to the Group. They constructively challenge and at the same time contribute to the development of strategies. They scrutinize the performance of management in meetings, approve 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 judgments to bear in decision making. The



Yee Siew Peng What we do, we do well by being an effective, lean & fast moving organisation



Lee Pei Fung I wish all the NAIM subsidiaries to be listed to accommodate my fellow colleagues’ big dreams



Karen Ngu To become a very well-known company brand around the world



Madonna Ak Bangik To have subsidiaries listed in the UK & develop properties there



Lim Tien Wei Company has long term growth and viability

Corporate Governance Statement (continue)



Phyllemyna Lypard anak Nabau To be more well-known locally & internationally



Marlon Garcia Amoranto To be the most "Innovated, Reliable & Dependable" in Engineering, Business Development & Business Infrastructure



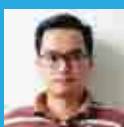
Mariam Mohd Salleh I'm proud to have grown with Naim. Happy 20th & Love Naim!



Dayang Jerrinna Bt Mohd Junaidi Naim is the best



Tan Chiang Hui To be a MNC in property & construction



Martin Tingie Limbai To be a globally successful company in the future

Board monitors the independence of each Director on a half yearly basis, in respect of their interests disclosed by them. The segregation of duties between Executive and Non-Executive Directors is to ensure an appropriate balance of role and accountability at the Board level.

Since the Chairman is a Non-Executive Non-Independent Director, the MCCG 2012 recommends that a majority of members on the Board be independent directors. The Company complies with the aforesaid recommendation wherein the Board comprises a majority of 60% independent directors.

BOARD GENDER DIVERSITY

The gender composition of the Board is as follows:

Gender	No. of Directors	%
Male	8	80
Female	2	20
Total	10	100

The appointments of Ms Wong Ping Eng and Datin Mary Sa'diah Binti Zainuddin in 2012 and 2013 respectively underlined the Group's commitment to bring gender diversity to the Board.

BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board meets at least five (5) times annually, with additional meetings being convened as and when necessary.

For the Board to deliberate effectively on the agenda of the meetings, relevant meeting papers or proposals will be furnished prior to and in advance of each meeting. Presentations were scheduled during Board and Committee meetings by management and/or consultants and advisors in order to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's businesses. The management prepares such information in advance of each Board and Committee meeting to allow for adequate review and preparation. This enables the Board to study the facts and have productive discussion before making and informed decision at the meeting.

Minutes of each Board meeting are circulated to all Directors for their review prior to their confirmation, which is normally done at the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being a correct record of the Board's proceedings. All conclusions of the Board meetings are duly recorded and the minutes are kept by the Company Secretary.

Senior Management are also invited to attend the Board meetings to supply additional details or clarification on matters tabled for the Board's consideration and/or approval. Independent advisors and professionals appointed by the Group in relation to the various corporate exercises may also be invited to attend the meetings to provide explanation or clarification and advice for the benefit of the Directors.

During the year under review, a total of seven (7) board meetings were held and all Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3) of the Listing Requirements as follows:

Director	Number of Board Meetings attended	Percentage (%)
Datuk Amar Abdul Hamed Bin Haji Sepawi Chairman	7/7	100
Datuk Hasmi Bin Hasnan Managing Director	7/7	100
Ms. Wong Ping Eng Deputy Managing Director	7/7	100
Dato Ir. Abang Jemat Bin Abang Bujang Independent Non-Executive Director	7/7	100
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis Independent Non-Executive Director	7/7	100
Dato' Abang Abdullah Bin Abang Mohamad Alli Independent Non-Executive Director	7/7	100
Tan Sri Izzuddin Bin Dali Independent Non-Executive Director	7/7	100
Datin Mary Sa'diah Binti Zainuddin Independent Non-Executive Director	7/7	100
Tuan Haji Soedirman Bin Haji Aini Independent Non-Executive Director	7/7	100
Mr. Chin Chee Kong Non-Executive Director (appointed w.e.f. 1 October 2015)	1/1	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. On top of the quarterly meetings, the Board holds an additional meeting to approve the audited financial results. These statutory board meetings were scheduled before the end of the preceding financial year, to allow Directors to plan ahead and block meeting dates in advance in their calendar.

All concerns of shareholders and stakeholders may be conveyed to Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis, Senior Independent Director, at his email address: rashid.azis@naim.com.my.

COMPANY SECRETARIES

The qualification of the Company Secretaries are as follows:

Ms Bong Siu Lian, a Fellow of the Malaysian Institute of Chartered Secretaries & Administrators, who has more than 20 years of experience in the related field.

Ms Hasmiah Binti Anthony Hasbi, holds a LLB (Hons.) degree from Middlesex University, United Kingdom and MBA from UiTM. She is a member of Advocates' Association of Sarawak with 20 years of work experience.

The company secretaries are responsible for advising the Board on issues relating to corporate compliance affecting the Board and the Group. They are also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, conflict of interest in a transactions, prohibition on dealing in securities during closed period and prohibition on disclosure of price-sensitive information. All directors and senior management have access to the advice and services of the company secretaries.



Lai Chee Ping To
continue to grow with Naim



Agnes Kidar To be no. 1 in the businesses which Naim is involved with



Harriette Julie Dagar Henry Grateful to be part of Naim's big family!



Rachel Hii To set-up operation overseas



Priton Anak Raymond Michael To be a successful conglomerate

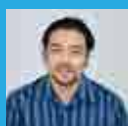


Kelly Wong Shing Chen
I hope for more learning opportunities

Corporate Governance Statement (continue)



Nancy Ak Justin To be the top Developer / Contractor in Asean



Mohamad Iqbal Bin Yacob To be better than global companies such as Google & Samsung



Cherole Jong Tze Lan To continue our growth



Muhd Ariffin Abdullah To help our youths to have a brighter future



Halawati Binti Abdul Halif To be the most successful developer in Malaysia



Nor Faziana Binti Kelana To be the world's best company, making Malaysia proud

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 Group are not jeopardized and that confidentiality is maintained.

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

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

CODE OF CONDUCT

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

DELEGATION AND DIVISION OF BOARD RESPONSIBILITIES

Matters reserved for the Board and those delegated to management are dependent on the nature of the responsibilities and the authority limits as spelt out in the Financial Authority Limit ("FAL"). The division of responsibilities between the Board and management therefore varies with the evolution of the Group. The governance framework includes leadership, strategic direction, roles, processes and policies, authority limits and accountability. The Board deliberates, approves and/or endorses, inter alia the following:

- a. Financial authority limit
- b. Financial results
- c. Declaration of dividends
- d. Review and endorse recommendations from Board Committees
- e. Yearly business plans and 5 years business plans
- f. Significant capital expenditure plans and acquisitions
- g. Significant disposal of assets
- h. Major issues or opportunities
- i. Board circular resolutions
- j. Changes in directorships and disclosure of interests
- k. Disclosure of dealings by Directors and Principal Officers
- l. Progress reports
- m. Corporate Proposals.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

The Chairman is a Non-Independent Non-Executive Director. The Chairman chairs all Board meetings and is responsible for the overall leadership of the Board, whereas the Managing Director oversees and monitors the performance of the Deputy Managing Director and the Senior Management team, and is charged with the day-to-day conduct of the Group's business.

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

BOARD AND MANAGEMENT RESPONSIBILITIES

The Managing Director and Deputy Managing Director monitor and oversee the performance of the Senior Management team, which is charged with the day-to-day management of the Group's affairs and implementation of corporate strategy and policy initiatives.

The Managing Director and Deputy Managing Director also evaluate Senior Management's performance against the 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 and deliberating on value creation objectives of long-term significance to the Group. It also evaluates the performance of the management team annually against budgets or targets and other benchmarks, which are based on competitors in similar industries and business sectors.

CORPORATE RESPONSIBILITIES STATEMENT

The Group's corporate responsibilities are 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."

Please refer to pages 52 to 57 for details in relation to Corporate Responsibility.

RESTRICTION ON DEALING IN SECURITIES

Directors and Principal Officers are discouraged from dealing in the Company's securities during closed periods, i.e. the period commencing one (1) month prior to the targeted date of announcement of the quarterly results up to the date of the announcement to the Exchange.

Additionally, no dealing in the Company's securities is allowed from the time that price sensitive information is obtained up to the date of 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 & REVIEW OF BOARD MEMBERS' TERM OF SERVICE

During the year under review, one (1) new director was appointed to the Board. The general guidelines for appointment to the Board were to fill a vacancy as a result of a creation of a new post or the resignation or retirement of an existing Director.

A process is in place for the appointment of new directors to the Board. The primary responsibility of identifying a suitable candidate for appointment to the Board has been delegated to the Nominating Committee.



Stanley Pengabang
Anak Kayan To be
Malaysia's most trusted
contractor & developer



**Kasfulisam Bin Husni
Thamrin** For Naim to be
involved in FOREX



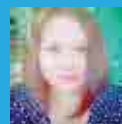
Dianna Daysie Britin
To be internationally
competitive



Catherine Unyang
Proud to be Naim family



Nuraini Abdul Gani
I love my job & I love
NAIM. Proud to be part
of Naim's family

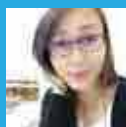


**Gertrude Augustine
Amin** Congrats on 20th
Anniversary! Continue
the success! I love
NAIM!



Ayu Bt Dolgani I LOVE
NAIM

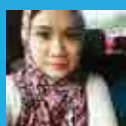
Corporate Governance Statement (continue)



Cathrine Binti Boni
Naim, the place you call home



Abdul Mu'izz Bin Talib
To be one of the leading contractor in Malaysia



Yusrezie Binti Yusop
My career goals achieved! Only with Naim



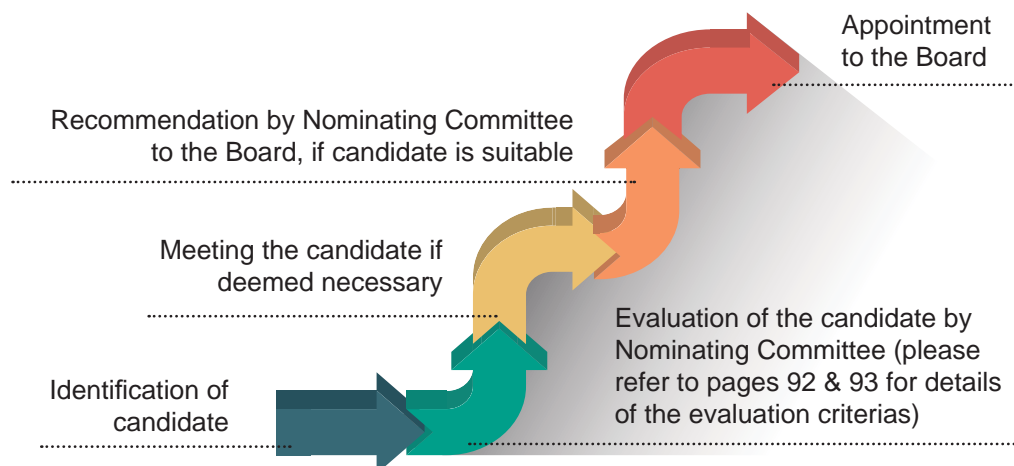
Farid Bin Rosdi To be a mega construction and property company, able to handle mega project or become a PDP for government project



Jarina Bt Keram Zainalabidin Hope Naim can be a market leader - HIDUP NAIM!



Edrin Steel Proud to be part of this organization & looking forward to watching the team grow



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

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

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.

Acting on the recommendation of the Nominating Committee, the Board decides on the appointment of Director(s). During the financial year under review, Mr. Chin Chee Kong was appointed to the Board as Non-Independent Non-Executive Director on 1 October 2015.

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

The Nominating Committee also reviews changes to the structure of the Board in light of the Listing Requirements and the MCCG 2012 pertaining to composition of the Board and its Board Committees.

DIRECTORS' INDEPENDENCE

The Board via the Nominating Committee assesses the independence of Independent Directors upon his/her appointment and re-appointment. In line with the MCCG 2012 recommendations, the tenure of service of independent directors shall not exceed a cumulative term of 9 years. Upon completion of the nine (9) years' term, an independent director may continue to serve on the board subject to his re-designation as a non-independent director.

The Board may in certain circumstances and subject to Nominating Committee's assessment, decide to maintain a member as an independent director beyond the

nine (9) year period. As at the date of reporting, two (2) directors namely Datu (Dr) Haji Abdul Rashid Bin Mohd Azis and Dato' Abang Abdullah Bin Abang Mohamad Alli have served more than 9 years and the Nominating Committee having assessed their independence is of the opinion that their independence has not been impaired and recommend that they be retained as independent directors subject to shareholders' approval at the forthcoming Annual General Meeting.

Datu (Dr) Haji Abdul Rashid Bin Mohd Azis, a member of the Nominating Committee did not participate in the deliberation and assessment of his independence and recommendation for his retention as an independent director of the Company.

RETIREMENT OF DIRECTORS

All Directors, including the Managing Director, retire by rotation once every three years in accordance with Article 85 of the Company's Articles of Association. 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 reelection 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.

The Nominating Committee is entrusted to review the retirement of Directors.

Section 129(2) of the Companies Act, 1965 stipulates that the office of a director of a company shall become vacant at the conclusion of the annual general meeting commencing next after he/she attains the age of seventy (70). However, he/she may be re-appointed by a resolution passed by a majority of not less than 3/4 of members entitled to vote at a general meeting.

SUCCESSION PLANNING

Succession for various key positions have been planned and lined up in the organization to ensure continued sequence of qualified people to move up and take over when the current generation of key staff retire or resign. Management discusses with the Board on this key issues. The Group is seriously looking into the succession planning to ensure continuity of business.

In the event that there is no suitable candidate with the "right fit" available from the existing pool, an executive search may be launched to identify an appropriate candidate from external source.

DISCLOSURE OF INTERESTS IN CONTRACTS/ CONFLICT OF INTEREST

Section 131(1) of the Companies Act 1965 requires every director of the company, who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company, shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest of his interest at a meeting of the directors of the Company.



Ruffinna Jok Naim
Land Sdn Bhd is the best company I've ever worked with great culture



Nur Shaheera Bt Abullaith
Construction you can count on



Abdul Mu'izz B. Talib
Selamat ulangtahun ke-20 Naim!



Teyok Gudang
Selamat ulangtahun Naim!



Mohd Nashriq B Othaman
No job too big. No job too small



Nurul Syahmina Bt Abd Jalil
The most powerful force ever known on this planet is human cooperation

Corporate Governance Statement (continue)



Muhd Muhaimi B Maznaan
Helping you and your houses become better acquainted



Marydonna Ribat Naim maju!



Cathrine Sanjer Naim maju, kami maju!



Syahnaz B Abdullah
Enough for today



Nadia Amena Bt Iskandar
Trust is one of the things we build well



Affif Asyaddi B Othman
Developing our people, Growing our business

The directors update the list of companies which they have interests in, on a half year basis and accordingly the list of their respective interests are tabled to the Board for notation. In the same document, the directors also confirmed the number of directorships he/she holds in listed entities. None of the directors holds more than five (5) directorships in listed entities.

In addition to the half yearly disclosure, members of the Board are also required to declare or disclose their interest in any transactions involving Naim Group and when a potential conflict of interest arises. Where the directors are deemed as interested and/or having a conflict of interest in a transaction, they would excuse themselves from the discussion and leave the meeting room.

RELATED PARTY TRANSACTIONS

The related party transactions in the Group as reported in Pages 169 and 170 of the Annual Report comprises 2 portions as follows:

1. Other related party transactions

Transactions with associates

The related parties are representatives of Naim on the board of subsidiaries and associates. This group of related parties has no other interested relationships except for common directorships and they do not own shares in the transacting parties other than via the listed entity, Naim Holdings Berhad. These transactions are not deemed a related party transactions pursuant to paragraph 10.08(11)(c) of Bursa Malaysia Main Market Listing Requirements.

2. Transactions with key management personnel

This category of related party transactions are those involved in rental of properties of not more than 3 years and the terms of which are supported by independent valuation. These transactions are also not deemed related party transactions pursuant to paragraph 10.08(ii)(h) of Bursa Malaysia Main Market Listing Requirements.

Directors have a duty to declare to the Board, should they be interested in any transactions to be entered into directly or indirectly by the Group. Related party transactions are reviewed and deliberated at Audit Committee Meetings and if deemed in the best interest of the Group, fair, reasonable and on normal commercial terms not detrimental to the interest of minority shareholders, the Audit Committee the related party transactions and/or would recommend them to the Board for approval.

The Chairman of the Audit Committee is also required to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

DIRECTORS' TRAINING

Directors' training is an on-going process to develop, update and enhance the directors' knowledge on developments in the financial industry and business landscape, both domestically and internationally to harness their skills for the benefit of the Group. During the financial year under review, Directors attended the following external seminars and internally facilitated sessions.

Name of Director	Description of Training
Datuk Amar Abdul Hamed Bin Haji Sepawi	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Senior Management Retreat (11-12 September 2015)
Datuk Hasmi Bin Hasnan	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Coaching & Mentoring for Organizational Excellence by Dr Peter Chee (8 June 2015) • Senior Management Retreat (11-12 September 2015)
Wong Ping Eng	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Senior Management Retreat (11-12 September 2015)
Datu (Dr) Haji Abdul Rashid Bin Mohd Azis	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Coaching & Mentoring for Organizational Excellence by Dr Peter Chee (8 June 2015) • Senior Management Retreat (11-12 September 2015) • MFRS/FRS Update 2015/2016 Seminar (Gain an understanding of the latest issues in financial accounting & reporting) by KPMG (13 October 2015)
Dato Ir. Abang Jemat Abang Bujang	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Audit Committee Conference 2015 by MIA & Bin IA (24 March 2015) • Coaching & Mentoring for Organizational Excellence by Dr Peter Chee (8 June 2015) • Board Chairman Series Part 2: Leadership Excellence from the Chair by Bursa Malaysia Berhad (28 July 2015) • MFRS/FRS Update 2015/2016 Seminar (Gain an understanding of the latest issues in financial accounting & reporting) by KPMG (13 October 2015)
Dato' Abang Abdullah Bin Abang Mohamad Alli	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Coaching & Mentoring for Organizational Excellence by Dr Peter Chee (8 June 2015) • Senior Management Retreat (11-12 September 2015)
Tan Sri Izzudin Bin Dali	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Risk Management, Internal Control & Corporate Governance by Boardroom Corporate Services (KL) Sdn. Bhd. (5 March 2015) • 7th Annual Corporate Governance Summit by Asian World Summit Sdn. Bhd. (8-9 June 2015) • The 18th National Housing & Property Summit 2015 (Housing & Property Development in a Challenging Market) (21 August 2015) • Senior Management Retreat (11-12 September 2015)
Datin Mary Sa'diah Binti Zainuddin	<ul style="list-style-type: none"> • Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) • Directors Forum 8/2015 (Talent & Human Capital: The Drivers of Growth and Creativity) at Jakarta by MINDA (23 - 24 March 2015) • Board Chairman Series Part 2: Leadership Excellence from the Chair by Bursa Malaysia Berhad (27 July 2015) • Senior Management Retreat (11-12 September 2015)



Nur Diana Bt Ahmad Zulkifli We'll be a sensation for your next renovation



Cosmas Bryan Ak Libau Don't get framed by the competition



Ashish Anil Chakravarti Hire us for your renovation



Mohd Izzuddin B Razali Construction part of our life

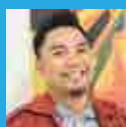


Suboh Ak Jaul For your roofing and siding, quality we'll be providing



Anna Anak Agas To be well known & ahead of competitors

Corporate Governance Statement (continue)



Octavious Stanley Peter
Recognition is the greatest motivator



Jeremy Anak Batin
NAIM will diversify its industries into shipping, agriculture, manpower & machineries supply



Jati Anak Ambun
To grow stronger - everthing is possible



Agba-Rona Binti Abdul Riak
Together we work with clear vision, mission and goals



Razaidah Bt Abd Razak
To be the employer of choice



Afizrul Iman Bin Mohamed
To be Malaysia's top developer & contractor

Name of Director	Description of Training
Tuan Haji Soedirman Bin Haji Aini	<ul style="list-style-type: none"> Corporate Retreat/Boot Camp in Chiang Mai (11-15 March 2015) Board Chairman Series Part 2: Leadership Excellence from the Chair by Bursa Malaysia Berhad (27 July 2015) MFRS/FRS Update 2015/2016 Seminar (Gain an understanding of the latest issues in financial accounting & reporting) by KPMG (13 October 2015)
Chin Chee Kong (appointed on 1 October 2015)	<ul style="list-style-type: none"> Coaching & Mentoring for Organizational Excellence by Dr Peter Chee (8 June 2015) What's Next for Private Entities - MPERS or MFRS? (7 & 8 October 2015) MFRS/FRS Update 2015/2016 Seminar (13 October 2015) KPMG Tax Summit 2015 (Petaling Jaya) (28 October 2015) KPMG Tax Seminar (Kuching) (2 November 2015) Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (9 & 10 December 2015)

The Directors will continue to pursue relevant seminars and trainings from time to time as they consider necessary to equip themselves to enable them to discharge their duties effectively.

