



A Multi-Award Winning Developer & Contractor

NAIM HOLDINGS BERHAD

(Company No.: 585467-M)

Growing Stronger, Embracing Change

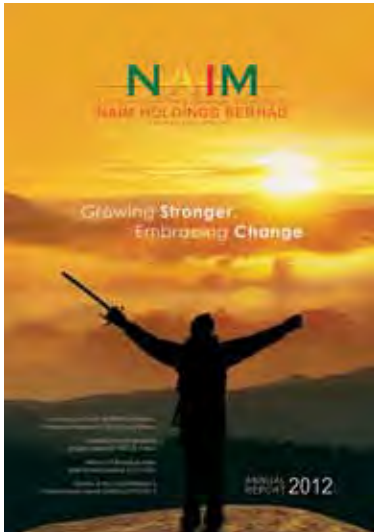
Achieved net profit of RM89.49 million,
the second highest in our group's history

Achieved record breaking
property sales of RM329 million

Winner of BrandLaureate
Best Brands Awards 2011-2012

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

ANNUAL
REPORT 2012



Theme and Cover Design

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

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

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

Logo Rationale

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



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

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BINTULU *P*ARAGON 百乐城





Cautionary Statement Regarding Forward-Looking Statements

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

ur Vision

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

ur Mission

- ♦ To provide the finest products and services to our customers.
- ♦ To provide increasing value and superior returns for our shareholders.
- ♦ To empower every member of our staff to develop their potential to the maximum.
- ♦ To be a role model customer for our suppliers, sub-contractors and service providers.
- ♦ To contribute meaningfully and positively to the community and the society that nurture us.

orporate Responsibilities Statement

The Group's corporate responsibilities are summarised as follows:

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

Performance At A Glance

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Corporate Profile



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

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

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

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

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

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



Group Financial Summary

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

** Gross Dividend Yield for 2011 was 4.88%. Effect of % change in yield is not presented.

Based on year end share price of RM1.76

Financial Calendar

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

Investor Relations Service

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

10-Year Financial Highlights (in RM million)

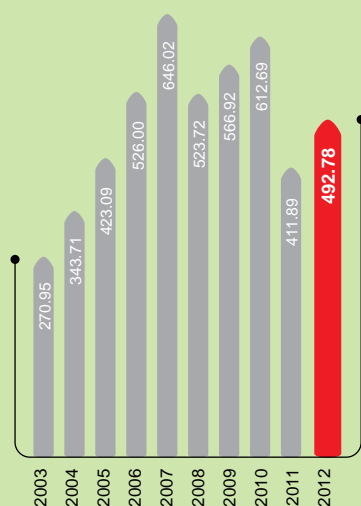
| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|--------|--------|--------|--------|--------|--------|----------|----------|----------|-----------------|
| Revenue | 270.95 | 343.71 | 423.09 | 526.00 | 646.02 | 523.72 | 566.92 | 612.69 | 411.89 | 492.78 |
| Profit before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

Note: The financial highlights for the year ended 31 December 2003 are presented on a pro-forma basis (as if Naim Land Sdn Bhd and its subsidiaries were part of the Naim Holdings Group since 1 January 2003), and are for illustrative purposes only.

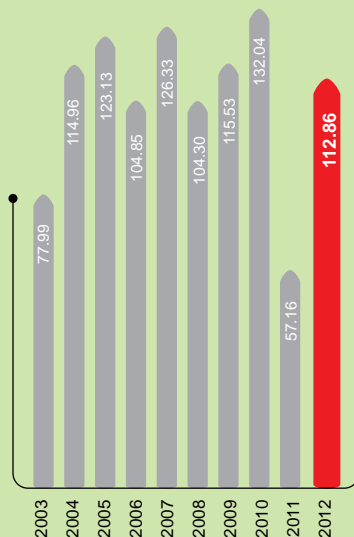
* In 2003 the gross dividend paid was RM22,500,000 based on the number of shares in issue, i.e. 250,000,000 shares.

