

10. RELATED PARTY TRANSACTIONS**10.1 Contracts, arrangements and transactions between Naim Group and the Directors, Substantial Shareholders, Key Management and persons connected to them**

Save as disclosed below, there are no other existing and/or potential related parties transactions or other subsisting contracts or arrangements, entered into by Naim Group which involves the interest, direct or indirect, of the Directors, Substantial Shareholders, key management and/or persons connected to them, as at the date of this Prospectus :-

- (a) On 1 July 2002, DISB entered into a tenancy agreement with HWS for the rental of part of Level 7, Westmoore House, Twin Tower Centre, Rock Road, 93200 Kuching containing an area of 1,074 sq. ft. at a monthly rental of RM1,289.28 for three (3) years from 1 July 2002 to 30 June 2005.

Details of the interested parties and their nature of interest in the aforesaid transaction are as follows:-

Name	Interest in DISB	Nature of interest in HWS
William Wei How Sieng	Director of Naim	Direct interest of 89% equity in HWS
Kueh Hoi Chuang	Director of Naim	Direct interest of 5% equity in HWS
Teo Hua Yu	General Manager, Engineering Division of NCSB	Direct interest of 5% equity in HWS
Yee Siew Peng	Company Secretary of Naim	Direct interest of 1% equity in HWS

- (b) On 1 July 2002, NCSB entered into a tenancy agreement with HWS for the rental of part of Level 7, Westmoore House, Twin Tower Centre, Rock Road, 93200 Kuching, containing an area of 700 sq. ft. at a monthly rental of RM840.00 for three (3) years from 1 July 2002 to 30 June 2005.

Details of the interested parties and their nature of interest in the aforesaid transaction are as follows:-

Name	Interest in NCSB	Nature of interest in HWS
William Wei How Sieng	Director of Naim	Direct interest of 89% equity in HWS
Kueh Hoi Chuang	Director of Naim	Direct interest of 5% equity in HWS
Teo Hua Yu	General Manager, Engineering Division of NCSB	Direct interest of 5% equity in HWS
Yee Siew Peng	Company Secretary of Naim	Direct interest of 1% equity in HWS

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10. RELATED PARTY TRANSACTIONS (cont'd)**10.2 Interest in similar business**

Save as disclosed below and to the best knowledge and belief of the Promoters, Directors and Substantial Shareholders of Naim, none of the other Promoters, Directors and/or Substantial Shareholders has any interest, direct or indirect, in any business carrying on a similar trade as the Group:-

Datuk Abdul Hamed Sepawi – Promoter, Chairman and Substantial Shareholder of Naim						
Name of Company	Nature of Business	Position	←----- No. of Shares Held ----->			
			Direct	%	Indirect	%
WHS Properties Sdn Bhd ⁽¹⁾	Property Investment	-	25,000	50.00	-	-
Benderang Miri Sdn Bhd ⁽²⁾	Investment and letting of real property	-	600,000	60.00	-	-
Custodev	Property development	Director	-	-	5,372,093 ^a	51.20
Custodev Dua	Property development	-	-	-	4,000,000 ^b	100.00
Usaha Cendera Cerah	Property development	-	1,663,200	37.80	-	-

Notes :

a deemed interested by virtue of his Substantial Shareholding in Corkman Industries Sdn Bhd and Long Bangan Sdn Bhd

b deemed interested by virtue of his Substantial Shareholding in Custodev

(1) Owns a factory cum office in Kuching, an apartment in Kuching, 2 residential houses in Kuching, 2 vacant land in Kuching, 3 shophouses in Miri and 1 shophouse in Sibul

(2) Owns four (4) shophouses in Kuching and a shophouse in Miri which are all being rented out

Datuk Hasmi Bin Hasnan – Promoter, Managing Director and Substantial Shareholder of Naim						
Name of Company	Nature of Business	Position	←----- No. of Shares Held ----->			
			Direct	%	Indirect	%
Custodev	Property development	Director	-	-	4,322,093 ^a	41.20
Custodev Dua	Property development	Director	-	-	4,000,000 ^b	100.00
Profile Equity Sdn Bhd [^]	Property renting	Director	50,000	50.00	-	-
Unique Harvests Sdn Bhd	Property development	-	7	*	1,393,483 ^c	35.00

Notes :-

a deemed interested by virtue of his Substantial Shareholding in Corkman Industries Sdn Bhd

b deemed interested by virtue of his Substantial Shareholding in Custodev

c deemed interested by virtue of his Substantial Shareholding in Island Harvests

[^] Owns a building in Bintulu which is being rented out

* negligible percentage

As shown in the above tables, Datuk Abdul Hamed Sepawi and Datuk Hasmi Bin Hasnan, being the directors, substantial shareholders and Promoters of Naim have interests in companies that are also involved in property development activities. There is therefore a potential conflict of interest situation

10. RELATED PARTY TRANSACTIONS (cont'd)

where these companies may compete with Naim Group or where business decisions may be made in favour of these companies leading to negative effects on the performance of Naim Group.

The Board of Naim is of the opinion that there is no conflict of interest situation arising from the shareholdings of Datuk Abdul Hamed Sepawi in WHS Properties Sdn Bhd and Benderang Miri Sdn Bhd and Datuk Hasmi Bin Hasnan in Profile Equity Sdn Bhd because these companies are only involved in small-scale property investment and not in property development activities.

Brief details of the property development projects currently undertaken by Custodev, Usaha Cendera Cerah and Unique Harvests and the steps taken/ to be taken to mitigate the potential conflict of interest situations are set out below:-

- **Unique Harvests**

Unique Harvests is currently involved in developing 128 units of shop-houses located at Miri Water-Front, Miri. To-date, 88 units have been completed and the construction of the remaining 40 units has not begun and may commence in one to two years time. The company also plans to develop a 42-storey hotel at Miri Water-Front in the near future. Datuk Hasmi Bin Hasnan is not involved in the management or the day-to-day operations of the company. Datuk Hasmi Bin Hasnan currently has 35% indirect equity interest in the company. Another third party who is not related to Datuk Hasmi Bin Hasnan, holds the remaining 65% equity interest, manages the operations of the company.

- **Usaha Cendera Cerah**

Usaha Cendera Cerah is currently involved in developing of 42 units of 4-storey shophouses and 96 units of 4-storey apartment in Tabuan Stutong Commercial Centre, Kuching. The expected completion date of the shophouses and apartments are approximately in June 2003 and December 2003 respectively. Datuk Hasmi Bin Hasnan and Datuk Abdul Hamed Sepawi are not involved in the management nor are they involved in the day-to-day operations of the company.

- **Custodev and Custodev Dua ("Custodev Group")**

Custodev Dua is a wholly-owned subsidiary of Custodev and has completed all its property development projects. It is currently inactive. Custodev is currently developing 82 out of an approved total of 162 units of single-storey semi-detached houses in Bandar Semariang, near Kuching. The estimated completion date for all these 162 units is mid-2005.