BOARD COMMITTEES

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

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

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

Name of Directors/ Management staff	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Long Term Incentive Committee
Datuk Amar Abdul Hamed Bin Haji Sepawi		√ (Chairman)		√	
Datuk Hasmi Bin Hasnan			√		
Dato Ir. Abang Jemat Bin Abang Bujang	√		√ (Chairman)		√
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	√	√	√	√	
Datin Mary Sa'diah Bin Zainuddin		√	√	√ (Chairman)	√
Tan Sri Izzuddin Bin Dali		√			
Tuan Haji Soedirman Bin Haji Aini	√ (Chairman)				√
Dato' Abang Abdullah Bin Abang Mohamad Alli					√ (Chairman)
Chin Chee Kong	√				√
Total No. of members	4	4	4	3	5

The summary of committee memberships is as follows:

Management Committees for specific projects will also be set up when required. The Committees manage the project as a group of people instead of one individual and the advantage is accessibility to the groups' collective wisdom. The Committees shall serve as a focal point throughout the life span of the project and enable discussions of pressing matters.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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



Angkun Anak Salleh
Signalman You'll surprise even yourself with what you're capable of



Salasiah Binti Ahmad
NAIM rewards hard work



Muhammad Firdaus Bin Asha'ari To be a leader & mentor for other companies in construction industry



Helestine Lium Anak Rolland Duat Looking forward to a stronger team



Aelin Jamong To beat our competitors!



Hanarin Anak Hangkeng To be the best construction company in Malaysia and on earth, with the 1st eco-friendly office in Sarawak

Corporate Governance Statement (continue)



Tay Lam Kwang @ Lam Chuan I expect NAIM to be the Facebook of the construction industry



Valerie Lusy Isaac Gani Naim becoming World Class Residential & Commercial Contractor & can offer an affordable residential/commercial properties for every walk of life



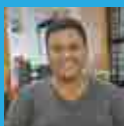
Lim Tien Ying To be continuously prosperous



Chong Joon Hing To be top class contractor & developer in SEA



Kanapathy Al Palani Happy working environment, give more chance to explore/learn new skills & knowledge



Augustine Rudu Anak Francis Dampa To be great example to companies globally

In addition, the investment community, comprising individuals, analysts, fund managers and other stakeholders, have dialogues with the Group's authorized representatives (the Chairman, Managing Director and Deputy Managing Director) on a regular basis. This provides further channel in communicating and engaging directly with the shareholders, investors and investment community. Non-Executive Directors may attend such meetings but are not expected to provide information on the Group's performance. Discussions at such meetings are restricted to matters that are in the public domain.

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

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

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

DIRECTORS' PERFORMANCE, EVALUATION AND REMUNERATION

The Nominating Committee evaluates and assesses the effectiveness of individual directors, the Board and its committees. This is undertaken after the end of the financial year.

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

The targets including quantifiable baseline and stretched targets, and incentives in the form of individual and team reward were pre-approved by the Board at the time the budget for subsequent year was tabled and may thereafter be revised based on prevailing economic conditions.

The Managing Director and Chairman's remuneration package are recommended by the Remuneration Committee to the Board for approval. Fees for Non-Executive Directors are proposed by the Board and approved by shareholders at the Annual General Meeting.

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

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

The key objectives of the Company's policy on Executive Directors' remuneration are as follows:

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

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

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

1. meeting allowance or special allowances when called upon to perform extra services or give special attention to the business of the Group
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. However, they are not entitled to meeting allowances and fees.

No Director is involved in determining his own remuneration.

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2015 are as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Above RM2,650,001 to RM2,700,000	1	-
Above RM1,300,001 to RM1,350,000	-	1
Above RM650,001 to RM700,000	1	-
Above RM200,001 to RM250,000	-	-
Above RM150,001 to RM200,000	-	6

The details of remuneration paid to the Directors for the financial year ended 31 December 2015 are as follows:

Remuneration (RM)	Executive	Non-Executive	Total
Salaries	2,626,760	-	2,626,760
Allowances	133,200	1,301,180	1,434,380
Fees	-	851,000	851,000
Bonus, Incentive & Others	128,529	-	128,529
EPF	468,819	184,596	653,415
Benefit-in-kind	33,900	28,450	62,350
Others	-	-	-
Total :	3,391,208	2,365,226	5,756,434



Fredrickson Bin Anthony Idi Nothing worth come easy... future is with NAIM



Ashghadzie Bin Baizawi With NAIM's where I can survive



Bakir Anak Mula Maju Bersama NAIM



Nelson Anak Tinggie NAIM for everyone

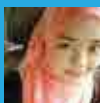


Noor Hazwani Amira Bt Musa For Naim to be recognised globally



Tito Grabo Anak Teyok To be Malaysia's largest company

Corporate Governance Statement (continue)



Nurul Fatimah Bt Lokman Broad vision. Careful thought



Nor Ezan Bin Abdullah Each of us is carving a stone, erecting a column, or cutting a piece of stained glass in the construction of something much bigger than ourselves



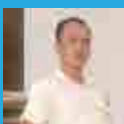
Saimon Galiles Solomon Look forward to Naim becoming the top developer and contractor in this region



Nur Ruzanna Bt Dolhan Committed to superior quality and results



Teddy Henry Tawie Be the no.1 employer



Galan Anyan We can do it. Happy 20th Naim!

ACCOUNTABILITY AND AUDIT

Statement of Directors' Responsibility in preparing the Financial Statements

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

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

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

- The Company and the Group have applied the appropriate accounting policies on a consistent basis supported by prudent judgements and estimates
- All applicable approved accounting standards have been complied with
- Proper accounting records are kept to ensure that all source documents used for preparing the financial statements are accurate and properly filed
- The Directors have taken steps that are reasonably available to them to safeguard the assets of the Company and the Group in order to prevent and detect fraud and other irregularities.

Internal Control

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

The Internal Audit reports regularly to the Audit Committee on their findings on the adequacy and effectiveness of the Group's control systems. The Internal Audit operation covers all business operations, units, processes and functions of the Group. The Head of Internal Audit is Madam Denise Yong. Further details of the internal audit function are as outlined in pages 101 of this Annual Report.

The Group's Statement on Risk Management and Internal Control can be found in pages 104 to 106 of this Annual Report.

Relationship with the External Auditors

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

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

Prior to the commencement of the audit for the financial year ended 31 December 2015, the Audit Committee met the external auditor on 23 November 2015 to discuss the Group's audit plan and audit methodology, and during the meeting the external auditors, Messrs KPMG declared that its network firm, engagement partner and audit team's independence and objectivity were in compliance with relevant ethical requirements.

ADDITIONAL COMPLIANCE

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

Share Buy-Back

The cumulative number of treasury shares as at 31 December 2015 was 13,056,000.

During the financial year ended 31 December 2015, the Company did not purchase any of its own shares. In addition, none of the treasury shares held were resold or cancelled.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2015, the Company did not issue any options, warrants or convertible securities. Despite having implemented the Long Term Incentive Plan ("LTIP") during the year under review, no options and shares have been vested thereunder. As such, no new shares have been issued pursuant to the LTIP. In accordance with the By-Laws of the LTIP, the allocation of shares thereunder will be based on individual's position, contribution and performance.

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

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

Sanctions and Penalties

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

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the external auditors by the Company and the Group in the financial year ended 31 December 2015 was as follows:

Item	Nature of services rendered	Company RM	Group RM
a.	Audit Fees	64,000	416,000
b.	Non-Audit Fees	321,000	639,000
	Total	385,000	1,055,000

The non-audit fees comprised the following:

Item	Nature of services rendered	RM
a.	GST consultation fees	265,000
b.	Tax fee	150,000
c.	Other advisory fees	224,000
	Total	639,000

Variation in Results

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

Profit Guarantee

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

Utilization of Proceeds

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



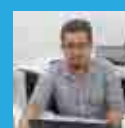
Zikir Emparleng
Construction you can
count on



M. Mooven Raj
Tradition, Innovation,
Performance, Worldwide



**Khairul Faizee Bin
Mohamed** No job too big
or too small, we do it all



**Muhammad Zekri
Bin Safiee** The road to
success is always under
construction – we're the
best!



**Nur Diyana Soo Bte
Benyamin** To be the
most well-known
company with advanced
technology, facilities &
impressive management

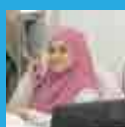
Corporate Governance Statement (continue)



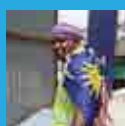
Mohd Fairoz To be a great construction company



Mohammad Asaree Bin Hj Mohd Rosli Knowledge and experience gives us a step up over the competition



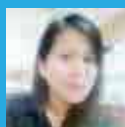
Nurul Nasihah Bt Muhd Noor Always dedicated & devoted



Kalaiyarasu A/L Palanyandy Listen better. Plan better. Build better



Ganeshvasagam A/L Balakrishnan To continuously innovate



Freda Binti John Martin To become a competitive company & well-known

Related Party Transactions

Related party transactions are disclosed on pages 169 and 170 of this 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.

NOMINATING COMMITTEE

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

Datuk Amar Abdul Hamed Bin Haji Sepawi – Chairman
Non-Executive Chairman

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

Datin Mary Sa'diah Binti Zainuddin – Member
Independent Non-Executive Director

Tan Sri Izzuddin Bin Dali - Member
Independent Non-Executive Director

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

Category	No. of director(s)	Percentage
Non-Executive Directors	1	25%
Independent Non-Executive Director	3	75%
Total	4	100%

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

- Relevant Knowledge, Skill and Experience
Commercial knowledge, business acumen skill and experience against the strategic direction of the Group.
- Strategy and Vision
With the requisite knowledge as aforementioned, Board members must possess the capability to provide insight, guidance and direction to management by promoting improvement, modeling new trends and evaluating strategies.
- Business Judgment
Shareholders rely on the Board to make rational and sensible decisions on their behalf to bring about a reasonable return on their investments. The Board has to maintain a track record of sound business decisions that add value to the long-term strategic advantage of the Company.

- **Financial Management Skills**
Board members must be capable of monitoring the management's performance by having an adequate knowledge of financial accounting and corporate finance.
- **Industry Knowledge**
Businesses normally face new challenges and new opportunities which are unique to the industry. The Committee will recruit and/or maintain an appropriate level of industry-specific knowledge on the Board.
- **Time Commitment**
Service on the Board demands a considerable commitment with regards to time to attend and participate in regular and special meetings of the Board and its committees. A large portion of this time is devoted to reviewing materials relating to the business and preparing for meetings of the Board and its committees.
- **Other Directorships**
The Committee will also take into consideration whether a candidate has retired or serving full time employment and is 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 a candidate is deemed suitable and fulfills the minimum requirements, recommendations will be submitted to the Board for consideration.

The Nominating 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

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

Datuk Amar Abdul Hamed Bin Haji Sepawi	- Property Development, Construction, Timber, Oil Palm and Energy
Datuk Hasmi Bin Hasnan	- Property Development, Construction, Timber
Ms. Wong Ping Eng	- Audit, Financial and Operations
Dato Ir. Abang Jemat Bin Abang Bujang	- Electrical Engineering and Telecommunication
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	- Government and Education
Dato' Abang Abdullah Bin Abang Mohamad Alli	- Civil Engineering, Technology, Research and Education



Stella Kong Siaw Thing
Great opportunity begins here



Juti Enggom Teruskan suasana kerja yang terbaik!



Annie Ku I'm proud to be in such an energetic company!



Lim Hock Han NAIM be the best beat the rest!



Siang Ak Minggu Proud to be part of NAIM!



Alif Firdaus NAIM terBAEKKK!

Corporate Governance Statement (continue)



Tay Chui Shun I've learnt to be a good communicator and able to work as part of a team in NAIM!



Randai Anak Baning
NAIM boleh terus maju



Mohd. Fauzi Bin Abdullah Chief Mechanic For 20 years non-stop effort to build homes for community and to serve everyone better - I'm proud to be in this company



Jacqueline Lian NAIM boleh Terus Maju



Mohd Fazillasah NAIM terbaik!



Pauline Baling NAIM boleh terus maju!

Tan Sri Izzuddin Bin Dali	- Government & Multi-National
Datin Mary Sa'diah Binti Zainuddin	- Oil & Gas
Tuan Haji Soedirman Bin Haji Aini	- Oil & Gas, Government, Audit, Financial and Operations and Investment
Mr. Chin Chee Kong	- Audit, Taxation, Financial and Risk Management, Corporate and Financial Advisory

NOMINATING COMMITTEE – TERMS OF REFERENCE

Composition

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

Duties and Responsibilities

The duties and responsibilities of the Nominating 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 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 Director 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.
- g. The Nominating Committee meets as and when required, and at least once a year.

REMUNERATION COMMITTEE

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

Datuk Ir. Abang Jemat Bin Abang Bujang – Chairman
Independent Non-Executive Director

Datuk Hasmi Bin Hasnan – Member
Managing Director

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

Datin Mary Sa'diah Binti Zainuddin – Member
(Appointed as Member of Remuneration Committee on 26 May 2015)
Independent Non-Executive Director

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

Category	No. of directors	Percentage
Independent Non-Executive Directors	3	75%
Executive Director	1	25%
Total	4	100%

The Committee shall annually review performance against targets, corporate goals and objectives relevant to the remuneration of the Executive Directors. The remuneration package is structured to be arithmetically linked to the financial performance of the Group and with non-arithmetic elements determined by reference to personality traits, changes in job scope and responsibilities. Incentives are paid based on 3 criteria: 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 Group's annual and long-term goals and interests of the shareholders.

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 whom shall be Non-Executive Directors.

Duties and Responsibilities

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

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

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

The Remuneration Committee meets as and when required, to deliberate on the performance-related scheme i.e. the Key Performance Indicators and competency rating of the Managing Director and recommend the Managing Director and the Chairman's remunerations to the Board for endorsement.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises the following:

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

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

Datuk Amar Abdul Hamed Bin Haji Sepawi - Member
Non-Executive Chairman



Hendry Ling Wei Ping I
hope Naim will always
be the top property
developer



**Voon Chiew Ying Move
& succeed!**



Mubarak Boon Bujang
Teruslah berjaya Naim!



**Yong King Ying I would
like to see Naim become
a 1st class contractor**



Phylis Lahei Liwan
Together everyone
achieves more



**Tong Chiun Ping Proud
to be part of NAIM!**



**Neti Lal Giri Boss looks
after us! Naim boleh!**

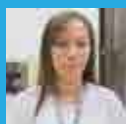
Corporate Governance Statement (continue)



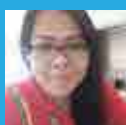
Luhong Langking Ebeh
We succeed, because we think we can



Yong Siew Ming Proud to be part of NAIM!



Lucy Anak Ningkan
Naim is the best developer



Joanna Manuela Samuel Riwat Be the best among the best



Lee Set Khoo NAIM Boleh!



Hanita Binti Jemari
Naim to be well-known in the eyes of the world

The composition of the Risk Management Committee is as follows:

Category	No. of Director(s)	Percentage
Independent Non-Executive Director	2	67%
Non-Independent Non- Executive Director	1	33%
Total	3	100%

The Board acknowledges that the Group operates in a highly dynamic environment and recognizes the need to manage risks that affect the achievement of the Group's strategic objectives. The Risk Management Committee provides oversight of the Group's risk management activities and reports to the Board. The Board retains the overall risk management responsibility.

The Risk Management Committee assists the Board to provide effective risk oversight and to provide a clear demarcation of roles and responsibilities in order that management maintains reasonable risk management practices and system of internal control in their day-to-day operations at their respective business units. The Committee is supported by an independent Group Risk Management Department, which reports directly to the Committee, to assist in the coordination and implementation of the risk management policy.

The business units being the first line of defense are responsible for identifying, assessing, monitoring and managing risks by implementing appropriate risk mitigation plan within their respective areas.

The Risk Management Committee held four (4) meetings during the year 2015, during which, the relevant management staffs, the Risk Management Department and the Internal Audit attended the meetings to, inter alia, report, review and discuss on the key risks and issues impacting the Group's strategic objectives.

The Risk Management Committee continuously reviews its risk management framework, policies and processes in its effort to further embed risk management practices into the Group's business processes and structures.

RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

Objectives

The objectives of the Risk Management Committee are:

- To provide effective risk oversight of the Group's Enterprise Risk Management (ERM) strategy, framework and policies
- To assist the Board on considerations and process for setting the risk appetite
- To assist the Board in the effective embedment of risk management practices into the Group's governance framework, business processes, structures, cultures and activities

Composition

The composition of the Risk Management Committee shall be as follows:

- The Risk Management Committee shall be appointed by the Board from among their number and shall consist of no less than three (3) members, a majority of whom shall be Independent Non-Executive Directors
- The Chairman of the Risk Management Committee shall be an Independent Non-Executive Director appointed by the Board
- The Secretary to the Committee and the Head of Internal Audit will be permanent attendees at each meeting of the Committee

- d. The Committee shall invite such Directors, officers and/or employees of the Group, as it may deem appropriate, to attend a Committee meeting and assist in the discussion and consideration of matters relating to the Committee

Frequency of Meetings

Meetings shall be held every quarterly and as otherwise required to enable the Committee to fulfill its obligations.

Quorum

A quorum shall consist of two (2) members.

Secretary

The Secretary of the Committee shall be from the Group Risk Management Department (GRMD).

Authority

The Risk Management Committee shall have:

- a. the authority and access to the information, records or reports relevant to the Group's activities from employees of the Group in order to perform its duties
- b. the necessary resources required to carry out its duties and may obtain independent legal or professional advice on any matters within its terms of reference as it considers necessary

Duties and Responsibilities

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

- a. to provide oversight on Naim's Group Enterprise Risk Management
- b. to establish risk framework and policies
- c. to align risk strategy to the business strategy
- d. to assist the Board in determining the Group's risk appetite and tolerance levels, and communicating them appropriately
- e. to review and approve the Corporate Risk Profile consolidated by the Risk Management Department in relation to Naim's risk appetite and escalates key risks and the management controls/ action plans to the Board
- f. to monitor, review and assess the material risks that the Group faces and whether controls and appropriate action plans are taken by the management to manage and mitigate significant risks with the objective of obtaining reasonable assurance that risk is being effectively managed and controlled
- g. to ensure that early warning indicators are in place to alert management of potential risk events, and whether these indicators have been effectively communicated
- h. to evaluate the possibility of emerging risks likely to happen in the future and the need to put in place the appropriate controls
- i. to review the adequacy of the scope, functions and resources of the Risk Management Department and that it has the necessary authority to carry out its work
- j. to review and oversee the activities of the Risk Management Department
- k. to make necessary recommendations to the Board it deems appropriate within its remit where improvement is needed and/or necessary
- i. such other duties as the Committee deems appropriate or as delegated or authorised by the Board from time to time

Reporting Arrangement to the Committee – The Group Risk Management Department (GRMD)

The Risk Management Committee is supported by a Risk Management Department in the coordination of the risk management activities and communicating of the Group's Enterprise Risk Management (ERM) framework, policies, processes and reporting requirements to the business units, divisions and departments.



Dacky ak Daoh To To be a respected conglomerate globally



Kenneth Ong Tze Leong To build a better world



Lai Kim Leong To diversify & become like MNC



Durin Ak Ruang Naim the best



Jennyvee Jenai Ak Liom I want to see Naim to be known in the eyes of the world



Ahmad Khairul Bin Ahmad Julaihi To be Malaysia's top developer & builder

Corporate Governance Statement (continue)



Fazil Ariff Bin Hasnu
To be Asia's major
construction player



euben Jong Kit Siang
To be Malaysia's largest
developer



Tracy Fam Shoon Lian I
LOVE NAIM!



**Stephanie Ann Anak
Gima** Account Assistant
Proud to be part of
NAIM



Lau Yeng Kee Proud to
be part of NAIM



Calvin Dawil NAIM
ROCKS!



Nirmal Roka Magar I
like my work in Naim

The Risk Management Department shall consolidate the Corporate Risk Profile from the respective business units/ divisions/ departments risk registers outlining the risks, controls and risk mitigation plans that the management has taken in mitigating the risks for submission to the Risk Management Committee.

Reporting and Escalation to Board

The Chairman of the Risk Management Committee shall report to the Board on the Committee's proceedings after each meeting.

LONG TERM INCENTIVE PLAN ("LTIP") COMMITTEE

The Long Term Incentive Plan Committee was formed on 26 May 2015. The Committee consists of the following members:

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

Datuk Ir. Abang Jemat Bin Abang Bujang - Member
Independent Non-Executive Director

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

Tuan Haji Soedirman Bin Haji Aini - Member
Independent Non-Executive Director

Chin Chee Kong - Member
(appointed as Member of the Long Term Incentive Plan Committee on 26 November 2015)
Non-Executive Director

LONG TERM INCENTIVE PLAN COMMITTEE – TERMS OF REFERENCE

Composition

The LTIP Committee comprises no fewer than 3 members, all of whom are Non-Executive Directors.

Quorum

A two-member quorum is required to transact the business of the Committee.

Duties and Responsibilities

The Committee is authorised, *inter alia*, to:

1. Implement the provisions of the LTIP in accordance with its By-Laws
2. Determine the quantum of performance-linked incentives under the LTIP for eligible employees, including Executive Directors
3. Set and monitor the conditions to performance which are related to the grant of restricted share units and performance share units under the LTIP

This Corporate Governance statement is made in accordance with a resolution of the Board dated 14 April 2016.