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

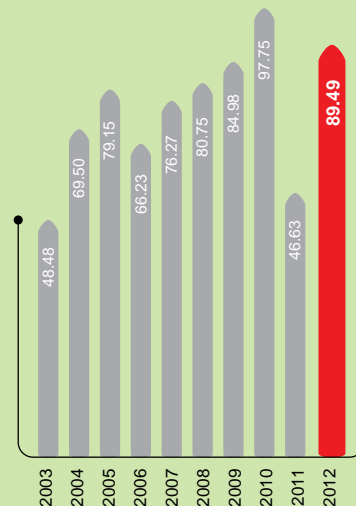
Revenue (in RM million)



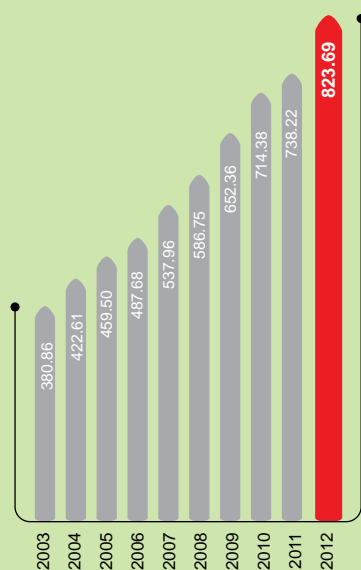
Profit Before Tax (in RM million)



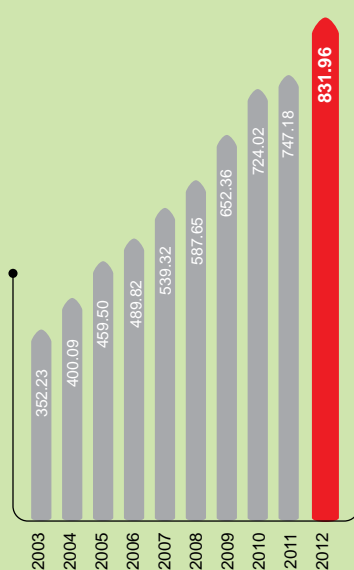
Net Profit
Attributable to Owners
of the Company (in RM million)



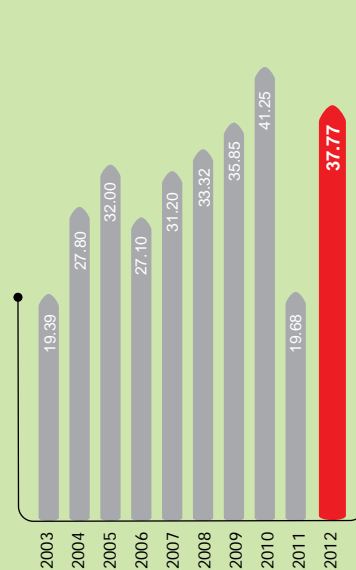
Net Tangible
Assets (in RM million)



Shareholders'
Equity (in RM million)