Custodev's project in Bandar Semariang is located about 40 km from Naim's Desa Ilmu in Kota Samarahan. The directors of Naim are of the opinion that competition between these two projects is unlikely due to their different localities.

In addition, Custodev is concentrating on developing only single-storey semi-detached houses whereas Desa Ilmu projects consist of mix-residential development.

Nevertheless, to mitigate any potential conflict of interest situations, Datuk Hasmi Bin Hasnan and Datuk Abdul Hamed Sepawi, being directors of Custodev and who collectively hold 51% equity interest in Custodev, have given written undertaking that should there be any future plan by the Board of Custodev Group to undertake development of any new property development project(s) in the future, they will undertake their best endeavour to ensure that the approved proposed area for development will be injected into Naim Group. The remaining 49% equity interest in Custodev are held by third parties namely Pelita Holdings Sdn Bhd (a company under the Sarawak Land Development Authority) and Bintulu Development Authority, both being controlled by the Sarawak State government. However, should they be unable to procure the majority of Custodev Board's approval, Datuk Hasmi Bin Hasnan will dispose-off his entire interest in Custodev to Naim or to other third parties and together with Datuk Abdul Hamed Sepawi, they will resign as directors of Custodev upon occurrence of such event.

10. RELATED PARTY TRANSACTIONS (cont'd)

To safeguard the interest of the Group and to avoid a possible conflict of interest situation, the Company has formed an Audit Committee comprising of a majority of Independent Directors whose responsibilities would include reviewing all material transactions with related parties.

10.3 Declarations by the Advisers

AmMerchant Bank has granted a bank guarantee facility to Naim Group and the details are set out in Section 11.4.2 of this Prospectus. The granting of the above credit facility is part of the business of AmMerchant Bank and none of the proceeds from the Public Issue is used to repay this facility. As such, AmMerchant Bank is of the view that the above facility should not be deemed as a conflict of interest and that it does not impact its capacity as the Adviser for the IPO.

Messrs. Alvin Chong & Partners Advocates has given its confirmation that there is no conflict of interest in its capacity as the Solicitors in relation to the IPO.

Messrs. KPMG has given its confirmation that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

Jordan Lee, Jaafar & Chew Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuer in relation to the IPO.

C H Williams Talhar Wong and Yeo Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Market Researcher in relation to the IPO.

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11. FINANCIAL INFORMATION

11.1 Proforma Consolidated Profit and Dividend Record

A summary of the proforma consolidated audited results of the Naim Group for the five (5) financial years ended 31 December 2002 and the three (3) months ended 31 March 2003 has been prepared for illustrative purposes only based on the audited accounts of proforma Naim Group and on the assumption that the current structure of the Group has been in existence throughout the periods under review:-

	←————— Years ended 31 December —————→					1.1.2003 -
	1998	1999	2000	2001	2002	31.3.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	82,234	101,009	152,059	183,313	244,098	54,143
Profit before depreciation and interest	20,129	30,528	40,568	41,141	53,868	20,935
Depreciation	(840)	(1,126)	(1,458)	(1,786)	(2,539)	(803)
Interest expense	(102)	(175)	(253)	(451)	(384)	(133)
Interest income	599	299	606	826	609	214
PBT	19,786	29,526	39,463	39,730	51,554	20,213
Taxation	(5,718)	(9)	(12,646)	(11,538)	(15,938)	(6,151)
PAT	14,068	29,517	26,817	28,192	35,616	14,062
MI	(2,510)	(5,650)	(6,620)	(2,295)	(3,843)	(878)
Profit attributable to shareholders	11,558	23,867	20,197	25,897	31,773	13,184
No. of Shares assumed in issue ('000)	203,425	203,425	203,425	203,425	203,425	203,425
Gross EPS (sen)	9.73	14.51	19.40	19.53	25.34	39.75 *
Net EPS (sen)	5.68	11.73	9.93	12.73	15.62	25.92 *
Gross dividend rate (%) ^	-	2.46	2.46	2.95	2.95	-

(i) *In 1999, the revenue increased slightly due to sale of land and higher contribution from construction projects as compared to 1998. Excluding the sale of land, the revenue from property development decreased slightly due to a drop in the contribution from the single-storey semi detached and single storey detached houses which had already been substantially completed in 1998. Furthermore, in 1999 the single-storey terrace houses accounted for a major portion of the properties sold, for which the average selling price was lower than the other types of houses sold in the previous years.*

In 2000, the revenue grew slightly due to the launching of shophouses, double storey semi detached and industrial buildings for which the average selling price per unit was higher than the houses sold in the previous years. The number of units of property sold also increased substantially.

In 2001, the revenue increased substantially due to the increase in the number of units sold and increase in the percentage of completion recognised for all types of properties developed and sold. It was also due to more construction projects being undertaken as compared to the previous years.

In 2002, the revenue increased due to substantial completion of existing construction projects and new construction projects being undertaken during the year.

The proportionately higher profit before and after taxation for the three (3) months period ended 31 March 2003 was due to significant contributions from projects completed during the period.

(ii) *PBT increased in line with the increase in revenue.*

(iii) *The profit in 1999 was exempted from income tax in accordance with the Income Tax (Amendment) Act, 1999 and can be distributed as exempt dividends.*

In 2000, 2001, 2002 and the three months ended 31 March 2003, the effective tax rate was higher than the statutory tax rate due to the disallowance of certain expenses for tax purposes.

(iv) *There were no extraordinary items in the financial years under review.*

(v) *The gross EPS has been calculated based on the PBT and on the issued and paid-up share capital of the Company of 203,425,000 Shares after the Acquisition of NCSB.*

11. FINANCIAL INFORMATION (cont'd)

The net EPS has been calculated based on the PAT after MI and on the issued and paid-up share capital of the Company of 203,425,000 Shares after the Acquisition of NCSB.

* Annualised

^ Based on the gross dividends declared and paid by NCSB of RM5,000,000, RM5,000,000, RM6,000,000 and RM6,000,000 in respect of the financial years ended 31 December 1999, 2000, 2001 and 2002 respectively and the number of shares assumed in issue of 203,425,000 Shares.