Audit Committee Report

Members

The Audit Committee comprises the following:

Tuan Haji Soedirman Bin Haji Aini – Chairman

Independent Non-Executive Director

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis - Member

Independent Non-Executive Director

Dato Ir. Abang Jemat Bin Abang Bujang – Member

Independent Non-Executive Director

Mr. Chin Chee Kong – Member

(appointed as Member of the Audit Committee on 1 October 2015)

Non-Independent Non-Executive Director

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

The composition of the Audit Committee is as follows:

Category	No. of Directors	Percentage
Independent Non-Executive Director	3	75%
Non-Independent Non-Executive Director	1	25%
Total	4	100%

Two (2) of its members namely Tuan Haji Soedirman Bin Haji Aini and Mr. Chin Chee Kong are members of the Malaysian Institute of Accountants.

1. ATTENDANCE OF MEETINGS

The Audit Committee met nine (9) times during the year 2015 and the details of attendance are as follows:

Audit Committee Members	No. of Meetings attended	Attendance (%)
Tuan Haji Soedirman Bin Haji Aini	9/9	100
Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis	7/9	78
Dato Ir. Abang Jemat Bin Abang Bujang	9/9	100
Mr. Chin Chee Kong ¹	2/2	100

Note

¹ Appointed on 1 October 2015

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

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



Yong Mei Thong The best to work! Keep it up!



Lydia Lucas Naim is the best



Pera Juki Proud to be part of NAIM!



David Ting Juan Siang Naim is the best



Lim Yee Fang Proud to be part of NAIM



Jennifer Kembang Anak Lasa Proud to be part of NAIM



Teo Ie Voon NAIM is the best!



Romee Choi Bin Pae
Terus menjadi majikan terbaik!



Chacit Aju NAIM boleh dan terbaik



Mohd Hisyam NAIM-
"Pantang mundur!"



Dindang Ak Manggat
NAIM always the best.
NAIM BOLEH!



Joseph Ak Jungga
NAIM tempat saya maju
kehadapan!



**Mohd Azri Abullah@
Jabiang Sian** I trust i can
build my career goal in
Naim

2. COMPOSITION AND TERMS OF REFERENCE

1. Objectives

The objectives of the Audit Committee are to:

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

2. Composition

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

3. Frequency of Meetings

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

4. Quorum

A quorum shall consist of two (2) members.

5. Secretary

The Secretary of the Committee shall be the Company Secretary.

6. Rights

The Audit Committee shall have:

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

7. Duties and Responsibilities

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

a. Internal Audit

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

b. External Audit

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

c. Audit Reports

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

d. Financial Reporting

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

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

e. Related Party Matters

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

f. Other Matters

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

3. SUMMARY OF ACTIVITIES

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

1. Financial Reporting

- Reviewed and recommended for Board's approval, the unaudited quarterly financial statements and the necessary announcements relating to the Group's financial results to Bursa Malaysia Securities Berhad.
- Reviewed and recommended for Board's approval the annual audited financial statements.
- Reviewed and recommended for Board's approval, the Statement on Corporate Governance, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

2. Related Party Transactions

- Reviewed the related party transactions that arose within the Group, on a quarterly basis, to ensure that the transactions were fair and reasonable, not detrimental to the minority shareholders and were in the best interest of the Group.



Chai Chon Chian Naim
Boleh!



Bong Pui Yin Life is too short to wait, work hard & play hard with NAIM



Juntia Aji
LOVE NAIM!



Faridzul Azli Mohd Tahir Rise & Shine!
You'll Never Walk Alone, NAIM!



Lea Assilom Mabuhay
NAIM



Joseph Donald Proud and happy to work with NAIM. NAIM is a good company



Aliafarhana Bt Mohd Tanzizi To build national assets of quality

Audit Committee Report (continue)



Norita Bt Tuah Naim
membuat saya ceria dan
bahagia dalam hidup!



Sia Tze Yang Naim
is the best company,
management is good



**Nurhidayu Latif I'm
Lovin It!**



**Ammira Bt Hj Abdul
Rahman** Look forward
to a brighter future with
Naim



Jefrin Kawat Laing
NAIM terbaik!!!



Berlin Tome To be
a well-known &
prestigious company in
Sarawak, Malaysia &
globally

3. Internal Audit

- Reviewed and approved the annual audit plan proposed by the Internal Audit Department to ensure the adequacy of the scope and coverage over the activities of the Group.
- Reviewed the internal audit reports issued by the Internal Audit Department on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on audit issues raised.
- Reviewed the effectiveness and adequacy of audit process, resource requirements and assessed the performance of the internal audit team.

4. INTERNAL AUDIT FUNCTION

The Group is served by an in-house Internal Audit Department, which reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover high risks areas and entities across all levels of operations within the Group. The Internal Audit role and responsibilities are defined in the Internal Audit Charter with the mission to provide independent, objective assurance and consulting services to add value and improve the organization's operations.

The department is headed by a Chartered Accountant. The internal audit staff comprise those that possess tertiary qualifications in the field of Accountancy and Civil Engineering.

1. Authority

To accomplish its primary objectives in examining and evaluating whether the Group's internal control and governance process is adequate and functioning properly, the internal auditors are authorised to have full, free and unrestricted access to Group's operations, affiliates, activities, information, functions, records, properties and personnel relevant to the performance of audit department at any time.

2. Independence

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

3. Duties and Responsibilities

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

The report will include the follow-up status and results of the annual audit plan on the activities being reviewed.

Cases of fraud which demand urgent attention, shall be reported to the Audit Committee and the Managing Director immediately upon discovery by the Internal Audit Department.

4. Internal Audit Functions and Activities:

The Internal Audit Department has carried out its activities based on planned audits and special reviews during the year, which included inter alia, the following:

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

Follow-up audits were also conducted and the status of implementation on the agreed corrective actions were highlighted to the Audit Committee. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

A total cost of RM503,688 was incurred by the internal audit department in respect of the financial year under review.



Tay Siew Ing I feel grateful to join NAIM and proud as a member of the community



Juraida
Naim is the best



Agnes Chin Hope that Naim continues to succeed



Marie Anthony To be Successful, The First Thing to Do Is To Fall In Love With NAIM



Lau Sit Min Proud to be part of NAIM



Larry Kalang Go! Go! NAIM!



Zulhusni Bin Zolkifi I love NAIM!

Statement On Risk Management And Internal Control



Yam Anak Ladi Grateful to be part of Naim's big family!



Sim Suh Ching Proud to be part of NAIM



Mislia Bt Salihi Proud to be part of NAIM



Michael Ngui Proud to be part of NAIM!



Dil Bahadur Thapa Jhedi Magar Thanks to Naim in providing us a homestay feeling, feel thankful and feel happy



Mankaji Lama Look forward to better opportunities in Naim!

Introduction

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

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

Responsibility

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

Risk Management Framework

The Board acknowledges that the Group's activities involve some degree of risks and is committed to ensure that it has an effective risk management framework which allows the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives and strategies within a defined risk tolerance in a timely and effective manner.

The Risk Management Committee is chaired by an Independent Non-Executive Director, and a majority of its members are Independent Non-Executive Directors. The Committee is supported by an independent Group Risk Management Department (GRMD) to assist in the coordination of the Group's risk management activities and in establishing and communicating of the framework, policies, processes and reporting requirements to the business units, divisions and departments; to coordinate Group-wide review of risks and risks profile and to promote risk awareness within the Group.

During the third quarter of 2015, the Group's Risk Management Framework is updated to ensure the relevance of the framework and conform to the current environment and business operations. It outlines the ERM methodology which is in line with the principles and Guidelines of ISO 31000: 2010 MS Risk Management.

The management of each business unit in the Group is responsible for identifying, assessing, monitoring and document all the possible risks that can affect the achievement of their objectives after considering the effectiveness of all the current controls and implementing appropriate risk mitigation plan. The Group Risk Management Department (GRMD) facilitates the risk assessment process by providing independent enquiry on risk identification, analysing and updating the controls and mitigation plan. The Department highlights the key Group Risk Profiles collated from the respective business unit's risk register, to the Risk Management Committee on a quarterly basis. The Risk Management Committee, after reviewing the same, escalates them to the Board.

Key Processes of Internal Control

The key processes of Internal Control includes the following and will be revised regularly and updated when necessary:

- An organisational structure that lays down clear lines of responsibility and reporting.
- Real-time budgetary control, where actual performance is regularly monitored against budgets.
- The Group Procedures and Financial Authority Limit, 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.
- JDE system which comprises Supply Chain Management, Financial, Sub Contracting and Job Costing was fully implemented during the year to improve efficiency.
- An e-sourcing system, Ariba was implemented during the year to improve transparency and efficiency. Ariba was rolled out in phases commencing with e-tendering. General procurement is expected to be rolled out in 2016.
- The Staff Handbook, which sets out general employment terms and the Group's corporate code of ethics.
- A quality management system requiring the management and staff of the Group's principal operating subsidiary, Naim Land Sdn. Bhd. (accredited with ISO 9001 version 2008 certification since 2000), to adhere to a set of well-established standard operating procedures covering all major critical processes. In continual pursuit for process excellent for Quality, Health, Safety & Environment, the management system integrates Quality, Environmental and Occupational, Health & Safety management System (certified with Integrated management System, ISO 9001, ISO 14001 and OHSAS 18001 since year 2009) into one coherent system so as to enable the optimal achievement of its business objectives. Surveillance audits are conducted yearly to ensure compliance with the system.



Mohd Hairuddin Bin Abu Hussin Committed to superior quality & results



Willy Yun To be a better company than it is now



Noorazleen Elyna Bt Othman Building tomorrow's community, today



Muhammad Firdaus Bin Hashim To have quality you deserve & dependability you can count on



Zainol Abideen Bin Ramli Our reputation is as solid as concrete



Michael Sampar Enchang Leader : Innovator, Trend Setter, Pace Setter, NAIM, Pioneer, Initiator

Statement On Risk Management And Internal Control (continue)



Norazali Bin Mohd Shahar Building the future, restoring the past



Faizal Bin Sanib To be well-known & rapidly growing in Malaysia & globally



Myra Eadora Gregory Binti Fadhillah To be proud company where everybody wants to be one of us



Mohd Amer Izzuddin Bin Rozali To be Master of Consistency & Quality



Aiman Syahiran Bin Buang The most successful company in the world



Zurhijjas Bin Rabiee Expect NAIM to dominate Malaysia's market in commercial & Residential properties# NaimBoleh

- Anti-Fraud Policy Statement documents the Group's attitude and stance of fraud and guidelines in dealing with fraud in an appropriate manner. Any cases of fraud, Malpractice Reporting Plans will be applied to ensure appropriate and timely action is taken if fraud is suspected or uncovered.
- A performance management system whereby business objectives are clearly defined and targets are set for each individual employee. Employees' performances are monitored, appraised and rewarded according to the achievement of targets set.
- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their performance and job expectation.

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

Internal Audit

The Group has established a formal structure for its internal audit function that clearly defines the roles and responsibilities of the persons involved in the internal audit. As an integral part of the audit process, key areas of importance pertaining to internal control, risk assessment, risk mitigation and proper governance processes are identified. Focusing its review and audit on these key areas, the internal audit provides independent assurance on the efficiency and effectiveness of the internal control system implemented by management. The internal audit reports to the audit committee on at least a quarterly basis, and more frequently where appropriate. The 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 14 April 2016

Investor Relations Activities

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

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

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



Investor Briefing
In Progress



Showcasing
Our Properties To Investors



Samuel Rugo To be a role model for other company with it own signature



Hanizah Razali Done is better than perfect! Go Naim!



Nursyuhadah Abdullah NAIM Boleh, peluang lebih cerah bersama NAIM



Memunah Bt Medin NAIM boleh terus Maju!



Yong Siau Fook It's a great company & happy 20th!



Durga Bahadur Malla Many companies I had worked with them, only Naim is the best

Economic Outlook

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Economic Outlook

The following are independent opinions from authoritative sources on the outlook for the Malaysian economy for 2016 and beyond. Unless otherwise stated, these organisations have no connection with the Naim Group or its subsidiaries. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

Outlook for Malaysia

Malaysian Institute of Economic Research (MIER)

<http://www.mier.org.my/outlook/>

4 August 2015

On the domestic front, there are discernible “dark clouds” hovering over Malaysia’s economic landscape, while political storms are brewing and “dark forces” rearing their ugly heads again, sparked by advances in communication technology (internet and social media), growing inequality in both income and property ownership, urban poverty and also racial divide. Economic dark clouds include the rising cost of living; severe misalignment in the value of ringgit exchange rate, which cannot be simply left to unrestrained FX market forces; elevated Federal Government and household debts; rising contingent liabilities and significant exposure at default (EAD).

Moody’s Investor Service (as reported in the Malaysian Insider)

<http://www.themalaysianinsider.com/business/article/malaysias-gdp-growth-to-weaken-to-4.5-in-2016-says-moodys>

8 September 2015

Moody’s Investor Service sees Malaysia’s gross domestic product (GDP) growth weakening to 4.5% next year, while maintaining that this year’s GDP will increase 4.8%.

In a note on the Asia Pacific region today, Moody’s said weakening sentiment was cooling private sector consumption and investment, compounding soft external demand conditions.

The World Bank

<http://www.worldbank.org/en/news/press-release/2015/12/18/reforms>

18 December 2015

Malaysia’s growth is projected to remain at 4.7 percent in 2015, easing to 4.5 percent in 2016. This outlook reflects some slowdown in domestic demand in the course of 2015 from tighter fiscal conditions, which are expected to continue in 2016-17.



Kho Thiaw Boon Proud to be part of NAIM!



Andam Ak Anyum Proud to be part of NAIM!



Jadam Ak Ujai Prospek baik di Naim!



Florence Anak Balang NAIM BOLEH!!!



Jessy Teo We love NAIM! Go NAIM!



Suroj Pun Magar Feel safety when work with Naim, All bosses in Naim good



Angelina Anak Author Tingkatkan prestasi. Naim Boleh!

Economic Outlook (continue)



Freddie Anak Ellison Ludan Excellent performance in Health and Safety, Commitment in the preservation of the Environment and Giving great service to the Community



Daisy Jelangai NAIM boleh terus maju



Enti Ban NAIM boleh terus maju



Winston Ak Andrew Kalom Naim is no 1



Yusri Bin Joni Proud to be part of NAIM!



Bokery Ak Babai Proud to be part of NAIM!



Prem Bahadur Chhetri Naim is good company

Outlook for Sarawak

Malaysian Rating Corporation Berhad (MARC)

<http://www.marc.com.my/index.php/economic-research/country-reports/country-reports-2015/757-the-state-of-sarawak-18-august-2015>

18 August 2015

Notwithstanding the positive attributes, MARC takes into consideration Sarawak's high exposure to the vagaries of the global economy, given its position as a key producer and exporter of commodities. The recent downward revisions by the World Trade Organisation (WTO) of its global trade forecast to 3.3% in 2015 from the 4.0% previously predicted suggests rising economic challenges going forward. The slump in global crude oil prices since late 2014 is another concern for the state, as they are now moving towards their lowest levels in five years after a brief rebound in May 2015.

CH Williams, Talhar, Wong and Yeo

<http://www.wtwy.com/files/reports/WTW%20Property%20Report%202016.pdf>

Overall, the market outlook for 2016 will be bleak and uncertain. Developers will be compelled to build what the market wants and can afford rather than what developers prefer to build in terms of profitability. As the economy is expected to be slow and even recessive, developers will be hard pressed to survive in an increasingly competitive market. The next couple of years will certainly be a true test of the "Survival of the Fittest", as we expect lots of challenging times ahead and thus, lots of changes to cope with the challenges.

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



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Directors' Report For The Year Ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries whilst 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	34,328	286
Non-controlling interests	941	-
	35,269	286
	35,269	286

Dividend

Since the end of the previous financial year, the Company paid an interim single-tier tax exempt dividend of 3.5 sen per ordinary share of RM1.00 each totalling RM8,293,000 in respect of the year ended 31 December 2014 on 24 April 2015.

The Directors do not recommend any 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, except as disclosed in the financial statements.

Directors of the Company

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

Datuk Amar Abdul Hamed Bin Haji Sepawi
 Datuk Hasmi Bin Hasnan
 Wong Ping Eng
 Dato Ir. Abang Jemat Bin Abang Bujang
 Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis
 Dato' Abang Abdullah Bin Abang Mohamad Alli
 Tan Sri Izzuddin Bin Dali
 Datin Mary Sa'diah Binti Zainuddin
 Tuan Haji Soedirman Bin Haji Aini
 Chin Chee Kong (appointed on 1 October 2015)

Directors' interests in shares

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

	Number of ordinary shares			
	At 1.1.2015	Bought	(Sold)	At 31.12.2015
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Haji Sepawi	9,736,600	-	-	9,736,600
Datuk Hasmi Bin Hasnan	16,668,850	-	-	16,668,850
Wong Ping Eng	5,000	-	-	5,000
Shareholdings in which Datuk Amar Abdul Hamed Bin Haji Sepawi has deemed interests				
The Company	27,967,700	-	-	27,967,700
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
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
Lotus Paradigm Sdn. Bhd.	70	-	-	70
Bina Hartamas Sdn. Bhd.	2	599,998	-	600,000

Directors' interests in shares (continue)

	Number of ordinary shares			
	At 1.1.2015	Bought	(Sold)	At 31.12.2015
Shareholdings in which Datuk Hasmi Bin Hasnan has deemed interests				
The Company	40,480,500	-	(25,000)	40,455,500
Desa Ilmu Sdn. Bhd.	8,000,000	-	-	8,000,000
Jelas Kemuncak Resources Sdn. Bhd.	700,000	-	-	700,000
Unique Composite Sdn. Bhd.	400,000	-	-	400,000
Simbol Warisan Sdn. Bhd.	7,500	-	-	7,500
NECFL	999,999	-	-	999,999
NQFL	999,999	-	-	999,999
NPFL	999,999	-	-	999,999
Lotus Paradigm Sdn. Bhd.	70	-	-	70
Bina Hartamas Sdn. Bhd.	2	599,998	-	600,000

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 1 per share.

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

The other Directors holding office at 31 December 2015 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 Directors (including remuneration received as a full-time employee, where applicable) as shown in the financial statements of the Company and/or of its related corporations disclosed as part of the key management personnel compensation] 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 substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 35 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.

At an extraordinary general meeting (EGM) held on 26 May 2015, the shareholders of the Company approved the establishment of a Long Term Incentive Plan ("LTIP" or "the Scheme") to eligible employees and executive directors of the Group.

The LTIP [(comprising Restricted Shares Units (RSU) and Performance Share Units (PSU))] is governed by the By-Laws as approved by the shareholders on 26 May 2015.

The key salient features of the Scheme are as follows:

- a. The maximum number of new ordinary shares which may be made available under the Scheme at any point of time during the duration of the LTIP shall not be more than 10% of the issued and paid-up capital of the Company (excluding treasury shares).
- b. The number of the shares to be granted under the Scheme to eligible employees and executive directors at any time shall be determined by the LTIP Committee at its absolute discretion, after having considered the employee performance, seniority, years of services, contributions and such other eligibility criteria as the LTIP Committee may deem relevant and fit subject to the following:
 - i. Not more than 10% of the total number of new ordinary shares to be issued under the Scheme at any point in time during the duration of the LTIP is allocated to any employee or executive director who, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up share capital; and
 - ii. The maximum allowable allotments for the executive directors as approved by the shareholders in an EGM.
- c. The LTIP shall be in force for a period of 10 years and expires on 25 May 2025;
- d. Unvested shares granted to eligible employee and executive directors shall cease and be deemed to cease to be valid when they are no longer in the employment with the Group, including but not limited to the receipt of a termination letter or resignation notice; and
- e. PSU or RSU granted under the scheme are to be vested at no consideration over a period, subject to the fulfillment of vesting conditions as determined by the LTIP committee.

As at 31 December 2015, no grant has been issued pursuant to the LTIP.