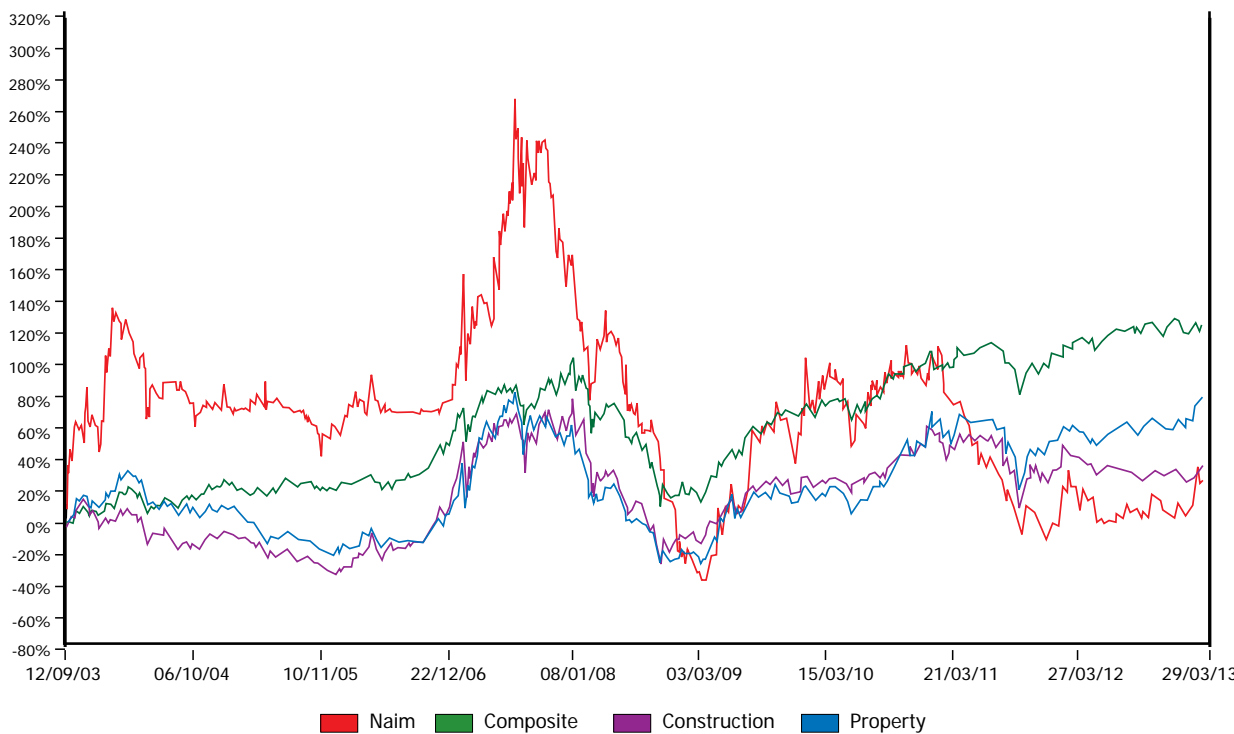
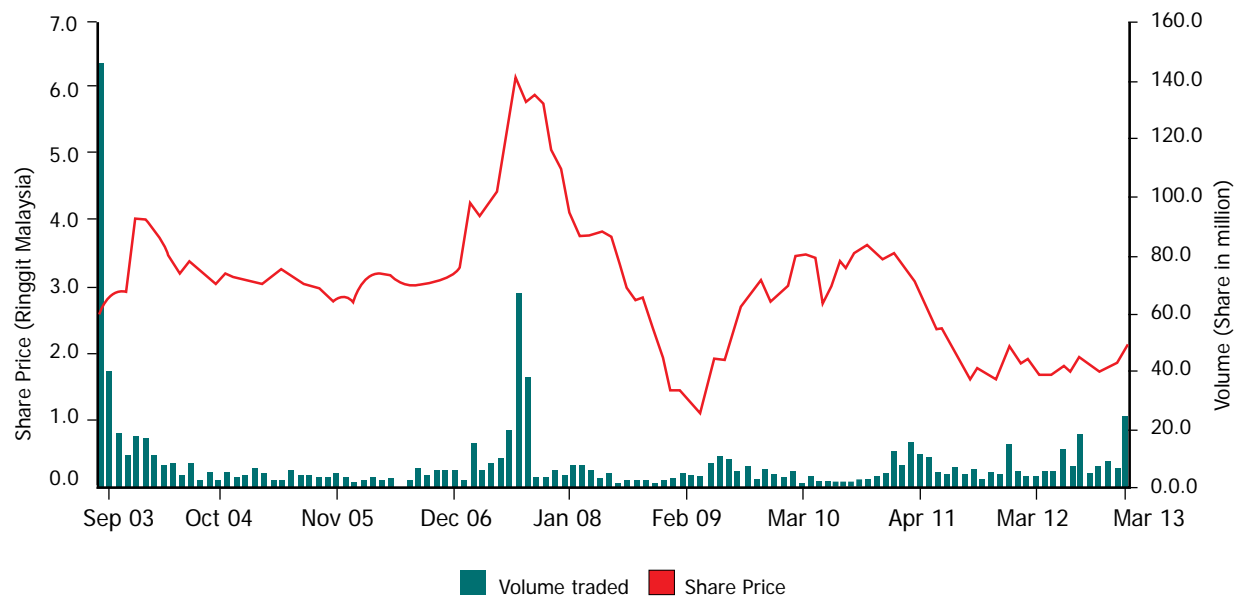


Earnings Per Share (sen)



Share Performance

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





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Corporate Information

Board of Directors

Chairman

Datuk Amar Abdul Hamed Bin Haji Sepawi

Managing Director

Datuk Hasmi Bin Hasnan

Deputy Managing Director

Wong Ping Eng

Independent Non-Executive Directors

Tan Sri Izzuddin Bin Dali

Dato Ir. Abang Jemat Bin Abang Bujang

Datu (Dr.) Haji Abdul Rashid Bin Mohd Azis

Professor Dato' Abang Abdullah Bin Abang Mohamad Alli

Datin Mary Sa'diah Binti Zainuddin

Non-Independent Non-Executive Director

Datuk Haji Hamden Bin Haji Ahmad

Company Secretaries

Kho Teck Hock (MIA 5836)

Bong Siu Lian (MAICSA 7002221)

Registered Corporate Office

9th Floor, Wisma Naim,

2 ½ Miles Rock Road,

93200 Kuching, Sarawak, Malaysia

Tel : 082 411667

Fax : 082 429869

Website : www.naim.com.my

Registrar

Tricor Investor Services Sdn. Bhd.