11.2 Segmental Analysis of Revenue and Profits**11.2.1 Analysis of turnover**

<i>Analysis by business division</i>	<i>Year ended 31 December</i>					1.1.2003- 31.3.2003
	1998	1999	2000	2001	2002	
Sector	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property development	37,880	45,477	46,942	100,663	112,121	18,834
Construction	44,354	50,241	98,443	74,158	124,575	32,394
Sale of goods and rental income	-	5,291	6,674	8,492	7,402	2,915
Group Turnover	82,234	101,009	152,059	183,313	244,098	54,143
Turnover growth rate (%)	37	23	51	21	33	(11) *

* annualised

<i>Analysis by companies</i>	<i>Year ended 31 December</i>					1.1.2003- 31.3.2003
	1998	1999	2000	2001	2002	
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NCSB	44,781	48,903	74,907	136,250	186,867	40,142
TRSB	37,453	46,815	69,207	7,043	3,860	685
TRSP	-	-	1,394	5,828	2,552	404
DISB	-	-	5,228	31,529	32,825	6,988
TRE	-	291	8,357	8,382	10,016	2,599
NC2SB	4,056	8,317	12,916	11,544	7,820	1,407
TRB	-	1,189	2,252	1,190	1,205	293
NCITRA	-	-	-	-	13,144	3,412
Other companies within the Group	-	24	66	37	674	110
	86,290	105,539	174,327	201,803	258,963	56,040
Less : Consolidation adjustment	(4,056)	(4,530)	(22,268)	(18,490)	(14,865)	(1,897)
Group Turnover	82,234	101,009	152,059	183,313	244,098	54,143

11.2.2 Analysis of PAT After MI

<i>Analysis by business division</i>	<i>Year ended 31 December</i>					1.1.2003- 31.3.2003
	1998	1999	2000	2001	2002	
Sector	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property development	6,758	13,914	4,326	14,805	19,381	2,730
Construction	3,551	8,146	14,125	9,232	12,074	9,864
Sale of goods and rental income	1,249	1,807	1,746	1,860	318	590
Group PAT after MI	11,558	23,867	20,197	25,897	31,773	13,184
PAT after MI growth rate (%)	27	106	(15)	28	23	66 *

* annualised

11. FINANCIAL INFORMATION (cont'd)

<i>Analysis by companies</i>	←----- Year ended 31 December ----->					1.1.2003- 31.3.2003
	1998	1999	2000	2001	2002	
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NCSB	9,191	17,975	12,336	22,279	25,581	11,714
TRSB	2,612	5,859	6,500	(123)	(115)	11
TRSP	-	-	100	231	74	30
DISB	-	-	102	2,973	4,009	982
TRE	-	-	2,280	1,945	203	418
NC2SB	122	402	508	248	50	(2)
TRB	-	(36)	144	48	72	1
NCITRA	-	-	-	-	1,576	323
Other companies within the Group	-	(44)	(86)	(299)	(46)	(52)
	11,925	24,156	21,884	27,302	31,404	13,425
Consolidation adjustment	(367)	(289)	(1,687)	(1,405)	369	(241)
Group PAT after MI	11,558	23,867	20,197	25,897	31,773	13,184

11.3 Directors' Declaration on Financial Performance, Position and Operations

As at 31 July 2003, being the latest practical date prior to the printing of this Prospectus, the financial performance, position and operations of the Naim Group are not affected by any of the following :-

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Naim Group reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of the Naim Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Naim Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position of the Group.

As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced in the course of business.

Trade debts and ageing analysis

Total trade debts of the proforma Naim Group as at 31 March 2003 totalled RM43.43 million. Ageing analysis of the trade debtors of the Group is as follows :-

Categories	Current	1-month	2-month	3-month	4-month	5-month	6-month	> 6-month	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property buyers	7,781	2,627	1,623	4,263	1,394	1,100	553	1,445	20,786
Government	6,199	2,938	1,627	1,593	93	2,933	83	5,003	20,469
Others	657	335	510	524	19	106	0	22	2,173
	14,637	5,900	3,760	6,380	1,506	4,139	636	6,470	43,428

11. FINANCIAL INFORMATION (cont'd)

The Directors of Naim Group believe that to the best of their knowledge:-

- (i) all trade debts exceeding the credit period (overdue trade debtors) are recoverable; and
- (ii) full provision for doubtful and bad debts have been made in the audited financial statement for the financial period ended 31 March 2003 and the profit forecast for the financial year ending 31 December 2003 for all trade debts that are under dispute or for which legal action has been taken or which exceeded six months, except for :-
 - a. trade debts with Federal and State Governments and agencies except where these debts are in dispute or contested; and
 - b. for other trade debts which have been collected by 25 July 2003.

The Directors of Naim also believe that even though full provision for doubtful debts have been made for the debts that fall under category (ii) above, the trade debts are still collectable due to the nature of the industry and the Directors' past experience.

11.4 Working Capital, Borrowings and Material Contingent Liabilities**11.4.1 Working Capital**

The Directors of Naim are of the opinion that after taking into account the Group's cashflow positions, credit facilities available and gross proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

11.4.2 Borrowings

As at 31 July 2003 (being the last practicable date prior to the printing of this Prospectus), the total borrowings of the Naim Group from financial institutions amounted to approximately RM7.93 million comprising term loans, overdrafts, revolving credit facilities, bridging finance, hire purchases and trade financing, of which approximately 40% are short-term borrowings/bridging loans as set out in the following table :-

Borrowings as at 31 July 2003	Total Facilities RM'000	Facilities Utilised RM'000	Amount Outstanding RM'000
<i>Short Term</i>			
Term loans	211	211	171
Bank overdraft	26,873	12	12
Revolving credit facilities	3,000	-	-
Bridging finance	4,331	-	-
Hire purchase	3,479	3,479	2,830
Trade Financing	6,500	163	163
	44,394	3,865	3,176
<i>Long Term</i>			
Term loans	1,759	1,759	1,351
Hire purchase	8,687	8,687	3,405
	10,446	10,446	4,756
Total borrowing of the Group	54,840	14,311	7,932

11. FINANCIAL INFORMATION (cont'd)

Naim Group obtained bank guarantee facilities amounted to RM25.00 million from AmMerchant Bank. As at 31 July 2003, the Group has utilised RM14.56 million of the facility mainly for the purpose of issuing bank guarantees to act as performance bond and advance payment guarantee for contract works.

The granting of the above credit facility is part of the business of AmMerchant Bank and that none of the proceeds from the Public Issue is used to repay this facility. As such, AmMerchant Bank is of the view that the above facility should not be deemed as a conflict of interest and that it does not impact its capacity as the Adviser for the IPO.

11.4.3 Material Commitments

As at 31 July 2003, the Directors of Naim confirm that Naim Group has not incurred any material capital commitment outside the ordinary course of business which upon becoming enforceable, may have a substantial impact on the financial position and/or business of the Group.

11.4.4 Material Contingent Liabilities

As at 31 July 2003, the Directors of Naim confirm that there are no material contingent liabilities, which have become enforceable, or are likely to become enforceable which will affect the ability of the Group to meet its obligations as and when they fall due.

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11. FINANCIAL INFORMATION (cont'd)**11.5 Consolidated Profit Forecast For The Year Ending 31 December 2003 together with the underlying Bases And Assumptions and the Reporting Accountants' Letter thereon**
(Prepared for inclusion in this Prospectus)

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 6, Westmoore House
Twin Tower Centre
Rock Road
93200 Kuching, Malaysia.