Directors' Report For The Year Ended 31 December 2015 (continue)

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

.....
Datuk Amar Abdul Hamed Bin Haji Sepawi

.....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 14 April 2016

Statements Of Financial Position As At 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	87,302	43,001	6,024	6,331
Prepaid lease payments	4	2,399	2,427	-	-
Investment in subsidiaries	5	-	-	331,212	331,212
Investment in associates	6	394,287	329,176	130,815	130,815
Investment in joint ventures	7	3,724	17,085	-	-
Land held for property development	8	404,339	404,876	-	-
Investment properties	9	70,092	66,447	-	-
Intangible asset	10	6,237	6,917	-	-
Deferred tax assets	11	23,372	20,626	-	-
Other investments	12	2,974	2,974	-	-
Trade and other receivables	13	86,399	65,875	-	-
Total non-current assets		<u>1,081,125</u>	<u>959,404</u>	<u>468,051</u>	<u>468,358</u>
Inventories	14	28,595	24,172	-	-
Property development costs	15	461,338	367,922	-	-
Trade and other receivables	13	448,222	336,686	50,929	8,256
Deposits and prepayments	16	30,500	7,637	52	88
Current tax recoverable		9,013	11,304	400	696
Cash and cash equivalents	17	52,952	160,969	5,225	9,682
		<u>1,030,620</u>	<u>908,690</u>	<u>56,606</u>	<u>18,722</u>
Assets classified as held for sale	18	172	10,940	-	-
Total current assets		<u>1,030,792</u>	<u>919,630</u>	<u>56,606</u>	<u>18,722</u>
Total assets		<u>2,111,917</u>	<u>1,879,034</u>	<u>524,657</u>	<u>487,080</u>
Equity					
Share capital	19	250,000	250,000	250,000	250,000
Reserves	20	1,057,277	1,011,028	169,305	177,312
Total equity attributable to owners of the Company		<u>1,307,277</u>	<u>1,261,028</u>	<u>419,305</u>	<u>427,312</u>
Non-controlling interests	5	15,105	13,770	-	-
Total equity		<u>1,322,382</u>	<u>1,274,798</u>	<u>419,305</u>	<u>427,312</u>
Liabilities					
Loans and borrowings	21	109,747	121,982	-	-
Deferred tax liabilities	11	26,563	27,069	-	-
Total non-current liabilities		<u>136,310</u>	<u>149,051</u>	<u>-</u>	<u>-</u>
Loans and borrowings	21	296,283	136,263	104,000	-
Trade and other payables	22	355,366	306,886	1,352	59,768
Current tax payable		1,576	5,487	-	-
		<u>653,225</u>	<u>448,636</u>	<u>105,352</u>	<u>59,768</u>
Liabilities classified as held for sale	18	-	6,549	-	-
Total current liabilities		<u>653,225</u>	<u>455,185</u>	<u>105,352</u>	<u>59,768</u>
Total liabilities		<u>789,535</u>	<u>604,236</u>	<u>105,352</u>	<u>59,768</u>
Total equity and liabilities		<u>2,111,917</u>	<u>1,879,034</u>	<u>524,657</u>	<u>487,080</u>

The notes on pages 121 to 173 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	23	594,367	656,484	14,605	18,360
Cost of sales		(550,447)	(531,407)	-	-
Gross profit		43,920	125,077	14,605	18,360
Other operating income	24	16,228	52,279	1,619	582
Selling and promotional expenses		(14,122)	(11,549)	-	-
Administrative expenses		(42,424)	(73,927)	(12,267)	(9,239)
Other expenses		-	(12,545)	-	-
Results from operating activities	25	3,602	79,335	3,957	9,703
Other non-operating income	37(i)	-	96,705	-	70,526
Finance income	26	8,236	7,661	645	972
Finance costs	26	(19,393)	(17,205)	(4,069)	(7,799)
Net finance costs		(11,157)	(9,544)	(3,424)	(6,827)
Share of profit (net of tax) of equity-accounted:					
- associates	6	50,269	59,195	-	-
- joint ventures	7	1,469	2,027	-	-
Profit before tax		44,183	227,718	533	73,402
Tax expense	28	(8,914)	(7,099)	(247)	(29)
Profit for the year		35,269	220,619	286	73,373
Other comprehensive income/(loss), net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(3,308)	(142)	-	-
Realisation of reserves of foreign subsidiaries		3	-	-	-
Realisation of reserves of an associate		(6,593)	(130)	-	-
Share of other comprehensive income of an equity-accounted associate		30,106	960	-	-
Total other comprehensive income for the year		20,208	688	-	-
Total comprehensive income for the year		55,477	221,307	286	73,373
Profit attributable to:					
Owners of the Company		34,328	220,337	286	73,373
Non-controlling interests	5	941	282	-	-
Profit for the year		35,269	220,619	286	73,373
Total comprehensive income attributable to:					
Owners of the Company		54,536	221,025	286	73,373
Non-controlling interests	5	941	282	-	-
Total comprehensive income for the year		55,477	221,307	286	73,373
Basic earnings per ordinary share (sen)	29	14.49	92.99		

The notes on pages 121 to 173 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2015

Group	Note	Attributable to owners of the Company									Total equity RM'000
		Non-distributable							Distributable		
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2014		250,000	86,092	26,283	1,074	(34,748)	34	711,144	1,039,879	24,200	1,064,079
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(142)	-	-	(142)	-	(142)	
<i>Realisation of reserves to profit or loss arising from the decrease in investment in an associate</i>		-	-	51	(175)	-	(6)	(130)	-	(130)	
<i>Share of other comprehensive income/(loss) of an associate</i>		-	-	-	972	-	(12)	-	960	-	960
Total other comprehensive income/(loss) for the year		-	-	51	655	-	(18)	-	688	-	688
Profit for the year		-	-	-	-	-	-	220,337	220,337	282	220,619
Total comprehensive income for the year		-	-	51	655	-	(18)	220,337	221,025	282	221,307
Changes in ownership interests in a subsidiary	36(ii)	-	-	-	-	-	-	124	124	(124)	-
Transfer of capital reserve to retained earnings		-	-	(26,334)	-	-	-	26,334	-	-	-
Disposal of a subsidiary	36(iv)	-	-	-	-	-	-	-	(10,738)	(10,738)	
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	150	150
- Issue of shares by subsidiaries		-	-	-	-	-	-	-	-	-	-
At 31 December 2014/ 1 January 2015		250,000	86,092	-	1,729	(34,748)	16	957,939	1,261,028	13,770	1,274,798
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(3,308)	-	-	(3,308)	-	(3,308)	
<i>Realisation of reserves of foreign subsidiaries upon disposal</i>	36(iii)	-	-	-	3	-	-	-	3	-	3
<i>Realisation of reserves of an associate</i>		-	-	-	(6,554)	-	(39)	(6,593)	-	(6,593)	
<i>Share of other comprehensive income of an associate</i>		-	-	-	29,721	-	385	-	30,106	-	30,106
Total other comprehensive income for the year		-	-	-	19,862	-	346	-	20,208	-	20,208
Profit for the year		-	-	-	-	-	-	34,328	34,328	941	35,269
Total comprehensive income for the year		-	-	-	19,862	-	346	34,328	54,536	941	55,477
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	6	6	(6)	-
Transaction with owners of the Company	36(ii)	-	-	-	-	-	-	-	-	-	-
- Dividend paid	30.2	-	-	-	-	-	-	(8,293)	(8,293)	-	(8,293)
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	400	400
- Issue of shares by a subsidiary		-	-	-	-	-	-	-	-	-	-
At 31 December 2015		250,000	86,092	-	21,591	(34,748)	362	983,980	1,307,277	15,105	1,322,382
		(Note 19)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)		(Note 5)	

The notes on pages 121 to 173 are an integral part of these financial statements.

Statement Of Changes In Equity For The Year Ended 31 December 2015

Company	Note	/ _____ Attributable to owners of the Company _____ /				Total equity RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	
At 1 January 2014		250,000	86,092	(34,748)	52,595	353,939
Profit and total comprehensive income for the year		-	-	-	73,373	73,373
At 31 December 2014/1 January 2015		250,000	86,092	(34,748)	125,968	427,312
Profit and total comprehensive income for the year		-	-	-	286	286
Transaction with owners of the Company						
- Dividend paid	30.2	-	-	-	(8,293)	(8,293)
At 31 December 2015		250,000	86,092	(34,748)	117,961	419,305
		(Note 19)	(Note 20)	(Note 20)	(Note 20)	

The notes on pages 121 to 173 are an integral part of these financial statements.

Statements Of Cash Flows For The Year Ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit before tax	44,183	227,718	533	73,402
Adjustments for:				
Amortisation of:				
- intangible assets (Note 10)	680	682	-	-
- investment properties (Note 9)	1,279	1,095	-	-
- prepaid lease payments (Note 4)	28	28	-	-
Depreciation of property, plant and equipment (Note 25) *	7,495	11,039	391	336
Dividend income	(124)	(3)	(13,922)	(17,845)
(Gain)/loss on disposal of:				
- property, plant and equipment	(1,526)	(4,761)	-	-
- assets held for sale	(30)	-	-	-
- investment properties (Note 24)	-	(25,485)	-	-
- subsidiary	(56)	1,706	-	-
- associates	-	(97,038)	-	(70,526)
Finance costs	19,393	17,205	4,069	7,799
Finance income	(8,236)	(7,661)	(656)	(1,487)
Property, plant and equipment written off	86	222	-	2
Assets held for sale written off	10	-	-	-
(Reversal of)/Allowance for impairment loss on financial assets	(700)	20,847	-	-
Share of results of equity-accounted associates/joint ventures	(51,738)	(61,222)	-	-
Unrealised foreign exchange gain	(5,639)	(798)	(579)	(579)
Operating profit/(loss) before changes in working capital	5,105	83,574	(10,164)	(8,898)
Changes in working capital:				
Inventories *	66	5,114	-	-
Land held for property development	558	(4)	-	-
Property development costs	(117,062)	(158,053)	-	-
Trade and other receivables, deposits and prepayments *	(159,975)	(82,604)	(42,637)	142,100
Trade and other payables *	60,938	73,458	(60,246)	53,961
Cash (used in)/generated from operations	(210,370)	(78,515)	(113,047)	187,163
Tax (paid)/refunded *	(14,182)	(36,110)	49	802
Interest received	-	-	11	515
Net cash (used in)/from operating activities	(224,552)	(114,625)	(112,987)	188,480
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment [Note (i)]*	(34,113)	(9,398)	(84)	(410)
- investment properties	(3,057)	(1,737)	-	-
Proceeds from disposal of:				
- property, plant and equipment	3,433	9,203	-	-
- assets held for sale	104	-	-	-
- an associate [Note 37(i)]	-	82,072	-	82,072
- subsidiary, net of cash disposed of [Note 36(iv)]	-	4,420	-	-
Change in pledged deposits	41	551	-	-
Dividends received	9,046	17,848	13,922	17,845
Distribution of profits from joint ventures	15,300	31,199	-	-
Interest received	648	3,478	645	972
Net cash (used in)/from investing activities	(8,598)	137,636	14,483	100,479

Statements Of Cash Flows For The Year Ended 31 December 2015

(continue)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from financing activities				
Proceeds from issuance of new shares to non-controlling interests	400	150	-	-
Proceeds from loans and borrowings	154,000	210,029	104,000	-
Repayment of loans and borrowings	(6,263)	(304,262)	-	(300,000)
Repayment of finance lease liabilities	(15)	(37)	-	-
Dividends paid to owners of the Company (Note 30.2)	(8,293)	(7,108)	(8,293)	(7,108)
Other interest paid	(16,074)	(9,227)	(2,239)	-
Coupon expense paid	-	(10,608)	-	(10,608)
Net cash from/(used in) financing activities	123,755	(121,063)	93,468	(317,716)
Net decrease in cash and cash equivalents	(109,395)	(98,052)	(5,036)	(28,757)
Effect of exchange rate fluctuations on cash held	579	579	579	579
Cash and cash equivalents at beginning of year	161,377	258,850	9,682	37,860
Cash and cash equivalents at end of year [Note (ii)]	52,561	161,377	5,225	9,682

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Paid using internal funds *	34,113	9,398	84	410
In the form of finance lease	63	-	-	-
Total	34,176	9,398	84	410

ii. Cash and cash equivalents

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed bank with maturities less than three months (excluding deposits pledged)	29,303	78,444	-	2,000
Short-term cash funds	-	10,000	-	-
Cash in hand and at banks	23,258	72,093	5,225	7,682
Total cash and cash equivalents (see Note 17)	52,561	160,537	5,225	9,682
Add: Cash included as held for sale (see Note 18)	-	840	-	-
Total cash and cash equivalents as shown in the statements of cash flows	52,561	161,377	5,225	9,682

* Including those classified as disposal group held for sale

The notes on pages 121 to 173 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. 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 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the year ended 31 December 2015 do not include other entities.

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries whilst 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 14 April 2016.

1. Basis of preparation

a. Statement of compliance

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

Given that certain Group entities are transitioning entities (being entities subject to the application of IC Interpretation 15, *Agreements for the Construction of Real Estate* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities), the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") Framework until 1 January 2018 as mandated by the Malaysian Accounting Standards Board ("MASB").

As a result, the Group (including the transitioning entities) will continue to apply FRSs as their financial reporting framework to prepare their financial statements for two further annual periods ending on 31 December 2016 until 31 December 2017.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

FRS / Amendment / Interpretation	Effective date
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i> (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to FRS 7, <i>Financial Instruments: Disclosures</i> (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to FRS 10, <i>Consolidated Financial Statements</i> , FRS 12, <i>Disclosure of Interests in Other Entities</i> and FRS 128, <i>Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11, <i>Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
FRS 14, <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 101, <i>Presentation of Financial Statements - Disclosures Initiative</i>	1 January 2016
Amendments to FRS 116, <i>Property, Plant and Equipment</i> and FRS 138, <i>Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 119, <i>Employee Benefits</i> (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to FRS 127, <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 134, <i>Interim Financial Reporting</i> (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to FRS 10, <i>Consolidated Financial Statements</i> and FRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group and the Company plan to apply from the annual periods beginning on 1 January 2016, those standards, amendments or interpretations that are effective for annual period beginning on 1 January 2016, except for FRS 14, which is assessed as presently not applicable to the Group and the Company.

The initial application of the above mentioned standards, amendments or interpretations are not expected to have any material impacts to the current and prior financial statements of the Group and the Company.

Migration to new accounting framework

The Group's and the Company's financial statements for annual period beginning on 1 January 2018 and the subsequent annual periods will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

In the interim, two new MFRS standards namely MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments (2014)* will be effective for adoption for annual periods beginning 1 January 2018. Impacts of the initial application of the above accounting standards, which are or are likely to be applicable to the Group and which are to be applied retrospectively, are discussed below:

i. MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices. The adoption of MFRS 15 will result in a change in accounting policy.

Notes To The Financial Statements (continue)

1. Basis of preparation (continue)

a. Statement of compliance (continue)

ii. MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets.

Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income. The adoption of MFRS 9 will result in a change in accounting policy.

The Group is currently assessing the financial impact that may arise from the migration to MFRS, including the adoption of MFRS 1, MFRS 15 and MFRS 9.

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 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. Although these estimates and judgements are based on the management's best knowledge of current events and actions, 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 estimates are revised and in any future periods affected thereby.

Key areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are disclosed in Note 2 and as follows:

i. *Profit recognition from construction contracts*

The Group recognises contract revenue and contract costs in profit or loss using the stage of completion method, 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 contracts, 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. The total contract revenue also includes an estimation of variations that are recoverable from contract customers.

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

ii. *Profit recognition from property developments*

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

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

In making such estimations and judgements, the Group relies, as with the construction activities explained above, *inter alia*, on past experiences and the assessment of its experienced project team (comprising Budget Review Committee, project managers and quantity surveyors).

2. Significant accounting policies

The significant accounting policies set out below have been applied consistently by Group entities to the periods presented in these financial statements, unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

ii. Business combinations

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

Acquisitions on or after 1 January 2011

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

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

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

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

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

Acquisition between 1 January 2006 and 1 January 2011

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

Acquisitions prior to 1 January 2006

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

iii. Acquisitions of non-controlling interests

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

iv. Acquisitions of entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquirees' financial statements without restatement. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

v. Loss of control

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

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes To The Financial Statements (continue)

2. Significant accounting policies (continue)

a. Basis of consolidation (continue)

vi. Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses [unless it is classified as held for sale or distribution]. 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 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, or has made, payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

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

vii. Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

viii. Non-controlling interests

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

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

ix. Transactions eliminated on consolidation

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

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

2. Significant accounting policies (continue)

b. Foreign currency

i. Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate 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 from the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

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

The assets and liabilities of operations denominated 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, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

c. Financial instruments

i. Initial recognition and measurement

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

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

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

ii. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

a. Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination 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.

Notes To The Financial Statements (continue)

2. Significant accounting policies (continue)

c. Financial instruments (continue)

ii. *Financial instrument categories and subsequent measurement* (continue)

Financial assets (continue)

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(o)(i)].

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

iii. *Financial guarantee contracts*

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

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

iv. *Regular way purchase or sale of financial assets*

A regular way purchase or sale 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:

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

2. Significant accounting policies (continue)

c. Financial instruments (continue)

v. Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within "other income" or "administrative expenses" respectively in profit or loss.

ii. Subsequent costs

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

iii. Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use. 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. Assets under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	over remaining lease terms of 49 years to 99 years
Buildings	5, 10 and 50 years
Furniture and fittings	6 to 10 years
Motor vehicles	5 years
Office and factory equipment	2 to 10 years
Plant and machinery	5 years and over quarry license period
Jetty and wharf	over quarry license period

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 or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon 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 [see Note 2(d)].

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

Notes To The Financial Statements (continue)

2. Significant accounting policies (continue)

e. Leased assets (continue)

ii. Operating lease

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

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

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

f. Intangible assets

i. Goodwill

Goodwill with an indefinite life arising from business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, 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 associates and joint venture.

ii. Other intangible asset

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

iii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill, is recognised in profit or loss as incurred.

iv. Amortisation

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

Other intangible assets, with finite useful lives, are based on the cost of an asset less any residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Stone quarry licence is amortised over the term of licence.

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

g. Investment properties

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

i. Recognition and measurement

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

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

An investment property is derecognised on 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.

ii. Amortisation

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

Leasehold land	over remaining lease terms of 85 and 98 years
Buildings	50 years

iii. Reclassification to/from investment property

When an item of property, plant and equipment or inventories is transferred to investment property or vice versa following a change in its use, the transfer do not change the carrying amount of the property transferred. No remeasurement of cost of property is required, as permitted under paragraph 59 of FRS 140, *Investment Property*.

2. Significant accounting policies (continue)

h. Land held for property development

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

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

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

i. Property development costs

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables (Note 13) 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 22).

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 developed 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 method. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost also includes an appropriate share of production overheads based on normal operating capacity.

k. Receivables

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

l. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal groups are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification of non-current assets or disposal groups as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

m. Construction work-in-progress

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

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers for all contracts in which costs incurred plus recognised profits exceed progress billings (Note 13). 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 (Note 22).

n. 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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. 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 Note 2(c).

Notes To The Financial Statements (continue)

2. Significant accounting policies (continue)

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

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

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

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

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

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

ii. Other assets

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

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

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

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

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

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

2. Significant accounting policies (continue)

p. 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 the issue of instruments classified as equity are recognised as a deduction from equity.

ii. Repurchase, disposal and reissue of share capital (treasury shares)

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

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

Where treasury shares are sold or reissued subsequently, the differences between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

q. Employee benefits

i. Short-term employee benefits

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

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

ii. State plans

Contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

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

s. Payables

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

t. Revenue and other income

i. Construction contracts

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

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

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

Notes To The Financial Statements (continue)

2. Significant accounting policies (continue)

t. Revenue and other income (continue)

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 is recognised immediately in profit or loss.

iii. *Sale of goods*

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

iv. *Dividend income*

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

v. *Sand extraction and land filling services*

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

vi. *Rental income*

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

vii. *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 financing a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs (see Note 2(u)).

viii. *Management fee*

Income from the provision of management services is recognised as it accrues in profit or loss, based on estimated time spent and cost incurred.