Level 17, The Gardens, North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel : 6 03 22643883

Fax : 6 03 22821886

Stock Exchange Listing

Bursa Malaysia

Listed on 12 September 2003

Sector : Property

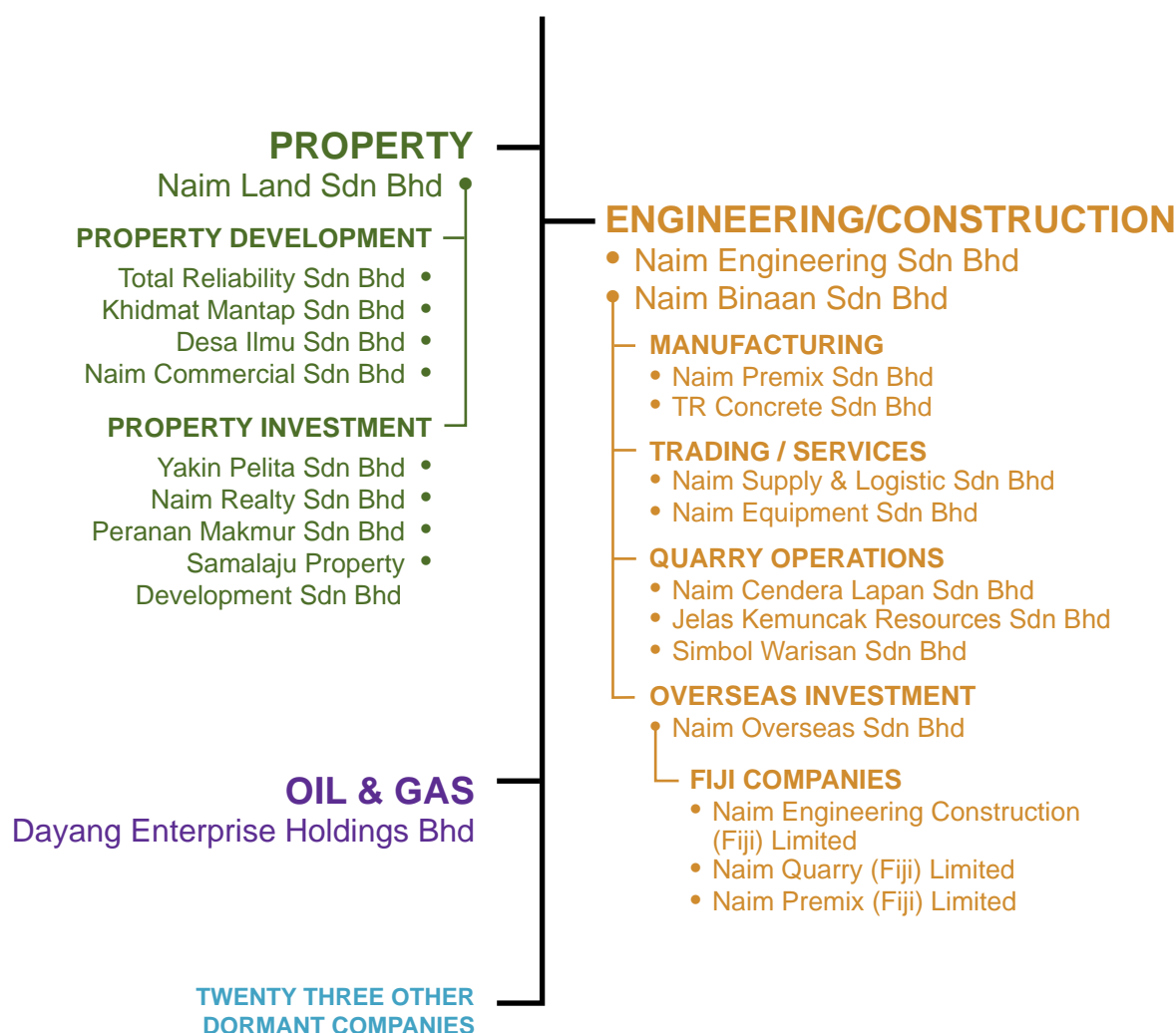
Stock Code : 5073

Stock Name : Naim

Auditors

KPMG

Corporate Structure (at date of Annual Report)