P. O. Box 679
93714 Kuching
Malaysia.

Tel + (6082) 422699
Fax + (6082) 422399

4 AUG 2003

The Board of Directors
Naim Cendera Holdings Berhad
9th Floor, Wisma Naim
2 ½ Mile, Rock Road
93200 Kuching
Sarawak

Our ref cck/lc/lk/c/03

Contact 082 - 422699

Dear Sirs

**Reporting Accountants' Letter On The Consolidated Profit Forecast
For The Year Ending 31 December 2003**

We have reviewed the consolidated profit forecast of Naim Cendera Holdings Berhad and its subsidiaries (collectively the Naim Group) for the year ending 31 December 2003, as set out in Appendix A (which we have stamped for the purpose of identification) in accordance with the standard [ISA 810] applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus issued in connection with the public issue and offer for sale of 46,575,000 and 18,000,000 new ordinary shares of RM1.00 each respectively in Naim at an issue price of RM1.30 per ordinary shares and the listing of and quotation for the entire issued and paid-up share capital of Naim on the Main Board of the Kuala Lumpur Stock Exchange.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Naim Group in its proforma audited consolidated financial statements for the period ended 31 March 2003. The Directors of the Naim Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecasts are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variation could be material.



KPMG, KPMG, a partnership established under Malaysian law, is a member of KPMG International a Swiss association.

11. FINANCIAL INFORMATION (cont'd)



Page 2

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Naim Group in its audited financial statements for the period ended 31 March 2003.

Yours faithfully

A handwritten signature in black ink that reads 'KPMG'.

KPMG
Firm Number: AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'CHIN CHEE KONG', written over a diagonal line.

CHIN CHEE KONG
Partner
Approval Number: 1481/1/05(J)

11. FINANCIAL INFORMATION (cont'd)

Appendix A - 1

NAIM CENDERA HOLDINGS BERHAD AND ITS SUBSIDIARIES

**Consolidated Profit Forecast
For The Year Ending 31 December 2003
Together With The Underlying Bases And Assumptions**

Barring unforeseen circumstances, the Directors forecast that the consolidated profit of Naim Cendera Holdings Berhad and its subsidiaries for the year ending 31 December 2003 will be as follows:

	2003	
	RM'000	
Consolidated profit before taxation	65,773	
Taxation	(19,454)	
Consolidated profit after taxation	<u>46,319</u>	
Minority interests	(4,664)	
Realisation of reserve on consolidation	1,514	
	<u>43,169</u>	
Pre-acquisition profit	(25,122)	(i)
Consolidated profit attributable to the Group	<u>18,047</u>	(ii)
	=====	
Weighted average number of shares in issue ('000)	96,466	(iii)
Gross earnings per share (sen)	28.2	(iv)
Gross price earnings ratio (times)	4.6	(v)
Net earnings per share (sen)	18.7	(vi)
Net price earnings ratio (times)	6.9	(v)
Number of shares assumed in issue ('000)	250,000	(vii)
Diluted gross earnings per share (sen)	26.3	(viii)
Diluted gross price earnings ratio (times)	4.9	(ix)
Diluted net earnings per share (sen)	17.3	(x)
Diluted net price earnings ratio (times)	7.5	(ix)
	=====	

Stamped & initialed for identification

KPMG

KPMG

11. FINANCIAL INFORMATION (cont'd)

Appendix A - 2

Notes:

- (i) *Based on the audited results of Naim Cendera Sdn. Bhd. and its subsidiaries (collectively the NCSB Group) for the three months ended 31 March 2003 and the pro-rated forecasted profit for the four months from 1 April 2003 to 31 July 2003, i.e. up to the date of acquisition of the NCSB Group*
- (ii) *Comprising post-acquisition consolidated profit for the five months from 1 August 2003 to 31 December 2003.*
- (iii) *The 96,466,000 weighted average number of shares in issue is calculated based on the assumption that the acquisition of NCSB and the public issue were completed in July 2003 and September 2003 respectively.*
- (iv) *Computed based on the consolidated profit before taxation but after pre-acquisition profit (i.e. RM27,170,672)*
- (v) *The gross/net price earnings are based on the IPO price of RM1.30 per share over the gross/net earnings per share.*
- (vi) *Computed based on the consolidated profit after taxation, minority interests and pre-acquisition profit (i.e. RM18,047,050)*
- (vii) *The 250,000,000 shares are assumed to be in issue as if the acquisition of the NCSB Group and the public issue had been effected on 1 January 2003.*
- (viii) *Computed based on the profit before taxation (i.e. RM65,773,509)*
- (ix) *The diluted gross/net price earnings ratios are based on the IPO price of RM1.30 per share over the gross/net earnings per share.*
- (x) *Computed based on the profit after taxation and minority interests (i.e. RM43,169,537)*

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11. FINANCIAL INFORMATION (cont'd)

Appendix A - 3

The principal bases and assumptions upon which the above consolidated profit forecast have been prepared are as follows. Nevertheless, in light of the current Malaysian and global economic environment, the assumptions made by the Directors in arriving at the forecast may differ significantly from the situations to be actually encountered and this may materially impact the forecasted consolidated profit.

- a. There will be no adverse economic and political conditions which will adversely affect the operations of the Naim Group.
- b. There will be no significant changes in the present legislation or government regulations, rates and duties, levies and taxes which will adversely affect the operations of the Naim Group or the market in which it operates.
- c. There will be no major industrial disputes or any other abnormal factors or changes, that will adversely affect the operations or sales at their forecasted levels or disrupt the planned operations of the Naim Group.
- d. Inflation will remain at current levels.
- e. There will be no significant changes in management and key personnel, operating and accounting policies from those presently adopted by the Naim Group.
- f. There will be no changes in the accounting policies and bases adopted by the Naim Group.
- g. There will be no significant delays in obtaining the relevant approvals for and the launching of the various development projects.
- h. All phases of development and construction projects will commence and progress according to schedule. There will be no significant deviation from the expected physical completion and hand over dates for all phases under present and future development.
- i. The demand for, and the selling prices of the properties, manufactured products and trading goods marketed by the Naim Group will be achieved as forecasted and will not be affected to a material extent by changes in market conditions.
- j. The construction contracts included in the computation of the forecasted profits have been or will be obtained.

The revenue from construction contracts as forecasted will not be affected to a material extent by variation orders, disputes with principals of contracts (if any) and/or changes in market conditions.

- k. The percentage of completion for properties under development and/or construction contracts at the end of the forecast year will be as forecasted and will not be affected to a material extent by unfavourable operational conditions.

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KPMG

KPMG

11. FINANCIAL INFORMATION (cont'd)

Appendix A - 4

- l. The budgeted costs of property developments, construction contracts, manufactured products and trading goods will be as forecasted and will not be affected to a material extent by unfavourable operational and/or external conditions.
- m. There will be no major disruption to the services provided by sub-contractors. The sub-contract sums/prices will be maintained at the level forecasted. The cost of sub-contractors will not be affected to a material extent by variation orders, disputes with sub-contractors (if any) and/or unfavourable conditions.
- n. Raw materials and building materials will not be subject to any significant price fluctuation and there will be no major interruptions to the supply of raw materials beyond the controls of the Directors during the forecast years.
- o. There will be no major disruption to the supply of labour to the Naim Group and its sub-contractors during the forecast year.
- p. The existing financing facilities will remain available at rates approximating those currently available. The Naim Group will also be able to obtain additional financing facilities at interest rates approximating those currently available to the Naim Group.
- q. Capital expenditure programs will be implemented and incurred on schedule with no material variation in costs.
- r. There will be no significant changes to the rates and bases of taxation.
- s. There will be no material changes in the present Group structure.