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

v. *Income tax*

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continue)

v. Income tax (continue)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the 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.

w. Earnings per ordinary share

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

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

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

x. 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. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

y. Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes To The Financial Statements (continue)

3. Property, plant and equipment

Group	Outright purchase										
	Leasehold land			Buildings	Furniture and fittings	Motor vehicles	Office and factory equipment	Plant and machinery	Jetty and wharf	Assets under construction	Subtotal
	Freehold land	(unexpired lease term more than 50 years)	(unexpired lease term less than 50 years)								
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cost											
At 1 January 2014	667	469	1,433	24,273	8,327	21,686	14,980	63,127	1,952	334	137,248
Additions	-	343	-	2,049	1,254	802	2,629	280	-	2,016	9,373
Disposals/Write-offs	-	-	-	-	(199)	(2,978)	(727)	(27,846)	-	-	(31,750)
Transfer to assets held for sale (Note 18)	-	-	(553)	-	(163)	(286)	(913)	(8,781)	-	-	(10,696)
Effect of movements in exchange rates	-	-	2	-	-	4	7	128	-	-	141
Reclassifications	-	-	-	-	(33)	711	667	875	-	(537)	1,683
At 31 December 2014/ 1 January 2015	667	812	882	26,322	9,186	19,939	16,643	27,783	1,952	1,813	105,999
Additions	-	-	-	993	878	1,538	3,040	1,098	-	26,541	34,088
Disposals/Write-offs	-	-	(643)	-	(371)	(1,693)	(517)	(5,457)	-	-	(8,681)
Transfer from property development costs (Note 15)	-	1,889	-	-	-	-	-	-	-	15,813	17,702
Transfer from disposal group held for sale	-	-	553	-	11	-	295	4,694	-	-	5,553
Transfer from assets held for sale	-	-	-	-	-	-	-	4,173	-	-	4,173
Effect of movements in exchange rates	-	-	90	-	47	-	-	1,241	-	-	1,378
Reclassifications	-	-	-	26,017	8	-	1,805	-	-	(27,830)	-
At 31 December 2015	667	2,701	882	53,332	9,759	19,784	21,266	33,532	1,952	16,337	160,212
Depreciation											
At 1 January 2014	-	51	413	2,699	3,016	17,371	10,797	48,047	1,344	-	83,738
Depreciation for the year	-	7	71	1,112	1,430	1,668	2,258	6,071	130	-	12,747
Disposals/Write-offs	-	-	-	-	(178)	(2,854)	(481)	(22,872)	-	-	(26,385)
Transfer to assets held for sale (Note 18)	-	-	(222)	-	(87)	(260)	(575)	(6,763)	-	-	(7,907)
Effect of movements in exchange rates	-	-	1	-	1	(3)	1	(116)	-	-	(116)
Reclassifications	-	-	-	-	(65)	172	12	802	-	-	921
At 31 December 2014/ 1 January 2015	-	58	263	3,811	4,117	16,094	12,012	25,169	1,474	-	62,998
Depreciation for the year	-	11	69	1,129	1,490	1,511	2,570	1,995	130	-	8,905
Disposals/Write-offs	-	-	(289)	-	(300)	(1,608)	(332)	(4,159)	-	-	(6,688)
Transfer from disposal group held for sale	-	-	222	-	3	-	96	3,046	-	-	3,367
Transfer from assets held for sale	-	-	-	-	-	-	-	3,744	-	-	3,744
Effect of movements in exchange rates	-	-	14	-	-	-	6	639	-	-	659
Reclassifications	-	-	-	-	5	-	(5)	-	-	-	-
At 31 December 2015	-	69	279	4,940	5,315	15,997	14,347	30,434	1,604	-	72,985
Carrying amounts											
At 31 December 2014/ 1 January 2015	667	754	619	22,511	5,069	3,845	4,631	2,614	478	1,813	43,001
At 31 December 2015	667	2,632	603	48,392	4,444	3,787	6,919	3,098	348	16,337	87,227

3. Property, plant and equipment (continue)

<u>Group</u> (continue)	Subtotal RM'000	Finance lease assets		Total RM'000
		Motor vehicles RM'000	Plant and machinery RM'000	
Cost (continue)				
At 1 January 2014	137,248	711	972	138,931
Additions	9,373	-	-	9,373
Disposals/Write-offs	(31,750)	-	-	(31,750)
Transfer to assets held for sale (Note 18)	(10,696)	-	-	(10,696)
Effect of movements in exchange rates	141	-	-	141
Reclassifications	1,683	(711)	(972)	-
At 31 December 2014/1 January 2015	105,999	-	-	105,999
Additions	34,088	88	-	34,176
Disposals/Write-offs	(8,681)	-	-	(8,681)
Transfer from property development costs (Note 15)	17,702	-	-	17,702
Transfer from disposal group held for sale	5,553	-	-	5,553
Transfer from assets held for sale	4,173	-	-	4,173
Effect of movements in exchange rates	1,378	-	-	1,378
Reclassifications	-	-	-	-
At 31 December 2015	160,212	88	-	160,300
Depreciation (continue)				
At 1 January 2014	83,738	573	310	84,621
Depreciation for the year	12,747	38	-	12,785
Disposals/Write-offs	(26,385)	-	-	(26,385)
Transfer to assets held for sale	(7,907)	-	-	(7,907)
Effect of movements in exchange rates	(116)	-	-	(116)
Reclassifications	921	(611)	(310)	-
At 31 December 2014/1 January 2015	62,998	-	-	62,998
Depreciation for the year	8,905	13	-	8,918
Disposals/Write-offs	(6,688)	-	-	(6,688)
Transfer from disposal group held for sale	3,367	-	-	3,367
Transfer from assets held for sale	3,744	-	-	3,744
Effect of movements in exchange rates	659	-	-	659
Reclassifications	-	-	-	-
At 31 December 2015	72,985	13	-	72,998
Carrying amounts (continue)				
At 31 December 2014/1 January 2015	43,001	-	-	43,001
At 31 December 2015	87,227	75	-	87,302

Notes To The Financial Statements (continue)

3. Property, plant and equipment (continue)

<u>Company</u>	Building RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 January 2014	5,776	742	250	6,768
Additions	-	370	40	410
Write-offs	-	(3)	-	(3)
At 31 December 2014/1 January 2015	5,776	1,109	290	7,175
Additions	-	11	73	84
Reclassifications	-	8	(8)	-
At 31 December 2015	5,776	1,128	355	7,259
Depreciation				
At 1 January 2014	251	153	105	509
Depreciation for the year (Note 25)	116	159	61	336
Write-offs	-	(1)	-	(1)
At 31 December 2014/1 January 2015	367	311	166	844
Depreciation for the year (Note 25)	116	200	75	391
Reclassifications	-	5	(5)	-
At 31 December 2015	483	516	236	1,235
Carrying amounts				
At 31 December 2014/1 January 2015	5,409	798	124	6,331
At 31 December 2015	5,293	612	119	6,024

3.1 Titles to properties

Strata titles of certain buildings have yet to be issued by the relevant authority, analysed as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Carrying amount</u>				
Buildings	5,371	5,489	5,293	5,409

3.2 Allocation of depreciation

Depreciation for the year is allocated as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised in profit or loss	7,495	10,940	391	336
Capitalised in:				
- construction work-in-progress (Note 13.3)	1,109	1,482	-	-
- property development costs (Note 15)	314	363	-	-
	8,918	12,785	391	336

3.3 Security

Assets under finance leases were charged to banks as security for the finance lease liabilities of the Group (see Note 21.1).

Freehold land of a subsidiary with carrying amount of RM667,000 (2014: RM667,000) is charged to a bank as security for a term loan facility granted to another subsidiary (see Note 21.1).

4. Prepaid lease payments - Group

**Leasehold land
(unexpired lease term more than 50 years)
RM'000**

Cost

At 1 January 2014, 31 December 2014/1 January 2015 and 31 December 2015 3,056
=====

Amortisation

At 1 January 2014 601
Amortisation for the year (Note 25) 28

At 31 December 2014/1 January 2015 629
Amortisation for the year (Note 25) 28

At 31 December 2015 657
=====

Carrying amounts

At 31 December 2014/1 January 2015 2,427
=====

At 31 December 2015 2,399
=====

5. Investment in subsidiaries - Company

**2015
RM'000** **2014
RM'000**

Unquoted shares, at cost 331,212 331,212
===== =====

Details of the subsidiaries, all of which are incorporated in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited, Naim Premix (Fiji) Limited and Naim Vanua Levu (Fiji) Limited, which were 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 and voting interest (%)	
		2015	2014
Direct subsidiaries			
Naim Land Sdn. Bhd. ("NLSB")	Property developer and civil and building contractor	100.0	100.0
Naim Engineering Sdn. Bhd. ("NESB")	Civil, building and earthwork contractor	100.0	100.0
Naim Assets Sdn. Bhd. ("NASB")	Investment holding	100.0	100.0
Subsidiaries of NLSB			
Desa Ilmu Sdn. Bhd.	Property developer	60.0	60.0
Naim Supply & Logistic Sdn. Bhd.	Trading of construction materials	100.0	100.0
Khidmat Mantap Sdn. Bhd.	Property developer	100.0	100.0
Naim Realty Sdn. Bhd.	Property investment	100.0	100.0
Peranan Makmur Sdn. Bhd. ("PMSB")	Property developer	100.0	100.0
Naim Commercial Sdn. Bhd.	Property developer	100.0	100.0
Naim Cendera Lapan Sdn. Bhd.	Quarry licensee and operator	100.0	100.0
Naim Ready Mix Sdn. Bhd.	Sale of ready mix piles	100.0	100.0
Simbol Warisan Sdn. Bhd.	Quarry licensee	75.0	75.0
Jelas Kemuncak Resources Sdn. Bhd.	Quarry operator	70.0	70.0
Yakin Pelita Sdn. Bhd.	Property investment	100.0	100.0
Naim Cendera Tujuh Sdn. Bhd.	Property investment	100.0	100.0
Dataran Wangsa Sdn. Bhd.	Property developer	100.0	100.0
Yakin Jelas Sdn. Bhd.	Property investment	100.0	100.0
Vista Megalink Sdn. Bhd.	Provision of management services	100.0	100.0
TR Green Sdn. Bhd.	Dormant	100.0	100.0
Naim Utilities Sdn. Bhd.	Dormant	100.0	100.0
Naim Incorporated Berhad	Dormant	100.0	100.0
Naim Academy Sdn. Bhd.	Dormant	100.0	100.0
Naim Oil & Gas Sdn. Bhd.	Dormant	100.0	100.0
Permyjaya Sino Education Sdn. Bhd.	Dormant	100.0	100.0
Kuching Paragon Sdn. Bhd.	Dormant	100.0	100.0

Notes To The Financial Statements (continue)

5. Investment in subsidiaries - Company (continue)

Name of subsidiary	Principal activities	Effective ownership interest and voting interest (%)	
		2015	2014
<u>Subsidiaries of NLSB (continue)</u>			
Miri Paragon Sdn. Bhd.	Dormant	100.0	100.0
Pavilion Quest Sdn. Bhd. **	Dormant	100.0	100.0
Exclusive Paragon Sdn. Bhd. **	Dormant	100.0	100.0
Platinum Amber Sdn. Bhd. **	Dormant	100.0	100.0
Solid Greenland Sdn. Bhd. **	Dormant	100.0	100.0
Lotus Paradigm Sdn. Bhd.	Dormant	70.0	70.0
Bina Hartamas Sdn. Bhd. **	Dormant	60.0	100.0
<u>Subsidiaries of NESB</u>			
Naim Premix Sdn. Bhd.	Manufacture and sale of asphalt	100.0	100.0
Naim Recruitment & Agency Sdn. Bhd. **	Provision of accommodation facilities	100.0	100.0
Naim Binaan Sdn. Bhd.	Civil contractor as well as sale of RC pile and ready mix sale	100.0	100.0
Naim Capital Sdn. Bhd. ("NCSB")	Investment holding	100.0	100.0
Naim Overseas Sdn. Bhd. ("NOSB")	Investment holding	100.0	100.0
Naim Equipment Sdn. Bhd.	Hire of equipment and provision of repair and maintenance services	100.0	100.0
Unique Composite Sdn. Bhd.	Manufacture and sale of asphalt	80.0	80.0
Equaflow Sdn. Bhd. **	Dormant	100.0	-
<u>Subsidiaries of NOSB</u>			
Naim Engineering Construction (Fiji) Limited #	Dormant	99.9	99.9
Naim Quarry (Fiji) Limited #	Dormant	99.9	99.9 ^
Naim Premix (Fiji) Limited #	Dormant	99.9	99.9
Naimcendera Engineering & Construction Sendirian Berhad ("NECSB")	Dormant	- @	99.9 *
Naim Vanua Levu (Fiji) Limited #	Dormant	- @	99.9
<u>Subsidiaries of NCSB</u>			
Naim Capital Port Sdn. Bhd.	Civil contractor	100.0	100.0
Naim Capital Housing Sdn. Bhd.	Civil contractor	100.0	100.0
<u>Subsidiaries of NASB</u>			
Naim Property Services Sdn. Bhd. **	Provision of property management services	100.0	100.0
Naim Hotel Sdn. Bhd. (formerly known as Bright Sungreen Sdn. Bhd.) ("NHSB") **	Hotel operations	100.0	100.0 *
Bintulu Paragon Sdn. Bhd.	Dormant	100.0	100.0
<u>Subsidiary of PMSB</u>			
Harmony Faber Sdn. Bhd.	Property investment	100.0	100.0

** Audited by a firm of Chartered Accountants other than KPMG.

Audited by other member firms of KPMG International.

^ The subsidiary was previously classified as disposal group held for sale following a plan to dispose of the investment. However, due to a change in the plan, the subsidiary has ceased to be classified as held for sale in 2015 and its related assets and liabilities are reclassified and adjusted as appropriate (also see Note 18.1).

@ These subsidiaries have been struck off from the Registrar of Company during the current year [also see Note 36 (iii)].

* The unaudited results of NECSB and NHSB were incorporated into the consolidated financial statements for the year ended 31 December 2014, which were not material to the Group.

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

	Desa Ilmu Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2015			
NCI percentage of ownership/voting interest	40%		
Carrying amount of NCI	15,634	(530)	15,105
Profit/(Loss) allocated to NCI	996	(55)	941
	=====	=====	=====
2014			
NCI percentage of ownership/voting interest	40%		
Carrying amount of NCI	14,638	(868)	13,770
Profit/(Loss) allocated to NCI	858	(576)	282
	=====	=====	=====

5. Investment in subsidiaries - Company (continue)

Non-controlling interests ("NCI") in subsidiaries (continue)

Material NCI in Desa Ilmu Sdn. Bhd.

	2015 RM'000	2014 RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	781	849
Current assets	50,740	46,736
Current liabilities	(12,436)	(10,991)
Net assets	39,085	36,594
Year ended 31 December		
Revenue	8,795	8,888
Profit and total comprehensive income for the year	2,491	2,145
Cash flows (used in)/from:		
- operating activities	(29,241)	(872)
- investing activities	215	1,129
Net (decrease)/increase in cash and cash equivalents	(29,026)	257

No dividend was paid to the NCI during the current and last financial year.

6. Investment in associates

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
Unquoted shares	8,036	8,036	-	-
Quoted shares in Malaysia	130,815	130,815	130,815	130,815
Share of post-acquisition reserves	255,436	190,325	-	-
	394,287	329,176	130,815	130,815
Market value				
Quoted shares in Malaysia	356,891	739,274	356,891	739,274

Notes To The Financial Statements (continue)

6. Investment in associates (continue)

Details of the material associates, all of which are incorporated in Malaysia, are as follows:

Name of entity	Nature of relationship	Effective ownership interest and voting interest (%)	
		2015	2014
Dayang Enterprise Holdings Bhd. ("DEHB")	DEHB provides offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. This is one of the business strategies of the Group to venture into the oil and gas industry	29.06	29.06
Samalaju Properties Sdn. Bhd. ("SPSB") #	Property and township development, including providing temporary accommodation facilities, which is in line with Group's existing property segment operation	39.00	39.00
Kempas Sentosa Sdn. Bhd. ("KSSB") **	One of civil contractors to the Group and provides hiring of plant and equipment to the Group	40.00	40.00
Miri Specialist Hospital Sdn. Bhd. (formerly known as Bima Galeksi Sdn. Bhd.) #	Intended to operate a specialist hospital	30.00	30.00
SINOHYDRONAIM Sdn. Bhd. #	Dormant and in the process of winding up	49.00	49.00

Held through NLSB

** Held through NESB

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the associates.

Summary of financial information

2015	Group		
	DEHB RM'000	SPSB RM'000	KSSB RM'000
As at 31 December			
Non-current assets	2,747,783	294,751	17,804
Current assets	560,995	71,485	19,176
Non-current liabilities	(1,483,225)	(162,529)	(2,449)
Current liabilities	(628,360)	(151,376)	(16,567)
Non-controlling interests	(7,770)	-	-
Net assets	1,189,423	52,331	17,964
Year ended 31 December			
Profit/(Loss) for the year	174,355	(1,042)	(657)
Other comprehensive income	81,647	-	-
Total comprehensive income/(loss) for the year	256,002	(1,042)	(657)
<i>Included in the total comprehensive income is:</i>			
Revenue	779,099	16,891	43,326

6. Investment in associates (continue)

Summary of financial information (continue)

	Group				Total RM'000
	DEHB RM'000	SPSB RM'000	KSSB RM'000	Other immaterial associates RM'000	
2015 (continue)					
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	345,742	20,409	6,450	-	372,601
Goodwill	23,608	-	-	-	23,608
Elimination of unrealised profit	-	-	(1,922)	-	(1,922)
Carrying amount in the statements of financial position	<u>369,350</u>	<u>20,409</u>	<u>4,528</u>	<u>-</u>	<u>394,287</u>
Group's share of results for the year ended 31 December					
Group's share of:					
- profit/(loss)	51,130	(406)	(263)	(192)	50,269
- other comprehensive income	23,513	-	-	-	23,513
Group's share of total comprehensive income/(loss)	<u>74,643</u>	<u>(406)</u>	<u>(263)</u>	<u>(192)</u>	<u>73,782</u>
Other information					
Dividend received	8,922	-	-	-	8,922
2014					
As at 31 December					
Non-current assets	719,581	11,844	23,449		
Current assets	599,090	60,549	18,566		
Non-current liabilities	(77,380)	(930)	-		
Current liabilities	(278,108)	(18,090)	(23,394)		
Net assets	<u>963,183</u>	<u>53,373</u>	<u>18,621</u>		
Year ended 31 December					
Profit for the year	178,551	9,017	2,343		
Other comprehensive income	3,337	-	-		
Total comprehensive income	<u>181,888</u>	<u>9,017</u>	<u>2,343</u>		
<i>Included in the total comprehensive income is:</i>					
Revenue	<u>876,870</u>	<u>14,896</u>	<u>46,753</u>		

Notes To The Financial Statements (continue)

6. Investment in associates (continue)

Summary of financial information (continue)

	Group				
	DEHB RM'000	SPSB RM'000	KSSB RM'000	Other immaterial associates RM'000	Total RM'000
2014 (continue)					
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	280,021	20,815	6,712	192	307,740
Goodwill	23,608	-	-	-	23,608
Elimination of unrealised profit	-	-	(2,172)	-	(2,172)
Carrying amount in the statements of financial position	<u>303,629</u>	<u>20,815</u>	<u>4,540</u>	<u>192</u>	<u>329,176</u>
Group's share of results for the year ended 31 December					
Group's share of:					
- profit	54,708	3,517	937	33	59,195
- other comprehensive income	830	-	-	-	830
Group's share of total comprehensive income	<u>55,538</u>	<u>3,517</u>	<u>937</u>	<u>33</u>	<u>60,025</u>
Other information					
Dividend received	<u>17,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,845</u>

7. Investment in joint ventures

	Group	
	2015 RM'000	2014 RM'000
At cost:		
Capital contribution	1,800	1,800
Share of post-acquisition reserves	1,924	15,285
	<u>3,724</u>	<u>17,085</u>

The joint arrangements in which the Group participates are all involved in civil and buildings construction works, including oil and gas related construction projects. As the Group is only entitled to the net assets of the joint arrangements, the Group has therefore classified its interest in the following entities as joint ventures. Details of the joint ventures, all of which are based in Malaysia, are as follows:

Name of entity	Group Effective voting interest (%)	
	2015	2014
NESB-Hock Peng JV	51.0	51.0
PPES Works-NLSB JV	45.0	45.0
Sinohydro-Naim JV	50.0	50.0
Samsung-Naim JV	10.0	10.0

7. Investment in joint ventures (continue)

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the joint venture.

Summary of financial information

	NESB-Hock Peng JV RM'000	PPES Works - NLSB JV RM'000	Other immaterial joint ventures RM'000	Total RM'000
2015				
As at 31 December				
Non-current assets	-	1		
Current assets	54,482	3,601		
Current liabilities	(42,575)	(9,134)		
Net assets	11,907	(5,532)		
Year ended 31 December				
Profit and total comprehensive income for the year	8,740	(4,138)		
<i>Included in the total comprehensive income</i>				
Revenue	142,212	3,209		
Interest income	579	-		
Tax expense	(1,114)	-		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	6,073	(2,489)	140	3,724
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and share of total comprehensive income/(loss)	3,343	(1,876)	2	1,469
Other information				
Distribution of profits received	15,300	-	-	15,300
2014				
As at 31 December				
Cash and cash equivalents	32,018			
Other current assets	42,474			
Current liabilities	(41,325)			
Net assets	33,167			
Year ended 31 December				
Profit and total comprehensive income for the year	7,222			
<i>Included in the total comprehensive income</i>				
Revenue	121,437			
Interest income	526			
Tax expense	(921)			
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets and carrying amount in the statement of financial position	16,915	-	170	17,085
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and share of total comprehensive income/(loss)	2,762	-	(735)	2,027
Other information				
Distribution of profits received	-	-	31,199	31,199

Notes To The Financial Statements (continue)

8. Land held for property development - Group

RM'000

At cost

At 1 January 2014	344,913
Additions arising from land exchange exercise (Note 24)	25,485
Other additions	4
Transfer from property development costs (Note 15)	34,474
At 31 December 2014/1 January 2015	404,876
Reclassified from inventories	21
Costs charged to profit or loss	(558)
At 31 December 2015	404,339

9. Investment properties - Group

	Long-term leasehold land (unexpired lease term more than 50 years) RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
Cost				
At 1 January 2014	15,218	55,164	-	70,382
Additions	2,564	-	-	2,564
Expensed off	(827)	(579)	-	(1,406)
At 31 December 2014/1 January 2015	16,955	54,585	-	71,540
Transfer from property development costs (Note 15)	-	-	1,867	1,867
Additions	-	-	3,057	3,057
At 31 December 2015	16,955	54,585	4,924	76,464
Amortisation				
At 1 January 2014	1,234	2,764	-	3,998
Amortisation for the year (Note 25)	173	922	-	1,095
At 31 December 2014/1 January 2015	1,407	3,686	-	5,093
Amortisation for the year (Note 25)	173	1,106	-	1,279
At 31 December 2015	1,580	4,792	-	6,372
Carrying amount				
At 31 December 2014/1 January 2015	15,548	50,899	-	66,447
At 31 December 2015	15,375	49,793	4,924	70,092
Fair value (see Note 9.3)				
At 31 December 2014/1 January 2015	73,059	68,300	-	141,359
At 31 December 2015	73,059	68,300	- *	141,359

* 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 annual cash flows can be measured reliably, whichever is earlier.

9. Investment properties - Group (continue)

9.1 Investment property with a carrying amount of RM48,972,000 (2014: RM49,998,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 21.1).