Board of Directors



- 1 **Datuk Amar Abdul Hamed Bin Haji Sepawi**
Chairman
- 2 **Datuk Hasmi Bin Hasnan**
Managing Director
- 3 **Wong Ping Eng**
Deputy Managing Director
- 4 **Tan Sri Izzuddin Bin Dali**
Independent Non-Executive Director
- 5 **Dato Ir. Abang Jemat Bin Abang Bujang**
Independent Non-Executive Director
- 6 **Datu (Dr) Haji Abdul Rashid Bin Mohd Azis**
Independent Non-Executive Director

- 7 **Professor Dato' Abang Abdullah Bin Abang Mohamad Alli**
Independent Non-Executive Director
- 8 **Datin Mary Sa'diah Binti Zainuddin**
Independent Non-Executive Director
- 9 **Datuk Haji Hamden Bin Haji Ahmad**
(not in picture)
Non-Independent Non-Executive Director
- 10 **Kho Teck Hock**
Company Secretary
- 11 **Bong Siu Lian**
Company Secretary

Profile of Board Members

Datuk Amar Abdul Hamed Bin Haji Sepawi

Chairman

Malaysian aged
64

Date of Appointment
25 July 2003

Academic/Professional Qualification(s)

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

Present Directorship in other PLC(s)

Ta Ann Holdings Berhad
Sarawak Plantation Berhad
Smartag Solutions Berhad

Present Directorship in Non Listed Company

Sarawak Energy Berhad

Working Experience and Occupation

Prior to the Naim Group's listing, he was the Non-Executive Chairman of Naim Land Sdn. Bhd. since 12 October 1995. Whilst remaining active in the timber and plantation industries, Datuk Amar Abdul Hamed Bin Haji Sepawi developed his career around his keen personal interest in the construction sector, which was first acquired through school vacation jobs in Miri. For more than 30 years, he has been active as an investor, a manager and a director in companies carrying out civil works, offshore engineering, construction, housing and property development.

He was a member of the National Economic Consultative Council II.



“Chairman of Naim Land Sdn. Bhd. since 12 October 1995.”

Profile of Board Members (continued)



Datuk Hasmi Bin Hasnan

Managing Director

Malaysian aged

60

Date of Appointment

25 July 2003

Academic/Professional Qualification(s)

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

Present Directorship in other PLC(s)

Dayang Enterprise Holdings Berhad

Present Directorship in Non Listed Company

Naim Incorporated Berhad

Working Experience and Occupation

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

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



Wong Ping Eng

Deputy Managing Director

Malaysian aged

39

Date of Appointment

29 November 2012

Academic/Professional Qualification(s)

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

Working Experience and Occupation

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



Tan Sri Izzuddin Bin Dali

Independent Non- Executive Director

Malaysian aged

64

Date of Appointment

27 February 2013

Academic/Professional Qualification(s)

- Bachelor of Economics (Hons) from University of Malaya
- Masters of Arts (Economics) from University of Western Michigan, United States of America

Working Experience and Occupation

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

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

Profile of Board Members (continued)



Dato Ir. Abang Jemat Abang Bujang

Independent Non- Executive Director

Malaysian aged

60

Date of Appointment

25 July 2003

Academic/Professional Qualification(s)

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

Working Experience and Occupation

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



Datu (Dr) Haji Abdul Rashid Bin Mohd Azis

Independent Non-Executive Director

Malaysian aged

67

Date of Appointment

16 February 2005

Academic/Professional Qualification(s)

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

Working Experience and Occupation

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

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

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



Professor Dato' Abang Abdullah Bin Abang Mohamad Ali

Independent Non-Executive Director

Malaysian aged

60

Date of Appointment

15 May 2007

Academic/Professional Qualifications

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

Working Experience and Occupation

Professor Dato' Abang Abdullah began his career as a lecturer at Universiti Putra Malaysia in 1976, promoted to Associate Professor in 1982 and a full Professor in 1987. He was upgraded to Senior Professor (Special Grade B) in 1995 and in 2008, to Senior Professor (Special Grade A). At the same time, he was made Deputy Dean, Faculty of Engineering in 1981 and Dean in 1982. He was the Chairman of the Malaysian Council of Engineering

Deans and served as a Design Engineer in Malaysian International Consultants and Perunding Bakti Sdn Bhd. He has served as a Board Member of Malaysian Highway Authority (LLM) and Board of Engineers, Malaysia (BEM). He is currently the President of the Malaysian Society for Engineering and Technology (MySET) and a past President of the Institution of Engineers, Malaysia (IEM) and Federation of Engineering Institutions of Islamic Countries (FEIIC).