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11. FINANCIAL INFORMATION (cont'd)**11.6 Directors' Commentary on Achievability of Profit Forecast**

The Board of Directors of Naim confirms that the proforma consolidated profit forecast of the Naim Group for the financial year ended 31 December 2003 and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the Naim Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast of the Naim Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia and globally, certain assumptions, including interest and exchange rates, may differ significantly from actual should the economic situation differ significantly from the date of this profit forecast and this may have a material impact on Naim's profit forecast.

11.7 Sensitivity Analysis

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 11.5 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in selling prices, volume and development and construction costs of Naim Group.

11.7.1 Variation in selling prices of properties to be developed by Naim Group

	For the financial year ending 31 December 2003					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	268,027		65,773		46,319	
Up 10%	274,535	2.43	72,067	9.57	50,663	9.38
Up 5%	271,281	1.21	68,769	4.55	48,333	4.35
Down 5%	264,773	(1.21)	62,128	(5.54)	43,643	(5.78)
Down 10%	261,519	(2.43)	58,785	(10.62)	41,282	(10.88)

11.7.2 Variation in volume of properties to be developed/ sold by Naim Group

	For the financial year ending 31 December 2003					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	268,027		65,773		46,319	
Up 10%	273,322	1.98	66,757	1.50	46,899	1.25
Up 5%	270,387	0.88	65,974	0.31	46,354	0.07
Down 5%	265,988	(0.76)	64,951	(1.25)	45,643	(1.46)
Down 10%	263,443	(1.71)	64,364	(2.14)	45,234	(2.34)

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11. FINANCIAL INFORMATION (cont'd)**11.7.3 Variation in development and construction costs**

	For the financial year ending 31 December 2003					
	Turnover RM'000	% Variation	PBT RM'000	% Variation	PAT RM'000	% Variation
Actual Forecast	268,027		65,773		46,319	
Up 10%	268,027	-	61,344	(6.73)	43,085	(6.98)
Up 5%	268,027	-	63,405	(3.60)	44,543	(3.84)
Down 5%	268,027	-	67,482	2.60	47,427	2.39
Down 10%	268,027	-	69,511	5.68	48,862	5.49

Based on the above assumptions, the sensitivity analysis shows that Naim Group will continue to be profitable over the forecast year despite a 5% and 10% downward variation in selling prices or volume of its properties or development and construction costs for the financial year ending 31 December 2003 as shown in the tables above.

11.8 Dividend Forecast and Policy

On the basis of the consolidated profit forecast for the financial year ending 31 December 2003 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of Naim anticipate that the Company will be in a position to propose, based on the enlarged issued and paid-up share capital of RM250,000,000, a gross dividend of 5.00% for the financial year ending 31 December 2003 is as set out below :-

Financial Year Ending 31 December 2003	RM'000
Consolidated PBT	65,773
Less : Taxation	(19,454)
Consolidated PAT before MI	46,319
Less : MI	(4,664)
Add : Amortisation of reserve on consolidation	1,514
Consolidated PAT after MI	43,169
Proposed dividend (less 28% tax)	16,200
Gross Dividend per Share (sen)	9.00
Net Dividend per Share (sen)	6.48
Gross Dividend yield based on the IPO Price of RM1.30 per Share (%)	6.92
Net Dividend yield based on the issue price of RM1.30 per Share (%)	4.98
Net dividend cover (times)	2.66

It is the policy of the Board of Directors of Naim in recommending dividends in the future to allow the shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Investors should note that future dividends might be waived if:-

- (i) the Group records a loss instead of the forecast profits; or
- (ii) the payment of the dividends would adversely affect the Group's cashflows and operations.

11. FINANCIAL INFORMATION (cont'd)

11.9 Proforma Consolidated Balance Sheets of Naim Group as at 31 March 2003 and the Reporting Accountants' Letter thereon
(Prepared for inclusion in this Prospectus)



KPMG (Firm No. AF 0758)
Chartered Accountants
Level 6, Westmoore House
Twin Tower Centre
Rock Road
93200 Kuching, Malaysia.

P. O. Box 679
93714 Kuching
Malaysia.

Tel + (6082) 422699
Fax + (6082) 422399

4 AUG 2003

The Board of Directors
Naim Cendera Holdings Berhad
9th Floor, Wisma Naim
2 ½ Mile, Rock Road
93200 Kuching
Sarawak

Our ref cck/lc/lk/c/03

Contact 082 - 422699

Dear Sirs

Auditors' Letter On The Proforma Consolidated Balance Sheets Of Naim Cendera Holdings Berhad

We have reviewed the Proforma Consolidated Balance Sheets of Naim Cendera Holdings Berhad and its subsidiaries ("Naim Group") together with the notes thereon as set out in Appendix A, for which the Directors of Naim Group are solely responsible, which have been prepared for inclusion in the Prospectus issued in connection with the public issue and offer for sale of 46,575,000 and 18,000,000 new ordinary shares of RM1.00 each respectively in Naim at an issue price of RM1.30 per ordinary share and the listing of and quotation for the entire issued and paid-up share capital of Naim on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon which have been prepared for illustrative purposes only, have been properly prepared on the accounting principles and bases consistent with those normally adopted by the Naim Group and that the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

CHIN CHEE KONG
Partner

Approval Number: 1481/1/05(J)



KPMG KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association

11. FINANCIAL INFORMATION (cont'd)



Appendix A-1

**PROFORMA CONSOLIDATED BALANCE SHEETS OF
NAIM CENDERA HOLDINGS BERHAD
AT 31 MARCH 2003**

The Proforma Consolidated Balance Sheets of Naim Cendera Holdings Berhad and its subsidiaries (collectively the "proforma Group") at 31 March 2003 as set out below are provided for illustration purposes only.