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

	2015 RM'000	Group 2014 RM'000
Rental income (Note 23)	7,049	7,350
Direct operating expenses:		
- income generating investment properties	5,274	5,216
	=====	=====

9.3 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as follows:

	2015			2014		
	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group						
Leasehold land	55,059	18,000	73,059	55,059	18,000	73,059
Buildings *	6,582	61,718	68,300	6,582	61,718	68,300
	=====	=====	=====	=====	=====	=====

* excluding buildings under construction

Level 2 fair value

The Level 2 fair value of investment properties, determined for disclosure purposes, is generally ascertained by the management using the sales comparison method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosures purpose, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

For the determination of the fair value of a building, the investment method is used whereby net rental is capitalised at the appropriate market yield. For land, the fair value is determined using the comparative method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use

The land classified as investment property is currently held under a mixed development title. As the use of certain land is currently undetermined, it is therefore impractical to estimate its highest and best use.

A major part of the buildings comprise hypermarket malls situated at a prime area, which is the highest and best use of the land on which they were built. Other buildings comprising office lots and units are similarly regarded as having been put at their highest and best use.

10. Intangible asset - Group

	Stone quarry licence RM'000
Cost	
At 1 January 2014, 31 December 2014/1 January 2015 and 31 December 2015	10,206
	=====
Amortisation	
At 1 January 2014	2,607
Amortisation for the year (Note 25)	682

At 31 December 2014/1 January 2015	3,289
Amortisation for the year (Note 25)	680

At 31 December 2015	3,969
	=====
Carrying amounts	
At 31 December 2014/1 January 2015	6,917
	=====
At 31 December 2015	6,237
	=====

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

Notes To The Financial Statements (continue)

11. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fair value adjustment on acquisition of subsidiaries *	-	-	(25,815)	(26,407)	(25,815)	(26,407)
Property, plant and equipment	-	-	(2,605)	(2,862)	(2,605)	(2,862)
Financial instruments	218	220	-	-	218	220
Capital allowances carried forward	1,222	664	-	-	1,222	664
Tax losses carried forward	2,428	469	-	-	2,428	469
Other items	21,361	21,473	-	-	21,361	21,473
Tax assets/(liabilities)	25,229	22,826	(28,420)	(29,269)	(3,191)	(6,443)
Set off of tax	(1,857)	(2,200)	1,857	2,200	-	-
Net tax assets/(liabilities)	23,372	20,626	(26,563)	(27,069)	(3,191)	(6,443)

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

Movements in deferred tax during the year are as follows:

Group	At 1.1.2014 RM'000	Recognised in profit or loss RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss RM'000	Exchange translation differences RM'000	At 31.12.2015 RM'000
Fair value adjustment on acquisition of subsidiaries	(40,673)	14,266	(26,407)	592	-	(25,815)
Property, plant and equipment	(2,419)	(443)	(2,862)	256	1	(2,605)
Financial instruments	705	(485)	220	(2)	-	218
Capital allowances carried forward	904	(240)	664	558	-	1,222
Tax losses carried forward	487	(18)	469	1,959	-	2,428
Other items	8,227	13,246	21,473	(112)	-	21,361
	(32,769)	26,326	(6,443)	3,251	1	(3,191)
		(Note 28)		(Note 28)		

Unrecognised deferred tax assets

Deferred tax assets of RM12,066,000 (2014: RM12,171,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment	(2,001)	(829)
Capital allowances carried forward	11,861	12,393
Tax losses carried forward	63,563	52,144
Other items	(17,591)	(7,443)
	55,832	56,265

The unabsorbed capital allowances carried forward and unutilised tax losses carried forward of entities incorporated in Malaysia amounting to RM32,343,000 (2014: RM29,311,000) do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

Following changes in the tax law in Fiji, the unutilised tax losses of the subsidiaries incorporated in Fiji incurred after 1 January 2014 as allowed by the Fiji tax law can be claimed as a deduction against future taxable income within four years of the incurrance of such losses. Total unutilised tax losses as at 31 December 2015 is RM43,081,000 (2014: RM35,226,000).

12. Other investments

	Group	
	2015 RM'000	2014 RM'000
Non-current		
Available-for-sale financial assets		
- unquoted shares	2,963	2,963
- quoted shares in Malaysia	11	11
	2,974	2,974
	2,974	2,974
<i>Representing item:</i>		
Market value of quoted investment (Note 32.4)	11	11
	11	11

For the unquoted shares, it is impractical to estimate the fair value as at year end (also see Note 32.4).

13. Trade and other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade				
Contract progress billings receivables (Note 13.1)	86,399	65,875	-	-
	86,399	65,875	-	-
Current				
Trade				
Trade receivables	91,907	72,695	-	-
Less: Allowance for impairment losses	(247)	(247)	-	-
	91,660	72,448	-	-
Amount due from an associate	6,396	1,049	-	-
Contract progress billings receivables (Note 13.2)	113,995	88,274	-	-
Accrued billings	8,343	24,857	-	-
Amount due from contract customers (Note 13.3)	188,667	109,177	-	-
	409,061	295,805	-	-
	409,061	295,805	-	-
Non-trade				
Other receivables	59,689	60,944	2	10
Less: Allowance for impairment losses	(22,656)	(23,356)	-	-
	37,033	37,588	2	10
Amount due from:				
- subsidiaries (Note 13.4)	-	-	50,921	8,246
- associates (Note 13.5)	2,128	3,293	6	-
	39,161	40,881	50,929	8,256
	39,161	40,881	50,929	8,256
Total current	448,222	336,686	50,929	8,256
	448,222	336,686	50,929	8,256
Grand total	534,621	402,561	50,929	8,256
	534,621	402,561	50,929	8,256

Notes To The Financial Statements (continue)

13. Trade and other receivables (continue)

13.1 Included in contract progress billings receivable is an amount of RM89,953,000 (2014: RM65,875,000) arising from a construction project undertaken for a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years upon the completion of the project.

The outstanding contract progress billings receivable are unsecured, bears interest at 8.05% per annum and are expected to be collected as follows:

	Group	
	2015 RM'000	2014 RM'000
More than 1 year	86,399	65,875
Within 1 year	3,554	-
	89,953	65,875
	89,953	65,875

13.2 Contract progress billings receivable

Included in the contract progress billings receivable of the Group are retention sums of RM74,496,000 (2014: RM55,378,000) relating to construction work-in-progress.

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

	Group	
	2015 RM'000	2014 RM'000
Within 1 year	43,225	19,149
1 - 2 years	4,753	17,520
2 - 3 years	18,637	11,936
More than 3 years	7,881	6,773
	74,496	55,378
	74,496	55,378

13.3 Construction work-in-progress

	Group	
	2015 RM'000	2014 RM'000
Aggregate costs incurred to-date	1,616,921	1,282,875
Attributable profits, net of foreseeable losses	178,874	189,068
	1,795,795	1,471,943
Progress billings	(1,620,430)	(1,385,708)
	175,365	86,235
<i>Represented by:</i>		
Amount due from contract customers	188,667	109,177
Amount due to contract customers reclassified under trade and other payables (Note 22)	(13,302)	(22,942)
	175,365	86,235

Additions to aggregate costs incurred during the year include:

	Group	
	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment (Note 3.2)	1,109	1,482
Personnel expenses (including key management personnel):		
- contributions to state plans	2,206	2,136
- wages, salaries and others	30,326	28,711
Rental of premises	1,462	1,208
Rental of equipment	16,092	20,164
	51,195	53,601

13. Trade and other receivables (continue)

13.4 Included in amount due from subsidiaries is a sum of RM43,798,000 (2014: Nil) which is unsecured and bears interest at rates ranging from 5.04% to 5.14% (2014: Nil) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

13.5 The amount due from associates are unsecured, interest-free and repayable on demand.

13.6 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

<u>Group</u>	Gross amount RM'000	Offset balances RM'000	Net carrying amount RM'000
2015			
Other receivables	66,132	6,443	59,689
Trade payables	137,466	6,443	131,023
	=====	=====	=====

Certain other receivables and trade payables were set off for presentation purpose as other receivables include purchases on behalf of subcontractors of certain projects and they intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

14. Inventories

	Group	
	2015 RM'000	2014 RM'000
At cost		
Developed properties held for sale	19,518	17,665
Manufactured/Trading inventories (construction and building materials)	7,129	5,137
Raw materials and consumables	1,933	1,355
	-----	-----
	28,580	24,157
At net realisable value		
Manufactured/Trading inventories	15	15
	-----	-----
	28,595	24,172
	=====	=====
Recognised in profit or loss:		
- inventories recognised as cost of sales	36,559	69,744
	=====	=====

15. Property development costs - Group

	RM'000
At 1 January 2014	
Property development costs	
Land	113,253
Development costs	327,817

	441,070
Accumulated costs charged to profit or loss	(195,625)

	245,445
Additions	
Land cost incurred during the year	851
Development costs incurred during the year	302,002

	302,853

Recognised to cost of sales/Transfers	
Costs charged to profit or loss	(145,373)
Transfer to land held for property development (Note 8)	(34,474)
Transfer of completed properties to inventories	(529)

	(180,376)

Notes To The Financial Statements (continue)

15. Property development costs - Group (continue)

RM'000

At 31 December 2014/1 January 2015

Property development costs	
Land	58,484
Development costs	459,414
	517,898
Accumulated costs charged to profit or loss	(149,976)
	367,922

Additions

Land cost incurred during the year	1,441
Development costs incurred during the year	223,839
	225,280

Recognised to cost of sales/Transfers

Costs charged to profit or loss	(107,904)
Transfer to property, plant and equipment (Note 3)	(17,702)
Transfer to investment properties (Note 9)	(1,867)
Transfer of completed properties to inventories	(4,391)
	(131,864)

At 31 December 2015

Property development costs	
Land	53,630
Development costs	545,649
	599,279
Accumulated costs charged to profit or loss	(137,941)
	461,338

Property development costs incurred during the financial year include:

	Group	
	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment (Note 3.2)	314	363
Personnel expenses (including key management personnel):		
- contributions to state plans	900	211
- wages, salaries and others	12,155	8,198
Rental of equipment	19	52
Rental of premises	220	124
	=====	=====

16. Deposits and prepayments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits	27,228	5,350	52	24
Prepayments	3,272	2,287	-	64
	=====	=====	=====	=====

16.1 Included in the deposits as at 31 December 2015 of the Group is an amount of RM19,110,000 paid for additional shares to be issued by an associate, an exercise which has yet to be finalised as at year end.

16.2 Included in the prepayments of the Group is an amount of RM972,000 (2014: RM208,000) paid for the purchase of construction materials. The amount will be progressively deducted against actual physical goods delivered.

17. Cash and cash equivalents

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks with maturities less than three months	29,303	78,444	-	2,000
Short-term cash funds	-	10,000	-	-
Cash in hand and at banks	23,258	72,093	5,225	7,682
Total cash and cash equivalents	52,561	160,537	5,225	9,682
Deposits pledged with licensed banks	391	432	-	-
	52,952	160,969	5,225	9,682

17.1 Deposit of RM391,000 (2014: RM432,000) is pledged as security to licensed banks for an immigration bond issued for a foreign subsidiary as well as bank guarantee for housing projects.

17.2 A bank balance of RM13,772,000 (2014: RM40,069,000) is placed in designated bank accounts as part of the requirements for a term loan facility granted to a subsidiary to finance a construction project. The balance is considered as cash and cash equivalents as the Group may request for withdrawals thereof, as and when the need arises.

18. Assets held for sale - Group

	Note	2015 RM'000	2014 RM'000
Assets			
Disposal group held for sale			
- Assets classified as held for sale	18.1	-	10,337
Assets held for sale	18.2	172	603
		172	10,940
Liabilities			
Disposal group held for sale			
- Liabilities classified as held for sale	18.1	-	6,549

18.1 Disposal group held for sale

Due to a change in the plan to sell during the current year in respect of the operation of Naim Quarry Fiji Limited ("NQFL"), the Group ceased to classify such operation as held for sale. The related assets and liabilities of NQFL are reclassified and adjusted, where appropriate, in accordance with the relevant respective accounting standards.

The assets and liabilities of NQFL as at 31 December 2014 were previously presented as a disposal group held for sale, summarised below:

		2014 RM'000
Assets classified as held for sale		
Property, plant and equipment	(i)	2,186
Inventories	(ii)	119
Trade and other receivables		7,036
Deposit and prepayments		82
Current tax recoverable		74
Cash and cash equivalents		840
		10,337
Liabilities classified as held for sale		
Trade and other payables		6,549

Notes To The Financial Statements (continue)

18. Assets held for sale - Group (continue)

18.1 Disposal group held for sale (continue)

- i. Property, plant and equipment held for sale comprised the following:

	2014 RM'000
Costs	5,553
Accumulated depreciation	(3,367)
Carrying amounts	2,186
	=====

The carrying amount of property, plant and equipment of the disposal group was the same as its carrying amount before it was being reclassified to current assets.

- ii. Inventories held for sale were stated at cost and comprised raw materials for quarry operation.

The planned disposal of NQFL during the last financial year, which was a separate cash-generating unit to the Group, was however itself not regarded as a separate major line of business or segment of the Group. Hence, it was not presented as a discontinued operation in the previous year ended 31 December 2014.

18.2 Assets held for sale

During this financial year, it was determined that assets with a carrying amount of RM465,000 would no longer be recovered principally through a sale, but through deployment for own business use. As a result, these assets are reclassified to property, plant and equipment accordingly. The balance of the assets are disposed/written off during the year, with a gain of RM30,000 recognised to profit or loss (see also Note 25).

19. Share capital

	Group and Company			
	2015 RM'000	Amount 2014 RM'000	Number of shares	
			2015 '000	2014 '000
Ordinary shares of RM1.00 each				
Authorised:				
Opening and closing balances	500,000	500,000	500,000	500,000
	=====	=====	=====	=====
Issued and fully paid:				
Opening and closing balances	250,000	250,000	250,000	250,000
	=====	=====	=====	=====

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share during a poll at meetings of the Company.

20. Reserves

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share premium	86,092	86,092	86,092	86,092
Retained earnings	983,980	957,939	117,961	125,968
Treasury shares	(34,748)	(34,748)	(34,748)	(34,748)
Foreign currency translation reserve	21,591	1,729	-	-
Other reserves	362	16	-	-
	<u>1,057,277</u>	<u>1,011,028</u>	<u>169,305</u>	<u>177,312</u>
	=====	=====	=====	=====

Share premium

Share premium arose from the premium paid on subscription of ordinary shares in the Company over and above the par value of shares.

Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 26 May 2015, 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 issued share capital by the Company during the current and previous financial years.

At 31 December 2015, the Group held 13,056,000 (2014: 13,056,000) of the Company's shares. All rights attached to the treasury shares that are held by the Group are suspended until those shares are reissued.

Foreign currency translation reserve

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

21. Loans and borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Secured term loans	109,720	121,982	-	-
Finance lease liabilities (Note 21.2)	27	-	-	-
	<u>109,747</u>	<u>121,982</u>	<u>-</u>	<u>-</u>
	-----	-----	-----	-----
Current				
Unsecured revolving credits	284,000	130,000	104,000	-
Secured term loans	12,262	6,263	-	-
Finance lease liabilities (Note 21.2)	21	-	-	-
	<u>296,283</u>	<u>136,263</u>	<u>104,000</u>	<u>-</u>
	-----	-----	-----	-----
Total	<u>406,030</u>	<u>258,245</u>	<u>104,000</u>	<u>-</u>
	=====	=====	=====	=====

21.1 Securities

Term loans

Term loans granted to subsidiaries are secured by:

- fixed charges over freehold land and investment properties of certain subsidiaries (see Notes 3.3 and 9.1),
- assignment of proceeds from a construction project undertaken by a subsidiary,
- Debenture over future and present assets of a subsidiary, and
- corporate guarantee from the Company and/or another subsidiary, where applicable.

Revolving credits

The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantee from the Company.

The revolving credit facility of the Company, is on a clean basis.

Notes To The Financial Statements (continue)

21. Loans and borrowings (continue)

21.1 Securities (continue)

Finance leases

The finance lease liabilities are secured on the respective finance lease assets of the Group.

21.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2015		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	23	2	21
Between one to two years	23	1	22
Between two to five years	6	1	5
	<u>52</u>	<u>4</u>	<u>48</u>
	=====	=====	=====

22. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade				
Trade payables (Note 22.1)	131,023	132,905	-	-
Progress billings	26,670	15,896	-	-
Amount due to:				
- contract customers (Note 13.3)	13,302	22,942	-	-
- associates	1,562	8,047	-	-
	<u>172,557</u>	<u>179,790</u>	<u>-</u>	<u>-</u>
	-----	-----	-----	-----
Non-trade				
Accruals	126,894	62,348	706	1,678
Advance payments received from property buyers and contract customers	16,487	22,501	-	-
Other payables	7,848	6,892	322	20
Amounts due to subsidiaries (Note 22.2)	-	-	324	58,070
Provision for liquidated and ascertained damages payable for late delivery of construction projects	31,580	35,355	-	-
	<u>182,809</u>	<u>127,096</u>	<u>1,352</u>	<u>59,768</u>
	-----	-----	-----	-----
Total	<u>355,366</u>	<u>306,886</u>	<u>1,352</u>	<u>59,768</u>
	=====	=====	=====	=====

22.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM70,929,000 (2014: RM51,276,000).

22.2 The current amount due to subsidiaries is unsecured, repayable on demand and interest-free (2014: 4.52% to 5.04% per annum).

23. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Contract revenue	398,722	353,368	-	-
Sale of development properties and vacant land	156,375	247,157	-	-
Sale of goods	32,221	47,366	-	-
Rental income of investment properties	7,049	7,350	-	-
Sandfilling and earthwork	-	1,243	-	-
Management fee income	-	-	672	-
Interest on short-term cash funds and fixed deposits	-	-	11	515
Dividend income from:				
- a subsidiary (unquoted)	-	-	5,000	-
- an associate (quoted)	-	-	8,922	17,845
	<u>594,367</u>	<u>656,484</u>	<u>14,605</u>	<u>18,360</u>
	=====	=====	=====	=====

24. Other operating income

Included in other operating income of the Group for the previous year ended 31 December 2014 was an one-off non-cash gain of RM25,485,000 arising from a land exchange exercise.

25. Results from operating activities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Results from operating activities is arrived at after crediting:				
Dividend income from:				
- subsidiary (unquoted in Malaysia)	-	-	5,000	-
- associate (quoted in Malaysia)	-	-	8,922	17,845
- quoted shares in Malaysia	124	3	-	-
Gain on disposal of:				
- associate	-	333	-	-
- subsidiaries	56	-	-	-
- property, plant and equipment	1,526	4,761	-	-
- assets held for sale	30	-	-	-
- investment properties	-	25,485	-	-
Hire of machineries	-	73	-	-
Rental income from:				
- property lease	24	34	-	-
Realised foreign exchange gain	3,291	-	1,023	-
Reversal of allowance for impairment loss on receivables (net of allowance)	700	-	-	-
Unrealised foreign exchange gain	5,639	798	579	579
Write back of provision for liquidated and ascertained damages previously provided	3,775	-	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Notes To The Financial Statements (continue)

25. Results from operating activities (continue)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Results from operating activities is arrived at after charging:				
Allowance for impairment loss on receivables (net of reversal)	-	20,847	-	-
Amortisation of:				
- intangible assets (Note 10)	680	682	-	-
- investment properties (Note 9)	1,279	1,095	-	-
- prepaid lease payments (Note 4)	28	28	-	-
Auditors' remuneration:				
- Audit fees				
- KPMG Malaysia	339	350	64	64
- Overseas affiliates of KPMG Malaysia	56	41	-	-
- Other auditors	21	11	-	-
- Non-audit fees				
- KPMG Malaysia	39	132	39	119
- Local affiliates of KPMG Malaysia	600	457	282	199
Bad debts written off	1,037	-	-	-
Depreciation of property, plant and equipment (excluding those capitalised in property development and construction cost) *	7,495	11,039	391	336
Loss on disposal of a subsidiary	-	1,706	-	-
Provision for liquidated and ascertained damages	-	12,538	-	-
Property, plant and equipment written off	86	222	-	2
Assets held for sale written off	10	-	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	4,790	4,880	362	68
- wages, salaries and others	24,287	33,253	2,137	1,957
Realised foreign exchange loss	-	651	-	-
Rental of equipment	320	87	-	-
Rental of premises	521	443	320	162
	=====	=====	=====	=====

* Including those classified as disposal group held for sale

26. Finance income and costs

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income of financial assets that are not at fair value through profit or loss				
- fixed deposits and cash funds	569	3,596	-	-
- interest income from deferred payment scheme	5,725	2,754	-	-
- other finance income	1,942	1,311	-	-
- subsidiaries	-	-	645	972
	8,236	7,661	645	972
	=====	=====	=====	=====
Interest expenses of financial liabilities that are not at fair value through profit or loss				
- loans and borrowings	17,034	9,719	2,239	-
- other finance costs	2,359	1,942	-	-
- subsidiaries	-	-	1,830	2,255
- coupon expense from Islamic Bonds	-	5,544	-	5,544
	19,393	17,205	4,069	7,799
	=====	=====	=====	=====

27. Compensations to key management personnel

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
- Fees	851	1,136	851	1,136
- Short-term employee benefits	4,843	4,666	596	125
	<u>5,694</u>	<u>5,802</u>	<u>1,447</u>	<u>1,261</u>
Other key management personnel				
- Fees	195	-	-	-
- Short-term employee benefits	8,989	10,328	254	186
	<u>9,184</u>	<u>10,328</u>	<u>254</u>	<u>186</u>
Total	<u>14,878</u>	<u>16,130</u>	<u>1,701</u>	<u>1,447</u>

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 group entities either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM83,000 (2014: RM34,000).