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

In addition, he has written a book on Industrialised Buildings Systems (IBS) and has been involved in various research work on housing and construction technology, specifically in the areas of low cost materials of construction, interlocking load bearing hollow block building system (Putra Block), which has been granted US, UK, Swiss and Malaysian patents, industrialised building systems and affordable quality housing. Professor Dato' Abang Abdullah and his research team won a gold medal for the Putra Block at the International Exhibition of Inventions and Innovations, Geneva, Switzerland on 4th April 2001. He was also awarded CIDB R&D Award for research on the Putra Block Building System. In 2008, he was awarded the Dato' Paduka Mahkota Selangor (DPMS) by HRH Sultan of Selangor.

Profile of Board Members (continued)



Datin Mary Sa'diah Binti Zainuddin

Independent Non-Executive Director

Malaysian aged

57

Date of Appointment

27 February 2013

Academic/Professional Qualification(s)

Bachelor of Social Science [Honours], Universiti Sains Malaysia

Present Directorship in other PLC(s)

KKB Engineering Berhad

Working Experience and Occupation

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



Datuk Haji Hamden Bin Haji Ahmad

Non-Independent Non-Executive Director

Malaysian aged

65

Date of Appointment

25 July 2003

Academic/Professional Qualification(s)

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

Present Directorship in other PLC(s)

Sarawak Plantation Berhad

BLD Plantation Berhad

Working Experience and Occupation

He started his career as a Chief Accountant with the Sarawak Land Development Board, Sarawak from 1978 to 1982. He later set up his own accounting firm, Hamden Kiu dan Rakan Rakan in 1983. He was also the former Assistant Minister of Youth Affairs of the Ministry of Social Development and Urbanisation and former Assistant Minister of the Ministry of Urban Development and Tourism. He holds directorships in several private limited companies. On 25 April 2013, he was re-designated as Non-Independent Non-Executive Director.

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

There are no other family relationship between the Directors and/or major shareholders of the Company.

All Directors are Malaysians.

None of the Directors have been convicted for any offences.

Please refer to page 54 for Directors attendance at board meetings held during the financial year.

Talent Management and Development



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

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

Our initiatives reaffirm our commitment to make

Naim A TRULY GREAT PLACE TO WORK.

Human Capital Development

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

Employee Engagement and Productivity Improvement Programme

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

Executive Certificate in Management (ECIM)

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

Naim Management Trainee Programme (NMTP)

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

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

Talent Management and Development (continued)

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

The 1st batch of NMTP saw 2 graduates

successfully absorbed into the Group. We recruited two new trainees for the programme in 2012.

Career Development Plan

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

HR Reform Committee and Reform Labs

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

Performance Management

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

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

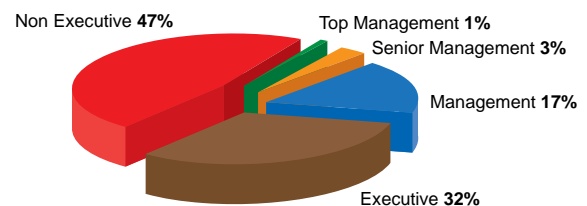
Our Workforce and Workplace Diversity

The Group encourages workplace diversity and provides equal opportunity for all team members – all team members regardless of age, gender, race,

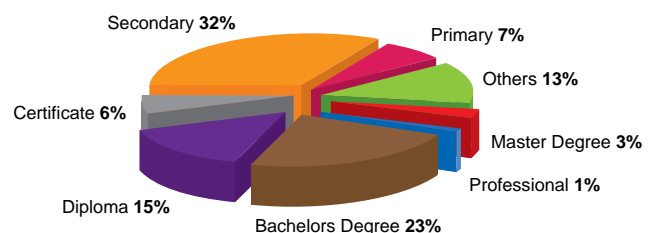
religion, nationality and education work in harmony and have equal opportunity to succeed.