	Balance sheet at 31.3.2003 RM'000	Proforma balance sheet after special dividend, revaluation of land and acquisition of subsidiaries (stage 1) RM'000	Proforma balance sheet after public issue and offer for sale of shares (stage 2) RM'000
Property, plant and equipment	-	39,357*	39,357*
Land held for development	-	285,201*	285,201*
Investment in associates	-	1,367	1,367
Other investments	-	536	536
Deferred taxation	-	78	78
Current assets			
Inventories	-	4,426	4,426
Properties under development	-	31,962	31,962
Trade and other receivables	-	74,995	74,995
Amount due from associates	-	311	311
Deposits, cash and bank balances	96	50,958	106,906
	96	162,652	218,600
Current liabilities			
Trade and other payables	1	58,012	58,012
Dividend payable	-	18,560	18,560
Borrowings	-	3,049	3,049
Taxation	-	1,173	1,173
	1	80,794	80,794
	95	81,858	137,806
	95	408,397	464,345

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11. FINANCIAL INFORMATION (cont'd)



Appendix A-2

	Balance sheet at 31.3.2003 RM'000	Proforma balance sheet after special dividend, revaluation of land and acquisition of subsidiaries (stage 1) RM'000	Proforma balance sheet after public issue and offer for sale of shares (stage 2) RM'000
Financed by:			
Share capital	106	203,425	250,000
Share premium	-	76,643	86,016
Accumulated losses	(11)	(91)***	(91)***
Reserve on consolidation	-	20,098	20,098
	<u>95</u>	<u>300,075</u>	<u>356,023</u>
Minority shareholders' interests	-	27,224	27,224
Long-term liabilities			
Borrowings	-	4,119	4,119
Deferred taxation	-	76,979**	76,979**
	<u>95</u>	<u>408,397</u>	<u>464,345</u>
Net tangible assets per share (RM)	<u>0.90</u>	<u>1.48</u>	<u>1.42</u>

* Including fair value adjustment of RM274,482,000 [see Note 3.1(b)]

** Including deferred taxation of RM76,855,000 as a result of the fair value adjustment mentioned above which will be progressively reversed to the income statements in the periods over which the land is developed

*** Including estimated capital duty on increase of authorised share capital and other related expenses of RM80,000.

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11. FINANCIAL INFORMATION (cont'd)



Appendix A-3

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF
NAIM CENDERA HOLDINGS BERHAD
AT 31 MARCH 2003**

1. The Proforma Consolidated Balance Sheets are based on the assumption that Naim Cendra Holdings Berhad exists on 31 March 2003 and on the audited balance sheets of the subsidiaries deemed acquired at the same date.
2. The Proforma Consolidated Balance Sheets have been prepared on accounting principles and bases consistent with those previously adopted by the proforma Group in the preparation of its audited financial statements.
3. The Proforma Consolidated Balance Sheets incorporate the following transactions as though they were effected on 31 March 2003:

3.1 Stage 1

- (a) Acquisition of 100% equity interest in Naim Cendra Sdn. Bhd. ("NCSB") by the issuance of 203,319,000 ordinary shares of RM1.00 each at approximately RM1.38 per share based on the fair value of the net tangible assets of NCSB and its subsidiaries (collectively the NCSB Group) deemed acquired on 31 March 2003, after taking into account the fair value adjustments [see 3.1(b)] and special dividend totalling RM18,560,000 [see 3.1(c)]
- (b) Fair value adjustments relating to the leasehold land of the following subsidiaries:

Name	Gross Surplus RM'000	Deferred Taxation RM'000	Net Surplus RM'000
<u>Direct</u>			
NCSB	236,847	66,317	170,530 *
<u>Indirect through NCSB</u>			
Desa Ilmu Sdn.Bhd. (formerly known as Custodev Tiga Sdn. Bhd.)	24,455	6,848	17,607 *
Naim Cendra Tujuh Sdn. Bhd.	13,180	3,690	9,490 **
	274,482	76,855	197,627
	274,482	76,855	197,627

* Classified under Land held for development

** Classified under Property, plant and equipment

- (c) The special dividend recommended by the Directors in respect of the year ended 31 December 2002 amounts to RM18,560,000 and comprises two portions as follows:-

- i) RM2.00 per share tax exempt totalling RM2,000,000; and
- ii) RM23.00 per share less tax at 28% totalling RM16,560,000.

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11. FINANCIAL INFORMATION (cont'd)



Appendix A-4

3.2 Stage 2

Proposed public issue of 46,575,000 and offer for sale of 18,000,000 ordinary shares of RM1.00 each at an offer price of RM1.30 per ordinary share for cash pursuant to the scheme for the listing of and quotation for the entire issued and paid-up share capital of Naim Cendera Holdings Berhad on the Main Board of the Kuala Lumpur Stock Exchange.

The estimated listing expenses of RM4,600,000 has been written off against the share premium account.

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A handwritten signature in black ink, appearing to read 'KPMG'.



12. DIRECTORS' REPORT
(Prepared for inclusion in this Prospectus)

Naim Cendera Holdings Berhad
9th Floor Wisma Naim, 2½ Mile Rock Road, 93200 Kuching
Tel : 082-411667 Fax : 082-429869

4th August 2003

The Shareholders of
NAIM CENDERA HOLDINGS BERHAD
9th Floor Wisma Naim, 2 ½ Mile Rock Road
93200 Kuching, Sarawak

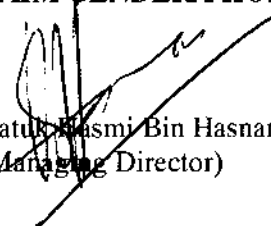
Dear Sir/Madam

On behalf of the Board of Naim Cendera Holdings Berhad, I report after due inquiry that during the period from 31 March 2003 (being the date to which the last audited accounts of the Company and its subsidiaries and associated companies have been made up) to 4 August 2003 (being a date not earlier than fourteen (14) days before the issue of this Prospectus) that:

- (a) the business of the Company, its subsidiaries and associated companies have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, save as disclosed in this prospectus, no circumstances have arisen since the last audited accounts of the Company, its subsidiaries and associated companies which have adversely affected the trading or the value of the assets of the Company or its subsidiaries and associated companies;
- (c) the current assets of the Company, its subsidiaries and associated companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnity given by the Company, its subsidiaries or associated companies;
- (e) there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings in which the Directors are aware of, since the date of the last audited accounts of the Company and its subsidiaries; and
- (f) save as disclosed in the Accountants' Report and the Proforma Balance Sheets set out in Section 14 and Section 11.9 of this Prospectus respectively, there has been no other changes in the published reserve nor any unusual factors affecting the profits of the Company, its subsidiaries and associated companies since the last audited accounts of the Company, its subsidiaries and associated companies

Yours faithfully

On Behalf of the Board of Directors of
NAIM CENDERA HOLDINGS BERHAD


Datuk Nasmir Bin Hasnan
(Managing Director)

13. VALUATION CERTIFICATE



JORDAN LEE, JAAFAR AND CHEW Sdn. Bhd. (101995-X)

Registered Valuers • Real Estate Agents • Project & Property Managers • Plant & Machinery Valuers • (VE (1) 0064)

CHEW KWONG CHEONG
B. Surv., (Prop. man.) (Hons.), m.i.s.,(m)
JORDAN LEE KMN
f.i.s.(m), f.r.i.e.s., f.r.v.a., m.s.i.s.v., s.e.v.
JAAFAR ISMAIL
f.i.s.(m), f.r.i.e.s.
CHIN LAI SITT
MISM., f.r.i.e.s.
TH'NG KIM KOK
MISM., f.r.i.e.s.