28. Tax expense

Major components of tax expense include:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
- current year	13,410	32,691	66	-
- prior year	(1,245)	734	181	29
	<u>12,165</u>	<u>33,425</u>	<u>247</u>	<u>29</u>
Deferred tax income (Note 11)				
- current year	(2,946)	(24,168)	-	-
- prior year	(305)	(2,158)	-	-
	<u>(3,251)</u>	<u>(26,326)</u>	<u>-</u>	<u>-</u>
Total tax expense recognised in profit or loss	<u>8,914</u>	<u>7,099</u>	<u>247</u>	<u>29</u>
Reconciliation of tax expense				
Profit for the year	35,269	220,619	286	73,373
Total tax expense	8,914	7,099	247	29
Profit excluding tax	<u>44,183</u>	<u>227,718</u>	<u>533</u>	<u>73,402</u>
Share of tax of equity-accounted:				
- associates	9,906	13,057	-	-
- joint ventures	1,114	1,488	-	-
	<u>11,020</u>	<u>14,545</u>	<u>-</u>	<u>-</u>
	<u>55,203</u>	<u>242,263</u>	<u>533</u>	<u>73,402</u>

Notes To The Financial Statements (continue)

28. Tax expense (continue)

Reconciliation of tax expense (continue)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax calculated using Malaysian tax rate of 25% (2014: 25%)	13,801	60,566	133	18,351
Effect of different tax rates in foreign jurisdiction	(145)	211	-	-
(Income)/Losses of foreign source not subject to Malaysian tax	(39)	11	-	-
Non-deductible expenses	13,170	16,190	3,815	3,934
Non-taxable income	(5,345)	(45,422)	(3,882)	(22,285)
Movements in unrecognised deferred tax assets	(105)	(387)	-	-
Effect of changes in tax rate *	147	(8,101)	-	-
	<u>21,484</u>	<u>23,068</u>	<u>66</u>	<u>-</u>
(Over)/Under-provision in prior years	(1,550)	(1,424)	181	29
	<u>19,934</u>	<u>21,644</u>	<u>247</u>	<u>29</u>
Less: Share of tax of equity-accounted associates and joint ventures	(11,020)	(14,545)	-	-
Total tax expense	<u>8,914</u>	<u>7,099</u>	<u>247</u>	<u>29</u>

* In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% for year of assessment 2016 ("YA 2016") onwards. Consequently, any temporary differences expected to be reversed in YA 2016 onwards are measured using this rate.

29. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share of 14.49 sen (2014: 92.99 sen) was based on the profit attributable to ordinary shareholders of RM34,328,000 (2014: RM220,337,000) and the weighted average number of ordinary shares outstanding of 236,944,000 (2014: 236,944,000).

Weighted average number of ordinary shares

	2015 '000	2014 '000
Issued ordinary shares at beginning of year	250,000	250,000
Less: Cumulative effect of treasury shares bought back in previous years	(13,056)	(13,056)
Weighted average number of ordinary shares at outstanding at the end of year	<u>236,944</u>	<u>236,944</u>

Diluted earnings per share

No diluted earnings per ordinary share was presented as there is no dilutive potential ordinary shares.

30. Dividends

30.1 Dividends per ordinary share

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

	Company	
	2015	2014
Single-tier tax exempt dividend (sen)	-	3.50

30.2 Dividend

Total dividend recognised in the statement of changes in equity comprised:

2015	Sen per share	Total amount RM'000	Date of payment
Single-tier tax exempt dividend	3.50	8,293	24 April 2015

31. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director ("GMD"), being the Chief Operating Decision Maker, reviews internal management reports for resource allocation and decision making at least on a quarterly basis. The following summary describes the operations in each of the Group's existing reporting segments:

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

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the GMD. 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 GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making, instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.

Notes To The Financial Statements (continue)

31. Operating segments (continue)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue from external customers	156,375	247,157	398,722	353,368	39,270	55,959	-	-	594,367	656,484
Inter segment revenue	-	-	-	-	16,230	52,762	(16,230)	(52,762)	-	-
Total segment revenue	156,375	247,157	398,722	353,368	55,500	108,721	(16,230)	(52,762)	594,367	656,484
Segment profit/(loss)	12,097	75,940	(12,616)	(27,106)	234	(363)	(1,599)	1,035	(1,884)	49,506
Gain arising from land exchange exercise	-	25,485	-	-	-	-	-	-	-	25,485
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	(861)	4,451	-	35	-	-	(861)	4,486
- joint ventures	-	-	1,469	2,027	-	-	-	-	1,469	2,027
	12,097	101,425	(12,008)	(20,628)	234	(328)	(1,599)	1,035	(1,276)	81,504
Unallocated expenses									(5,671)	(5,532)
Gains on disposal of interests in associates									-	97,038
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									51,130	54,708
Tax expense									(8,914)	(7,099)
Profit for the year									35,269	220,619
Other comprehensive income, net of tax									20,208	688
Total comprehensive income for the year									55,477	221,307
Total comprehensive income attributable to non-controlling interests									(941)	(282)
Total comprehensive income attributable to owners of the Company									54,536	221,025
Included in the measure of segment profit/(loss) are:										
Depreciation and amortisation [including depreciation capitalised in property development and construction costs]	2,512	2,952	2,243	5,441	6,150	6,294	-	-	10,905	14,687
Interest income	(249)	(329)	(7,418)	(3,736)	-	-	-	-	(7,667)	(4,065)
Interest expense	3,245	3,426	13,237	8,405	2,911	5,374	-	-	19,393	17,205
(Reversal of) Net allowance for impairment loss on receivables	-	-	(700)	20,851	-	(4)	-	-	(700)	20,847
(Write back of) Provision for liquidated and ascertained damages	-	-	(3,775)	12,538	-	-	-	-	(3,775)	12,538

31. Operating segments (continue)

Major customers

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue individually:

	Revenue		Segment
	2015 RM'000	2014 RM'000	
Private entities	202,889	137,734	Construction
	=====	=====	

Geographical information

The Group is mainly domiciled in Malaysia. The contribution from the foreign operations based in Fiji is minimal and immaterial to warrant a disclosure.

32. Financial instruments

32.1 Categories of financial instruments

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

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

Group	2015			2014		
	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets/(liabilities)						
Other investments	2,974	-	2,974	2,974	-	2,974
Trade and other receivables ^	345,954	345,954	-	293,384	293,384	-
Cash and cash equivalents	52,952	52,952	-	160,969	160,969	-
Loans and borrowings	(406,030)	(406,030)	-	(258,245)	(258,245)	-
Trade and other payables*	(298,907)	(298,907)	-	(245,547)	(245,547)	-
	=====	=====	=====	=====	=====	=====

^ Excluding amount due from contract customers.

* Excluding advance payment received from property buyers and contract customers, progress billings and amount due to contract customers.

Company	2015		2014	
	Carrying amount RM'000	L&R/ (FL) RM'000	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets/(liabilities)				
Trade and other receivables	50,929	50,929	8,256	8,256
Cash and cash equivalents	5,225	5,225	9,682	9,682
Loans and borrowings	(104,000)	(104,000)	-	-
Trade and other payables	(1,352)	(1,352)	(59,768)	(59,768)
	=====	=====	=====	=====

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Net gains/(losses) on:</i>				
Loans and receivables	8,913	(14,012)	2,258	2,066
Financial liabilities measured at amortised cost	(11,655)	(16,720)	(4,069)	(7,799)
	=====	=====	=====	=====
	(2,742)	(30,732)	(1,811)	(5,733)

Notes To The Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management

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

- Credit risk;
- Liquidity risk; and
- Market risk

a. Credit risk

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

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

Receivables

Risk management objectives, policies and processes for managing the risk

- Receivables from external parties
The management regularly reviews the credit risk on customers and takes appropriate measures to enhance credit control procedures. Cash and bank balances are only placed with licensed banks and financial institutions.
- 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 arising from receivables is represented by their carrying amounts 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 that have been transacting with 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount due from three (2014: one) subsidiary(ies)	-	-	49,766	7,756
Trade receivables from one (2014: one) counterparty	89,953	65,875	-	-
	<u>89,953</u>	<u>65,875</u>	<u>49,766</u>	<u>7,756</u>
	=====	=====	=====	=====

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	339,150	288,939	50,929	8,256
Fiji	6,804	4,445	-	-
	<u>345,954</u>	<u>293,384</u>	<u>50,929</u>	<u>8,256</u>
	=====	=====	=====	=====

32. Financial instruments (continue)

32.3 Financial risk management (continue)

a. Credit risk (continue)

Receivables (continue)

Impairment losses

The ageing of receivables (excluding accrued billings) as at the end of the reporting period was:

<u>Group</u>	Gross RM'000	Impairment loss RM'000	Net RM'000
2015			
Not past due	215,674	-	215,674
Past due 0-30 days	11,548	-	11,548
Past due 31-60 days	12,725	-	12,725
Past due 61-90 days	5,993	-	5,993
Past due 91-180 days	11,408	-	11,408
Past due more than 180 days	103,166	(22,903)	80,263
Total receivables	<u>360,514</u> =====	<u>(22,903)</u> =====	<u>337,611</u> =====
2014			
Not past due	187,843	-	187,843
Past due 0-30 days	38,879	(10,676)	28,203
Past due 31-60 days	7,291	(761)	6,530
Past due 61-90 days	7,102	(1,263)	5,839
Past due 91-180 days	11,315	-	11,315
Past due more than 180 days	39,700	(10,903)	28,797
Total receivables	<u>292,130</u> =====	<u>(23,603)</u> =====	<u>268,527</u> =====

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

	Group	
	2015 RM'000	2014 RM'000
At 1 January	23,603	2,756
Recognised	-	20,851
Reversed	(700)	(4)
At 31 December	<u>22,903</u> =====	<u>23,603</u> =====

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

Inter company balances

The Company does not specifically monitor the ageing of the loans and advances to subsidiaries. However, there is no indication that the amounts due from subsidiaries of RM50,921,000 (2014: RM8,246,000) are not recoverable as at the end of the reporting period.

Notes To The Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

a. Credit risk (continue)

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 certain subsidiaries. The Company monitors on an on-going basis the results of 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 maximum exposure to credit risks, being the outstanding financial guarantees granted to the subsidiaries as at end of the reporting period is summarised as follows:

	Company	
	2015 RM'000	2014 RM'000
Bank guarantees	148,999	169,909
Other loans and borrowings outstanding and recognised in financial statements	301,982	258,245
Total	450,981	428,154

There is no indication that any subsidiary would default on the repayments of its loans and borrowings. The financial guarantees have not been recognised since their fair values on initial recognition are 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.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents/balances and banking 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 and to mitigate the effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and of 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/ coupon rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2015							
Trade and other payables	298,907	-	303,261	271,670	22,733	8,858	-
Loans and borrowings							
- Secured term loans	121,982	4.57, 5.66 and 5.80	155,599	18,500	17,828	48,688	70,583
- Unsecured revolving credits	284,000	4.83 - 5.47	287,486	287,486	-	-	-
- Finance lease liabilities	48	5.77	52	23	23	6	-
	=====		=====	=====	=====	=====	=====
2014							
Trade and other payables	245,547	-	249,186	219,292	18,989	10,905	-
Loans and borrowings							
- Secured term loans	128,245	4.57, 5.80 and 6.82	169,013	13,047	18,542	51,571	85,853
- Unsecured revolving credits	130,000	4.89 - 5.24	136,707	136,707	-	-	-
	=====		=====	=====	=====	=====	=====

32. Financial instruments (continue)

32.3 Financial risk management (continue)

b. Liquidity risk (continue)

Maturity analysis (continue)

<u>Company</u>	Carrying amount RM'000	Contractual interest/ coupon rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2015							
Other payables							
- Non interest-bearing	1,352	-	1,352	1,352	-	-	-
Loans and borrowings							
- Unsecured revolving credits	104,000	4.83 - 5.25	105,165	105,165	-	-	-
Financial guarantees *	-	-	450,981	450,981	-	-	-
	=====		=====	=====	=====	=====	=====
2014							
Other payables							
- Interest-bearing	58,070	4.52 - 5.04	58,070	58,070	-	-	-
- Non interest-bearing	1,698	-	1,698	1,698	-	-	-
Financial guarantees *	-	-	428,154	428,154	-	-	-
	=====		=====	=====	=====	=====	=====

* Being corporate guarantees granted for banking facilities of certain subsidiaries [see Note 32.3(a)], which will only be encashed in the event of default by the subsidiaries. These financial guarantees do not have an impact on group contractual cash flows.

c. Market risk

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

i. Currency risk

The Group is occasionally exposed to foreign currency risk on bank balances denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

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. As at the end of the reporting period, the Group does not have any outstanding forward foreign exchange contracts.

Exposure to foreign currency risk

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Denominated in USD</u>				
Cash and cash equivalents	4,669	7,301	4,608	7,282
	=====	=====	=====	=====

A 10% (2014: 10%) strengthening of the RM against USD at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2015 RM'000	2014 RM'000
USD		
- Group	(467)	(730)
- Company	(461)	(728)
	=====	=====

A 10% (2014: 10%) 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 remain constant.

Notes To The Financial Statements (continue)

32. Financial instruments (continue)

32.3 Financial risk management (continue)

c. Market risk (continue)

ii. Interest rate risk

The Group's investments in fixed rate term deposits and fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and 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. Management exercises a certain element of discretion on whether to borrow at fixed or floating interest rates, depending on the market situation and the outlook of the financial market prevailing then.

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

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial assets	119,647	154,751	-	2,000
Financial liabilities	(362,048)	(210,000)	(104,000)	-
	=====	=====	=====	=====
Floating rate instruments				
Financial assets	-	-	43,798	-
Financial liabilities	(43,982)	(48,245)	-	(58,070)
	=====	=====	=====	=====

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 the Group 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.

A change of 100 basis points (bp) in interest rates at the end of the reporting period, taking into account the contractual repayments terms of its floating rate instruments, would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

b. Cash flow sensitivity analysis for variable rate instruments

	Profit or loss			
	2015		2014	
	100bp increase RM'000	100bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments				
- Group	(1,895)	1,895	(2,260)	2,260
- Company	382	(382)	(436)	436
	=====	=====	=====	=====

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 and manages the equity investments on individual basis. The exposure to equity price risk is not material and hence, sensitivity analysis is not presented.

32. Financial instruments (continue)

32.4 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

It is not practicable to estimate the fair value of the Group's investment in unquoted shares (see Note 12) due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

<u>Group</u>	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	(Level 1)	(Level 2)	(Level 3)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Financial assets						
Other investments						
- Quoted shares	11	-	-	-	11	11
Trade and other receivables	-	-	89,953	89,953	89,953	89,953
	=====	=====	=====	=====	=====	=====
Financial liabilities						
Loans and borrowings						
- Unsecured revolving credits	-	-	284,000	284,000	284,000	284,000
- Secured term loans	-	-	122,527	122,527	122,527	121,982
- Finance lease liabilities	-	48	-	48	48	48
	=====	=====	=====	=====	=====	=====
2014						
Financial assets						
Other investments						
- Quoted shares	11	-	-	-	11	11
Trade and other receivables	-	-	65,875	65,875	65,875	65,875
	=====	=====	=====	=====	=====	=====
Financial liabilities						
Loans and borrowings						
- Unsecured revolving credits	-	-	130,000	130,000	130,000	130,000
- Secured term loans	-	-	129,238	129,238	129,238	128,245
	=====	=====	=====	=====	=====	=====

<u>Company</u>	Fair value of financial instruments not carried at fair value (Level 3)	Carrying amount
	RM'000	RM'000
2015		
Financial liabilities		
- Unsecured revolving credits	104,000	104,000
	=====	=====

The Group does not have any outstanding financial derivatives as at 31 December 2015.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical financial assets or liabilities that the entity can access at the measurement date.

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.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Notes To The Financial Statements (continue)

32. Financial instruments (continue)

32.4 Fair value information (continue)

Level 2 fair value (continue)

Fair value of non-derivative financial liabilities, 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.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the current and previous financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or financial liabilities.

Fair values within Level 3 for financial instruments not carried at fair value, which is determined for disclosures purpose, is derived based on discounted cash flows using unobservable input (i.e. interest rate). The estimated fair value would increase (decrease) when the interest rates were lower (higher).

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of the business.

There were no changes in the Group's strategy and approach on capital management during the year.

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 capitals (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement.

34. Capital expenditure commitments

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment		
- Authorised but not contracted for	41,721	18,136
- Contracted for but not provided for	36,971	-
	78,692	18,136
	=====	=====

35. Related parties

Identity of related parties

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

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

The Group has related party relationships with its subsidiaries, associates, joint ventures, key management personnel and significant shareholders.

Significant related party transactions

Significant related party transactions, other than compensations to key management personnel (see Note 27) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2015 RM'000	2014 RM'000
<u>Nature of transaction</u>		
Dividend income	(5,000)	-
Management fee income	(672)	-
Management fee expenses	5,280	3,899
Expenses on rental of premises	320	162
Interest income	(645)	(972)
Interest expense	1,830	2,255
	=====	=====

Transactions with associates

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Nature of transaction</u>				
Dividend income	-	-	(8,922)	(17,845)
Purchase of construction materials	-	5,742	-	-
Rental expense on machinery and equipment	5,832	8,677	-	-
Sale of property, plant and equipment	-	(262)	-	-
Sale of construction materials	(2,551)	-	-	-
Transportation charges	1,000	1,666	-	-
Construction costs payable	28,128	21,865	-	-
	=====	=====	=====	=====

Transaction with joint ventures

	Group	
	2015 RM'000	2014 RM'000
<u>Nature of transaction</u>		
Distribution of profit	15,300	31,199
	=====	=====

Transactions with companies/corporations in which certain substantial shareholders have or are deemed to have substantial interests

	Group	
	2015 RM'000	2014 RM'000
<u>Nature of transaction</u>		
Rental of premises	459	18
Advertisement	21	56
Miscellaneous income	26	-
	=====	=====

Notes To The Financial Statements (continue)

35. Related parties (continue)

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

Nature of transaction	Group	
	2015 RM'000	2014 RM'000
Consultant fee paid	135	52
Sale of properties	417	-
	=====	=====

The amount due from/to subsidiaries, associates and joint ventures is disclosed in Notes 13 and 22 to the financial statements. The outstanding balances with other related parties are as follows:

	Group	
	2015 RM'000	2014 RM'000
Amount due from	795	960
Amount due to	(189)	(777)
	=====	=====

The above related party transactions are based on negotiated terms.

36. Acquisitions and disposals of subsidiaries and non-controlling interests

i. Acquisition of new subsidiaries

During the financial year, the Group subscribed for the shares in the following subsidiaries for a total consideration of RM2 (2014: RM12), satisfied in cash:

	Date of acquisition	% of equity interest acquired
2015		
Equaflo Sdn. Bhd.	13 July 2015	100.0
2014		
Exclusive Paragon Sdn. Bhd.	17 April 2014	100.0
Bina Hartamas Sdn. Bhd.	7 May 2014	100.0
Platinum Amber Sdn. Bhd.	18 September 2014	100.0
Solid Greenland Sdn. Bhd.	30 September 2014	100.0
Vista Megalink Sdn. Bhd.	5 November 2014	100.0
Naim Hotel Sdn. Bhd. (formerly known as Bright Sungreen Sdn. Bhd.)	9 December 2014	100.0

The acquisition of the above subsidiaries, at their respective dates of incorporation, has no material impact on the results of the Group for the current and previous financial years.

ii. Changes in investments in existing subsidiaries

• Additional investments arising from new shares issued by existing subsidiaries

In January 2015, Bina Hartamas Sdn. Bhd. ("BHSB") which was previously a 100% owned subsidiary, issued 999,998 new ordinary shares of RM1.00 each respectively to Naim Land Sdn. Bhd. ("NLSB") and third parties where 599,998 shares of RM1.00 each was subscribed by NLSB in cash. The resultant equity interest held by NLSB in BHSB decreased from 100% to 60%.

This change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of net assets of RM6,000 was adjusted against the retained earnings account. The Group also recognised a decrease in non-controlling interests of RM6,000.

In June 2015, Naim Assets Sdn. Bhd. subscribed for additional 99,998 ordinary shares of RM1.00 each in Naim Hotel Sdn. Bhd. ("NHSB"), settled in cash.

During the last financial year 2014, Naim Capital Sdn. Bhd. subscribed for additional 999,998 ordinary shares of RM1.00 each in Naim Capital Port Sdn. Bhd. ("NCPSB"), settled in cash. At the same time, Vista Megalink Sdn. Bhd. ("VMSB") increased its issued and paid-up capital from RM2 to RM1,000,000 for cash.

The new subscriptions do not have any impact to the Group as there are no changes in the Group's equity interest in NHSB, NCPSB and VMSB.