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

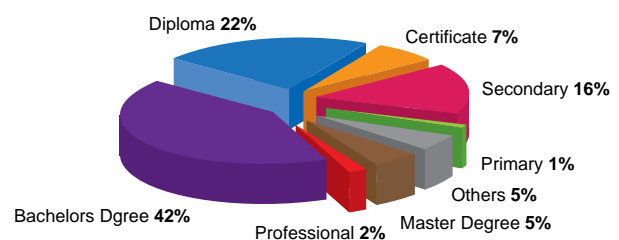
Manpower Distribution by Job Category as at 31 December 2012



Manpower Distribution for Monthly Paid Employees as at 31 December 2012



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



Our Awards and Accolades



2007

The Malaysian
Construction Industry
Excellence Awards:
Contractor Award
Grade7



2008

FIABCI Malaysia
Property Award:
Property Man of
The Year



2009

SHEDA
Excellence
Awards:
Top Developer
In Residential
Development



2010

The Sarawak
CIMEA Award:
Large Enterprise
Category
(Construction)



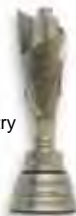
2004

KPMG
Shareholder
Value Awards



2004

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



2004

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



2005

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



2005

Malaysia
Corporate
& Social
Environment
Responsibility
Award



2002

CIDB Builders
Building Works
Category Awards:
Institutional
Building Project



2003

SCCI Annual
Corporate Report
Awards:
Best Annual
Report Award



2003

The Malaysian
Construction Industry
Excellence Project
Awards:
Medium Building
Category



2004

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



Business Review

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Letter to our Shareholders

Dear Shareholders

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

We are growing stronger.



Perspective of Proposed Bintulu Paragon (An icon of Bintulu)

Letter to our Shareholders (continued)

FINANCIAL PERFORMANCE

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

Overall Results

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

Contributions to Results

Contributions to overall revenue of RM492.8 million were as follows:

Property Division : RM 228.5 million / 46.4%
Construction Division : RM 223.4 million / 45.3%
Others : RM 40.9 million / 8.3%

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

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

Dividends

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

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



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

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

REVIEW OF FINANCIAL PERFORMANCE

Property Division

The Property Division's contribution to revenue was up by RM111.3 million, from RM117.2 million in 2011 to RM228.5 million in 2012. This was due primarily to higher property sales in 2011, resulting in higher quantum of revenue recognised. We also experienced an increase in property sales in 2012, the resulting revenue of which will contribute positively to the Group's profit over the next 24 months.

The dividend yield is about
4.55%

Since listing, Naim has paid a total of

RM267 million
in gross dividends, more than its paid-up capital of RM250 million.

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



Bandar Baru Permyjaya, Miri

Letter to our Shareholders (continued)



Kompleks Islam Sarawak (Islamic Complex)

Construction Division

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

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

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

Other Division

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

Associate Company – Dayang Enterprise Holdings Bhd.

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



Other Oil and Gas Project

In 2010, we ventured into oil and gas construction via an alliance contract with Samsung and Petronas to construct the Sabah Onshore Gas Terminal. This project contributed positively to our Group's results for 2012.

LOOKING AHEAD

Economic Situation

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

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



Letter to our Shareholders (continued)

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

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

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

Property

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



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

Construction

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

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

Other

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

Associate Company

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

Oil and Gas

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

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

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



Sabah Oil and Gas Terminal (SOGT)

Letter to our Shareholders (continued)

CORPORATE AFFAIRS

Corporate Governance

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

Human Resources

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

Corporate Social Responsibility

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

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

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

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



Festive Cheer To PERKATA School



Salvation Army's Sale of Work



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

ACKNOWLEDGEMENTS

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

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

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

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

Thank you and our warmest regards.

Datuk Amar Abdul Hamed Bin Haji Sepawi
Chairman

Datuk Hasmi Bin Hasnan
Managing Director

Performance Overview



Small Office Versatile Office (SOVO)
Perspective, Bintulu Paragon



Small Office Versatile Office (SOVO)
Perspective, Bintulu Paragon



Small Office Versatile Office (SOVO)
Perspective, Bintulu Paragon

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

PROPERTY DIVISION

Property Sales

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

New Property Developments

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



Street Mall Perspective, Bintulu Paragon

Property Investment Division

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

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

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

CONSTRUCTION DIVISION

Completed Projects

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

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

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



Bau-Semadang Road



Kompleks Islam Sarawak
(Islamic Complex)



Permy Mall, Miri