Please quote our reference in all correspondence

Kuching:
Lots 216 & 217 (2nd Floor),
Jalan Haji Taha, P. O. Box 3019,
93758 Kuching, Sarawak.
Fax: 082-429315
Tel: 082-419200 (6 Lines)
Email: jjc@pd.jaring.my

4 AUG 2003

The Board of Directors
Naim Cendera Holdings Berhad
9th Floor, Wisma Naim
2½ Mile, Rock Road
93200 Kuching

Dear Sirs,

NAIM CENDERA HOLDINGS BERHAD
Prospectus In Relation To The Listing Of Naim Cendera Holdings Berhad
On The Main Board Of The Kuala Lumpur Stock Exchange ("KLSE")

This Valuation Certificate has been prepared for inclusion in the Prospectus to be issued in relation to the proposed listing of Naim Cendera Holdings Berhad on the KLSE. This Valuation Certificate is to be read in conjunction with Section 8.1.2 of the Prospectus.

In accordance with your instruction, we have assessed the Market Value of the properties vide our Valuation Reports under references as set out below. Further details of the aforesaid valuation are set out in our valuation report.

Our valuation is prepared based on the Guidelines on Asset Valuation for submission to the Securities Commission and is in compliance with the Manual of Valuation Standards issued by the Boards of Valuers, Appraisers and Estate Agents, Malaysia.

The term Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In our opinion, the Market Value of the subject properties, free from all legal encumbrances are as follows:



Associate Offices:
Colliers, Jordan Lee & Jaafar Sdn. Bhd.
Kuala Lumpur • Selangor • Perak • Negeri Sembilan • Johor • Pahang • Penang • Malacca

Other Colliers Offices:
Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States of America.

Company No. 585467-M

13. VALUATION CERTIFICATE (cont'd)

Property Held for Owner Occupation		Valuation Report Ref. No. & Date Of Valuation	Land Tenure/ Date Of Expiry Of Lease	Land Area Subject To Valuation (Acres)	Method Of Valuation	Description Of Existing Use	Planning Matters / Approval & Assumptions Used	Market Value (RM)
Land Owner / (Title Nos.) / Location	Date Of Inspection							
Naim Cendera Sdn Bhd <i>Part of Bandar Baru Permyjaya Scheme on Provisional Leases Lot 5451, Block 10 (part), Lot 430, Block 6 (part), Lot 2073 (part), Lot 4271, Block 10, Lot 772, Block 13, Lot 773, Block 13 all of KBLD</i>	Several occasions the last being 5/7/2002	V/1299/02/CW dated 5/7/2002	60 and 99 years leasehold PL Lot 5451 * Expiring on 28/08/2057 and 20/08/2096 PL Lot 430 * Expiring on 19/07/2094 PL Lot 2073 * Expiring on 20/08/2096 PL Lot 4271 * Expiring on 19/07/2094 PL Lot 772 * Expiring on 20/08/2096 PL Lot 773 * Expiring on 20/08/2096	376.53 102.91 136.23 301.61 432.25 467.76	Comparison & Residual Methods Comparison & Residual Methods Comparison Method Comparison & Residual Method Comparison Method Comparison Method	Residential development planned to commence from 1/1/2005 and beyond Industrial development planned to commence from 1/1/2005 and beyond Residential development planned to commence from 1/1/2005 and beyond Commercial & residential development planned to commence from 1/1/2005 Residential development planned to commence from 1/1/2005 and beyond Residential development planned to commence from 1/1/2005 and beyond	1) The overall Draft Master Plan for this Township was first approved by the Lands and Surveys on 29 th May 1995. 2) Revised and approved by the State Government in 28/6/95 and known as Bandar Baru Tudan. Consist of 6 parcels of land. 3) The township was renamed Bandar Baru Permyjaya on 21/5/97 and land size increased with the additional of 4 new titles. 4) Revised overall Master Plan affecting Provisional Lease Lots 2073, 4271, 772 and 773 was approved on 26/2/99. The Client is taking the necessary steps to regularise the current land titles' conditions so as to conform with the approved uses. Our Valuation Report here assumes that this will be done as a matter of course. 5) As for Provisional Lease Lot 5451, planning approval was given vide S/TP/4-MDC/19/99 on the 13 th May 1999. There has been a further recent revision of the planning layout in 2002. In this Report, we are using this revised version where the Lot is phased into Desa Indah III, Desa Indah IIIB and Desa Pujut II. Planning layout for Desa Indah IIIB has been granted approval by Lands and Surveys on 17/08/2001 vide reference No. 39/TP/4-MMC/19/99. The layout plans for Desa Indah III and Desa Pujut II were submitted to Lands and Surveys on 11/04/2002 and 29/5/2002, respectively and are pending approval. The assumption here is that all the remaining amended plans for this Lot 5451 will be approved by the relevant authority. 6) Approval for extension of term lease to 99 years The assumption here is that the extension will be rectified in the respective land titles accordingly. Also refer to "Land Tenure/Date of Expiry of Lease". 7) <u>Computation of Land Areas</u> Assumption is made based on the newly surveyed areas instead of the original provisional leases which are deemed to be more accurate. 8) The State Government has a proposal for a major road link, to be called Pujut by-pass, joining the airport through the proposed 1,400-hectares joint-venture development project, Eastwood Valley, to the new Kuala Baram Port via the middle North-South arterial road of Bandar Baru Permyjaya in between Lots 772 and 773. The assumption here is that this road project will effectively be implemented over the next three (3) years.	251,300,000

* Only part of PL 5451 (Desa Indah III) together with PL Lot 430, PL Lot 2073, PL Lot 4271, PL Lot 772 & PL Lot 773 have been approved for an extension to a new land tenure from 60 to 99 years vide Lands and Surveys letter reference 121/Doos/ No. 86/95 (vol.2) dated 8/12/2001.