36. Acquisitions and disposals of subsidiaries and non-controlling interests (continue)

ii. Changes in investments in existing subsidiaries (continue)

• Decrease in investment in existing subsidiary

During the last financial year, Unique Composite Sdn. Bhd. ("UCSB") which was previously a 100% owned subsidiary, issued 499,998 new ordinary shares of RM1.00 each to Naim Engineering Sdn. Bhd. ("NESB") and third parties, where 399,998 shares of RM1.00 each was subscribed by NESB in cash. The resultant equity interest held by NESB in UCSB decreased from 100% to 80%.

The change in the ownership interest in UCSB was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of net assets of RM124,000 was adjusted against the retained earnings account. The Group also recognised a decrease in non-controlling interests of RM124,000.

iii. Deregistration of foreign subsidiaries

In January and March 2015 respectively, two foreign subsidiaries, namely Naimcendera Engineering & Construction Sendirian Berhad and Naim Vanua Levu (Fiji) Limited, had been struck off from the respective Registers of Companies. The Group recognised a gain of RM56,000 as a result.

iv. Disposal of subsidiaries

During the last financial year, NLSB entered into a share sale agreement with one of the non-controlling shareholders of Total Reliability Sdn. Bhd. ("TRSB") to dispose of its entire 51% equity interest held in TRSB for a cash consideration of RM6,502,000. The disposal was completed in July 2014 and thereafter TRSB ceased to be a subsidiary of the Group.

The disposal of TRSB had the following effect on the Group's assets and liabilities on the disposal date:

	2014 RM'000
Net assets disposed of	8,208
Loss on disposal (Note 25)	(1,706)
	<hr/>
Consideration received, satisfied in cash	6,502
Cash and cash equivalents disposed of	(2,082)
	<hr/>
Net cash inflows from the disposal	4,420
	=====

The Group also recognised a decrease in non-controlling interest of RM10,738,000.

37. Disposals of associates

- i. During the last financial year, the Company disposed of 15,000,000 ordinary shares of RM0.50 each representing approximately 2.73% of the equity interest in Dayang Enterprise Holdings Bhd. ("DEHB") for a cash consideration of RM82,072,000 (net of transaction costs). Upon the disposal, the resultant Group's equity interest in DEHB had decreased from 33.63% to 30.90%. The Group and the Company recognised a gain on disposal of RM61,792,000 and RM70,526,000 respectively.

As a result of a private placement exercise effected by DEHB also in the last financial year, the Group's equity interest had further decreased from 30.90% to 29.06%. The dilution in equity interest has been accounted for as deemed disposal with the resulting gain of RM34,913,000 recognised as part of other non-operating income in the profit or loss.

- ii. By virtue of the disposal of the entire equity interest in TRSB as mentioned in Note 36 (iv), the Group ceased to have significant influence over TR Concrete Sdn. Bhd. ("TRC") (previously held through TRSB and NLSB). The retained interest in TRC has been measured at its fair value and reclassified as available-for-sale investment since then (see Note 12). The Group also recognised a gain of RM333,000 to profit or loss.

Notes To The Financial Statements (continue)

38. Material litigation

On 10 January 2012, Naim Land Sdn. Bhd. ("NLSB") received a Writ of Summons and Statement of Claim from a contractor seeking for, *inter alia*, a refund of liquidated and ascertained damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising from the execution and completion of the site clearance and earthworks for a housing project in Kuching. Full trial was completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB appealed against the High Court's decision. However, on 19 August 2015, the Court of Appeal dismissed NLSB's appeal with cost of RM10,000. A cost of RM1,405,000 has been accrued for as part of project cost in the previous financial years.

39. Subsequent event

In January 2016, the Group acquired the remaining equity interest of 40% in Bina Hartamas Sdn. Bhd. ("BHSB") which it did not own from minority shareholders for a consideration of RM400,000. As a result of the acquisition, the Group's effective equity interest held in BHSB increased from 60% to 100%. The acquisition did not have material impact to the Group due to dormancy of the said subsidiary.

40. Comparative figures - Group

Certain comparative figures have been restated to conform with the current year presentation/classification as follows:

	2014	
	As restated RM'000	As previously stated RM'000
Statement of financial position		
Trade and other receivables	336,686	320,615
Trade and other payables	306,886	290,815
	=====	=====

These reclassifications have no effect on the reported results of operations and are not material to the overall financial statements. Hence, no third statement of financial position has been presented.

41. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	849,083	876,272	117,961	125,968
- Unrealised	28,297	20,744	-	-
	877,380	897,016	117,961	125,968
Share of retained earnings from associates				
- Realised	168,963	129,681	-	-
- Unrealised	5,420	762	-	-
	174,383	130,443	-	-
Share of retained earnings from joint ventures - realised	1,924	15,285	-	-
	1,053,687	1,042,744	117,961	125,968
Less: Consolidation adjustments	(69,707)	(84,770)	-	-
Total retained earnings as per statement of changes in equity	983,980	957,974	117,961	125,968

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Statement By Directors Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors,

- a. the financial statements set out on pages 115 to 172 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the year then ended, and
- b. the information set out in Note 41 on page 173 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Datuk Amar Abdul Hamed Bin Haji Sepawi

.....
Datuk Hasmi Bin Hasnan

Kuching,

Date: 14 April 2016

Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Wong Ping Eng**, the Director primarily responsible for the financial management of Naim Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 115 to 173 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 14 April 2016.

.....

Wong Ping Eng

Before me:

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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 115 to 173.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the accounts and the audit reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- c. We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 41 on page 173 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 3102/03/18 (J)
Chartered Accountant

Kuching,
Date: 14 April 2016

Other Information

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Analysis Of Shareholdings As At 31 March 2016

Authorised Share Capital	:	RM500,000,000 comprising RM500,000,000 shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM250,000,000 comprising RM250,000,000 shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

SIZE OF HOLDINGS	NO OF SHAREHOLDINGS	% OF SHAREHOLDERS	NO OF SHARES HELD	% OF ISSUED CAPITAL
1 – 99	15	0.33	447	0.000
100 – 1,000	946	20.85	637,900	0.27
1,001 – 10,000	2,517	55.46	11,836,600	4.99
10,001 – 100,000	907	19.99	29,407,984	12.41
100,001 – 11,847,199 (*)	150	3.30	112,614,269	47.53
11,847,200 and above (**)	3	0.07	82,446,800	34.80
Total	4,538	100.000	236,944,000#	100.000

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

TOP 30 SHAREHOLDERS

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
1.	ISLAND HARVESTS SDN BHD	30,619,600	12.92
2.	TAPAK BERINGIN SDN. BHD.	27,000,000	11.40
3.	LEMBAGA TABUNG HAJI	24,827,200	10.48
4.	HASMI & ASSOCIATES MANAGEMENT SDN BHD	9,672,750	4.08
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR HASMI BIN HASNAN (PBCL-0G0281)	7,500,000	3.17
6.	ABDUL HAMED BIN SEPAWI	7,150,000	3.02
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HASMI BIN HASNAN (PB)	5,918,850	2.50
8.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	4,380,400	1.85
9.	VALUECAP SDN BHD	4,127,000	1.74
10.	HWS PROPERTIES SDN BHD	4,112,250	1.74
11.	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,029,900	1.70
12.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HASMI BIN HASNAN	3,250,000	1.37
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (I-VCAP)	3,085,000	1.30
14.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	2,751,000	1.16
15.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	2,707,400	1.14
16.	ABDUL HAMED BIN SEPAWI	2,586,600	1.09
17.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,285,500	0.96
18.	LEE SEE JIN	1,955,800	0.83
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,872,900	0.79
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	1,834,700	0.77

NO	NAME	NO. OF SHARES HELD	% SHAREHOLDING
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TR01)	1,790,200	0.76
22.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	1,605,000	0.68
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	1,556,000	0.66
24.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,518,198	0.64
25.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,157,100	0.49
26.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	1,137,800	0.48
27.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOCIAL (PACIFIC6939-407)	1,008,600	0.43
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD ASSAR ASSET MANAGEMENT SDN BHD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	1,000,000	0.42
29.	CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF TRUSTEES MALAYSIA BERHAD FOR RHB PRIVATE FUND – SERIES 6	1,000,000	0.42
30.	PELITA HOLDINGS SDN BHD	1,000,000	0.42

SUBSTANTIAL SHAREHOLDERS

	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1.	ISLAND HARVESTS SDN. BHD.	30,619,600	12.92	-	-
2.	TAPAK BERINGIN SDN. BHD.	27,406,900	11.57	-	-
3.	LEMBAGA TABUNG HAJI	24,827,200	10.48	-	-
4.	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,455,500	17.07
5.	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	9,736,600	4.11	27,967,700	11.80

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

		DIRECT		INDIRECT	
		NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
1.	DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI	9,736,600	4.11	27,967,700	11.80
2.	DATUK HASMI BIN HASNAN	16,668,850	7.03	40,455,500	17.07
3.	WONG PING ENG	5,000	0.002	-	-
4.	DATO IR. ABANG JEMAT BIN ABANG BUJANG	-	-	-	-
5.	DATU (DR.) HAJI ABDUL RASHID BIN MOHD AZIS	-	-	-	-
6.	DATO' ABANG ABDULLAH BIN ABANG MOHAMAD ALLI	-	-	-	-
7.	TAN SRI IZZUDDIN BIN DALI	-	-	-	-
8.	DATIN MARY SA'DIAH BINTI ZAINUDDIN	-	-	-	-
9.	TUAN HAJI SOEDIRMAN BIN HAJI AINI	-	-	-	-
10.	CHIN CHEE KONG	-	-	-	-

Top 10 Properties

Lot No/Location	Description	Date Of Acquisition/ Lease Expiring Date	Land Area/ (Built up Area) Sq. Meter	Carrying Amount RM'000
PROPERTIES UNDER PROPERTY, PLANT AND EQUIPMENT				
Lot 6180 Kuala Baram Land Dsistrict	Clubhouse	20.07.1995 Expiring 26.05.2114	29,218 (7,270)*	27,144
PROPERTIES UNDER LAND HELD FOR DEVELOPMENT				
Long Term Leasehold Land				
Lot 8837, Block 11 Kuala Baram Land District, Miri	Land For Development	20.07.1995 Expiring 26.06.2114	903,016	27,398
Lot 5234, Block 25 Muara Tuang Land District	Land For Development	29.05.2008 Expiring 15.01.2112	1,808,000	26,709
Lot 4288, Block 26 Kemena Land District	Land For Development	14.11.2014 Expiring 13.11.2113	114,680	17,204
Lot 4137 Bintulu Town District	Land For Development	06.11.2008 Expiring 04.07.2111	118,520	12,636
Lot 2905, Block 20 Kemena Land District	Land For Development	20.05.2013 Expiring 19.05.2112	269,580	15,080
Lot 789, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	1,803,000	83,110
Lot 2861, Block 20 Kemena Land District	Land For Development	20.11.2013 Expiring 19.11.2112	2,253,000	103,720
Part of Lot 3287, Block 10 Kuching Central Land District	Land For Development	03.08.2007 Expiring 02.04.2111	75,798	18,524
INVESTMENT PROPERTY				
Lot 3244, Block 11 Kuala Baram Land Dsistrict	Commercial Land & Building	22.12.2009 Expiring 19.07.2094	34,130 (25,560)	48,972

* Including outdoor facilities

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of Members of NAIM HOLDINGS BERHAD will be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak on Thursday, 26 May 2016 at 10.00 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 2015. **ORDINARY RESOLUTION 1**

2. Approval of Directors' Fees

To approve Directors' Fees. **ORDINARY RESOLUTION 2**

3. Re-Election of Director

To re-elect the following Director who retire in accordance with Article 85 of the Company's Articles of Association:

Datin Mary Sa'diah Binti Zainuddin **ORDINARY RESOLUTION 3**

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

Chin Chee Kong **ORDINARY RESOLUTION 4**

4. Re-Appointment of Director

To consider and if thought fit, to pass the following resolution:

"THAT pursuant to Section 129(6) of the Companies Act 1965, Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting." **ORDINARY RESOLUTION 5**

5. Re-Appointment of Auditors

To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 6**

SPECIAL BUSINESSES

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

6. ORDINARY RESOLUTION 7 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"That authority be and is hereby given to Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 7**

7. ORDINARY RESOLUTION 8 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"That authority be and is hereby given to Dato' Abang Abdullah Bin Abang Mohamad Alli who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **ORDINARY RESOLUTION 8**

8. 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**

Notice Of Annual General Meeting (continue)

9. ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES (“PROPOSED RENEWAL”)

“THAT, subject always to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of shares purchased shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;
- ii. an amount not exceeding the Company’s audited share premium and/or retained profits for the financial year ended 31 December 2015 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

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

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
HASMIAH BINTI ANTHONY HASBI (SAA0772-KH004)
Company Secretaries

Kuching, Sarawak
Dated this 29 April 2016

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 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 Rock Road, 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 Companies Act 1965 are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 17 May 2016 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

Explanatory Notes on Ordinary Businesses of the Agenda

a. Agenda 3 - Re-election of Directors

In accordance with Article 85 of the Company’s Articles of Association, Datin Mary Sa’diah Binti Zainuddin, Tan Sri Izzuddin Bin Dali and Tuan Haji Soedirman Bin Aini retire by rotation at this Annual General meeting. Datin Mary Sa’diah Binti Zainuddin offers herself for re-election at this Annual General Meeting. However, Tan Sri Izzuddin Bin Dali and Tuan Haji Soedirman Bin Aini have indicated to the Board that they are not seeking re-election as directors of the Company.

b. Agenda 4 - Re-appointment of Director

The proposed Ordinary Resolution No. 5 is in accordance with Section 129(6) of the Companies Act 1965 which requires a resolution to be passed to re-appoint Datu (Dr) Haji Abdul Rashid Bin Mohd Azis who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution requires a majority of not less than 3/4 of such members of the Company as being entitled to vote in person or by proxy at the Annual General Meeting of the Company.

Explanatory Notes on Special Businesses

a. Ordinary Resolutions 7 and 8 – Retention of Independent Non-Executive Directors

In line with the recommendation 3.3 of the Malaysian Code of Corporate Governance 2012, the Nominating Committee has assessed the independence of Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis and Dato' Abang Abdullah Bin Abang Mohamad Alli who have served as Independent Non- Executive Directors of the Company for a cumulative term of more than nine (9) years, and upon its recommendation, the Board of Directors has recommended Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis and Dato' Abang Abdullah Bin Abang Mohamad Alli to continue to act as an Independent Non- Executive Directors of the Company based on the following justifications:

- i. Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis and Dato' Abang Abdullah Bin Abang Mohamad Alli continue to fulfill the criteria under the definition of independent director pursuant to paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad, and hence, they would be able to continue to provide objectivity and independent judgment to the Board.
- ii. They have been performing their duty diligently and in the best interest of the Company.
- iii. Having been in the Company for more than nine (9) years, they are familiar in the Group's business operations and have devoted sufficient time and attention to their professional obligations and facilitated informed and balanced decision making process.

b. Ordinary Resolution 9 – Authority to Allot and Issue Share

This proposed resolution in relation to authority to issue shares pursuant to Section 132D of the Companies Act 1965, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will unless revoked or varied by the Company in General Meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by shareholders on 26 May 2015. The Company did not utilize the mandate that was approved last year. The purpose of the renewal of the general mandate is to provide flexibility to the Company for any possible fund-raising exercises, including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

c. Ordinary Resolution 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 29 April 2016 for further information.

Statement accompanying Notice of Annual General Meeting

Directors standing for re-election at the 14th Annual General Meeting

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

- i. Article 85 – Retirement by rotation

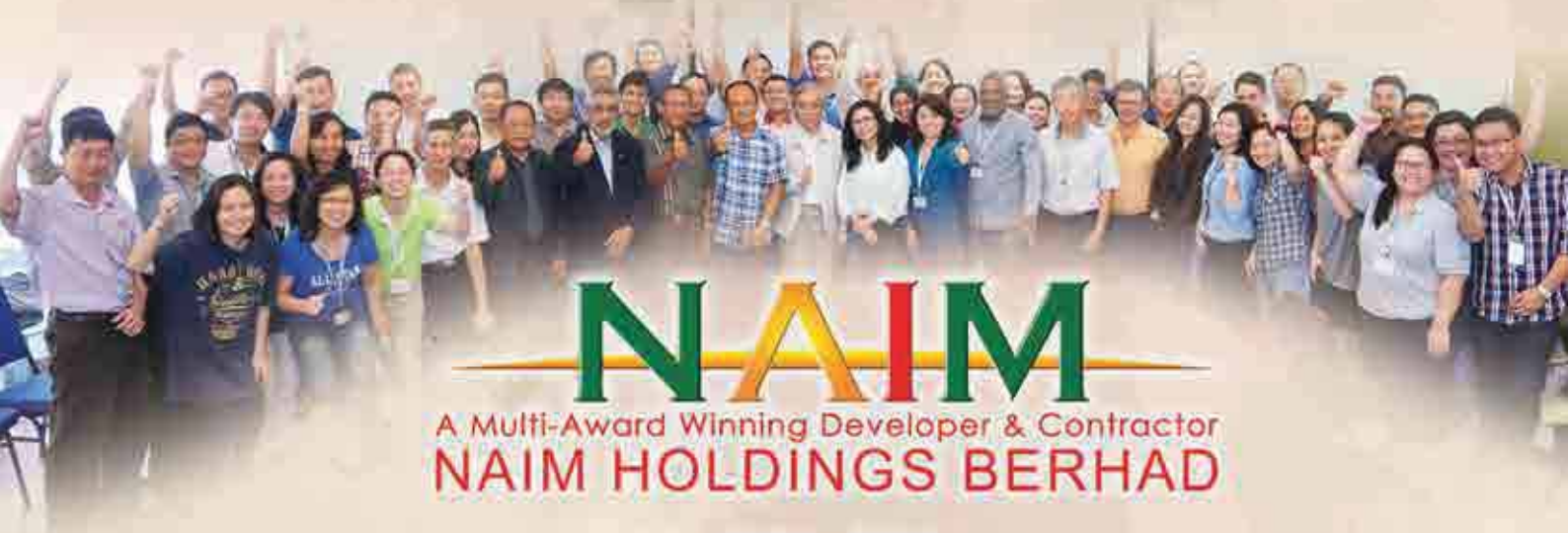
Datin Mary Sa'diah Binti Zainuddin

- ii. Article 92 – Retirement after appointment to fill casual vacancy

Chin Chee Kong

The respective profiles of the above Directors are set out in the Profile of Directors pages 20 to 26.

The details of interest in securities of the Company (if any) held by the Directors are stated on page 179 of the Annual Report.



NAIM

A Multi-Award Winning Developer & Contractor
NAIM HOLDINGS BERHAD

2009 - 2015



NAIM

A Multi-Award Winning Developer & Contractor
NAIM CENDERA HOLDINGS BERHAD

2003 - 2008



NAIM CENDERA

SDN BHD

1995 - 2002





NAIM HOLDINGS BERHAD
585467-M (Incorporated in Malaysia)

Form Of Proxy

CDS account no. of authorized nominee

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 14th Annual General Meeting of the Company to be held at Damai Beach Resort, Teluk Bandung Santubong, 93756 Kuching, Sarawak, Malaysia on Thursday 26 May 2016 at 10.00 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 : Datin Mary Sa'diah Binti Zainuddin		
Ordinary Resolution 4 Re-election of Director : Chin Chee Kong		
Ordinary Resolution 5 Re-appointment of Director pursuant to Section 129(6) Companies Act 1965 : Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis		
Ordinary Resolution 6 Re-appointment of Auditors : Messrs KPMG as Auditors and authorising the Directors to fix their remuneration		
Special Businesses		
Ordinary Resolution 7 Retention of Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis as Independent Director		
Ordinary Resolution 8 Retention of Dato' Abang Abdullah Bin Abang Mohamad Alli as Independent Director		
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 the voting is indicated, the proxy/proxies will vote abstain from voting as he/she/they think(s) fit.)

Dated this _____ day of _____ 2016.

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 Companies Act 1965 shall not apply to the Company.
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4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respects of each omnibus account it holds.
7. Only members registered in the Record of Depositors as at 17 May 2016 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

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STAMP

The Company Secretary

NAIM HOLDINGS BERHAD

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

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From Where We Began . . .



Annual Report 2013
NAIM HOLDINGS BERHAD



Annual Report 2014
NAIM HOLDINGS BERHAD



Annual Report 2015
NAIM HOLDINGS BERHAD



Annual Report 2008
NAIM HOLDINGS BERHAD
(Formerly known as Naim Cendera Holdings Berhad)



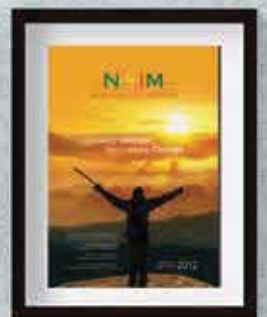
Annual Report 2009
NAIM HOLDINGS BERHAD



Annual Report 2010
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Annual Report 2011
NAIM HOLDINGS BERHAD



Annual Report 2012
NAIM HOLDINGS BERHAD



Annual Report 2003
NAIM CENDERA
HOLDINGS BERHAD



Annual Report 2004
NAIM CENDERA
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Annual Report 2005
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Annual Report 1998
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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



A Multi-Award Winning Developer & Contractor
NAIM HOLDINGS BERHAD
(Company No.: 585467-M)

Registered and Head Office

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

Kuala Lumpur | Kuching | Bintulu | Miri