Company No. 585467-M

13. VALUATION CERTIFICATE (cont'd)

Land Owner / Project Name (Title Nos.) / Location	Date Of Inspection	Valuation Report Ref. No. & Date Of Valuation	Land Tenure/ Date Of Expiry Of Lease	Land Area Subject To Valuation (Acres)	Method Of Valuation	Description Of Existing Use	Planning Matters / Approval & Assumptions Used	Market Value (RM)
<p>Desa Ilmu Sdn Bhd (formerly known as Custodian Tiga Sdn Bhd) Part of Desa Ilmu Housing Scheme on Provisional Lease Lots 2281 to 2283, 2289, 2294, 2634, 2638, 3149 and 3000 Block 1 SLD Located at KM13 Jalan Datuk Mohamad Musa (formerly known as Jalan Muara Tuang) and is about 5 km from Kota Samarahan town center. Kuching City is about 20.6 km to the north-west.</p>	15/6/2002	V/1277/02/EC Dated 15/6/2002	<p>All 60 years leasehold</p> <p>Phase 6 (covering part of Provisional Lease Lots 2289, 2638 & 3149 Block 1, SLD expiring on 8/3/2060, 7/1/2061 and 4/3/2062, respectively)</p>	8.43	Comparison & Residual Method	Housing development planned to commence from 1/1/2005 and beyond	<p><u>Planning Matters/Approval & Assumption Used</u></p> <p>The Master Plan was first approved on 13/1/1997 and subsequently, revised and approved in 2000 vide Revised Master Conceptual Plan No. SPA(A)/8D-KSD(TP34/96) dated 25/5/2000 which was accompanied by letter ref: 57/TP/8-KSD/34/96 (Vol.II) dated 19/6/2000. It covers an area of about 371.131 acres with a total of 4,111 units of mixed development.</p> <p>Separately, formal approval was given for the setting up of the proposed Kolej Chermal Jaya Permanent Campus on Provisional Lease Lot 2280 vide 2 letters dated 14/6/2000 and 23/6/2000.</p> <p>On phasing, Phase 1 was approved on 7/1/1999 while Phases 2 to 6 was approved vide letter ref: 56/TP/8-KSD/34/96 (Vol.II) dated 14/6/2000 with an approved plan bearing reference SPA(C)/8D-KSD(TP34/96) dated 25/5/2000.</p> <p>In 2002, our Client through a planning consultant has prepared and submitted to the Lands and Surveys on 25/6/2002, a new set of revised plan, "Blocking Plan" substituting the "Phasing Plan" and the word "Phase" with "Block" because it is more flexible to implement the development without having to strictly adhere to the numerical order of phasing as required by the authorities. We made the assumption that the said "Blocking Plan" would be duly approved and that all the lands would be amalgamated into one (1) single title according to the planned blocking.</p> <p>We have also assumed that the title for Provisional Lease Lot 3000 will be officially issued and conditioned for residential purposes and to-date, has been issued on 3/1/2003 under Provisional Lease Lot 3170.</p> <p>For our valuation, we have adopted the computed land areas as provided by the surveyor, Geosurvey Consultant instead of those appearing in the land titles which are deemed to be more accurate.</p>	31,000,000
			<p>Phase 14 (covering part of Provisional Lease Lots 2281, 2282 & 2283 Block 1, SLD expiring on 7/1/2061, 8/3/2060 and 8/3/2060 respectively)</p>	7.71	Comparison & Residual Method			

13. VALUATION CERTIFICATE (cont'd)

Land Owner / Project Name (Title Nos.) / Location	Date Of Inspection	Valuation Report Ref. No. & Date Of Valuation	Land Tenure/ Date Of Expiry Of Lease	Land Area Subject To Valuation (Acres)	Method Of Valuation	Description Of Existing Use	Planning Matters / Approval & Assumptions Used	Market Value (RM)
			Phase 15 (covering part of Provisional Lease Lot 3000 Block 1 SLD expiring on #)	14.21	Comparison & Residual Method			
			Phase 16 (covering part of Provisional Lease Lots 2294, 2638 & 3000, Block 1 SLD expiring on 8/3/2060, 7/1/2061 and #, respectively)	6.12	Comparison & Residual Method			
			Phase 17 (covering part of Provisional Lease Lots 2294 & 2634, Block 1 SLD expiring on 8/3/2060 and 7/1/2061, respectively)	1.09	Comparison & Residual Method			
			Phase 18 (covering part of Provisional Lease Lots 2294, 3149 & 3000 Block 1 SLD expiring on 8/3/2060, 4/3/2062 and #)	8.44	Comparison & Residual Method			
			Phase 19 (covering part of Provisional Lease Lots 3149 & 3000, Block 1 SLD expiring on 4/3/2062 and #, respectively)	9.52	Comparison & Residual Method			

Land title for Provisional Lease Lot 3000 Block 1 SLD has been issued on 3rd January 2003 under Provisional Lease Lot 3170 Block 1 SLD.

13. VALUATION CERTIFICATE (cont'd)

Land Owner / Project Name (Title Nos.) / Location	Date Of Inspection	Valuation Report Ref. No. & Date Of Valuation	Land Tenure/ Date Of Expiry Of Lease	Land Area Subject To Valuation (Acres)	Method Of Valuation	Description Of Existing Use	Planning Matters / Approval & Assumptions Used	Market Value (RM)
			Phase 20 (covering part of Provisional Lease Lots 2294, 2638, 3149 & 3000, Block 1 SLD expiring on 8/3/2060, 7/1/2061, 4/3/2062 and #, respectively)	18.94	Comparison & Residual Method			
			Phase 21 (covering part of Provisional Lease Lots 2294, 2634 & 3000, Block 1 SLD expiring on 8/3/2060, 7/1/2061 and #, respectively)	7.64	Comparison & Residual Method			
			Phase 22 (covering part of Provisional Lease Lot 3000, Block 1 SLD expiring on #)	69.84	Comparison & Residual Method			
			Phase 23 (covering part of Provisional Lease Lot 3000, Block 1 SLD expiring on #)	2.30	Comparison & Residual Method			
			Phase 25 (covering part of Provisional Lease Lots 3149 & 3000, Block 1 SLD expiring on 4/3/2062 and #, respectively)	20.97	Comparison & Residual Method			

Land title for Provisional Lease Lot 3000 Block 1 SLD has been issued on 3rd January 2003 under Provisional Lease Lot 3170 Block 1 SLD.

13. VALUATION CERTIFICATE (cont'd)

Jordan Lee, Jaafar & Chew Sdn. Bhd.

Land Owner / Project Name (Title Nos.) / Location	Date Of Inspection	Valuation Report Ref. No. & Date Of Valuation	Land Tenure/ Date Of Expiry Of Lease	Land Area Subject To Valuation (Acres)	Method Of Valuation	Description Of Existing Use	Planning Matters / Approval & Assumptions Used	Market Value (RM)
			Phase 26 (covering part of Provisional Lease Lot 3000 Block 1 SLD expiring on #)	23.87	Comparison & Residual Method			
			Phase 27 (covering part of Provisional Lease Lot 3000 Block 1 SLD expiring on #)	6.79	Comparison & Residual Method			
Nain Cendera Tuluh Sdn Bhd Provisional Lease Lot 23 Block 34 Kenema Land District. Located off KM15 Jalan Bintulu-Miri, Bintulu, north-east of Bintulu town	26/3/2002 & 8/7/2002	V/1178/02/BCJ dated 8/7/2002	60 years leasehold expiring on 5/9/2061	1,000	Comparison Method	This site is vacant of any improvements and is covered by secondary forest. This land is to be used only for residential purpose.	A planning brief for a comprehensive mixed development (proposed Master Plan) has been prepared for submission to the relevant authority.	15,000,000
			TOTAL	3,023.16				297,300,000

Land title for Provisional Lease Lot 3000 Block 1 SLD has been issued on 3rd January 2003 under Provisional Lease Lot 3170 Block 1 SLD.

13. VALUATION CERTIFICATE (cont'd)

Jordan Lee, Jaafar & Chew Sdn. Bhd.

We certify that the above properties, in their existing condition and free from all legal encumbrances, have an Aggregate Market Value of **RM297,300,000/-**. (*Ringgit Malaysia: Two hundred ninety seven million and three hundred thousand only*).

Yours faithfully
for **JORDAN LEE, JAAFAR & CHEW SDN BHD**



CHEW KWONG CHEONG B.Surv.(Prop.Man.)(Hons.)MIS(M)
Registered Valuer (V-141)