



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - SECOND QUARTER ENDED 30 JUNE 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
For the six months ended 30 June 2010 (The figures have not been audited)					
	CURRENT QUARTER		CUMULATIVE QUARTER		
	<i>3 months ended 30 June</i>		<i>6 months ended 30 June</i>		
	2010	2009	2010	2009	
	RM' 000	RM'000	RM' 000	RM'000	
Revenue	155,945	134,342	279,298	229,649	
Cost of sales	(119,446)	(106,316)	(219,423)	(178,006)	
Gross profit	36,499	28,026	59,875	51,643	
Other income	942	3,931	2,596	4,264	
Selling and distribution expenses	(1,074)	(1,255)	(1,960)	(2,363)	
Administration expenses	(9,557)	(6,845)	(18,168)	(13,440)	
Other expenses	(127)	(236)	(451)	(625)	
Results from operating activities	26,683	23,621	41,892	39,479	
Finance income	432	128	823	402	
Finance costs	(2,427)	(389)	(3,911)	(861)	
Net finance costs	(1,995)	(261)	(3,088)	(459)	
Share of results of associates	5,227	5,925	10,009	10,020	
Share of results of joint ventures	381	942	702	2,737	
Profit before tax	30,296	30,227	49,515	51,777	
Income tax expense	(6,350)	(6,773)	(11,478)	(11,535)	
Profit for the period	23,946	23,454	38,037	40,242	
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations	63	-	445	-	
Fair value changes for available-for-sale financial assets	(1)	-	7	-	
Other comprehensive income for the period, net of tax	62	-	452	-	
Total comprehensive income for the period	24,008	23,454	38,489	40,242	
Profit attributable to:					
Owners of the Company	24,362	22,654	38,355	38,502	
Minority interests	(416)	800	(318)	1,740	
Profit for the period	23,946	23,454	38,037	40,242	
Total comprehensive income attributable to:					
Owners of the Company	24,425	22,654	38,804	38,502	
Minority interests	(417)	800	(315)	1,740	
Total comprehensive income for the period	24,008	23,454	38,489	40,242	
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)	Note XIII	10.28	9.55	16.19	16.23

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.

The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - SECOND QUARTER ENDED 30 JUNE 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 30 June 2010 (The figures have not been audited)			
	Notes	Unaudited 30 June 2010 RM' 000	Audited 31 December 2009 RM' 000
ASSETS			
Property, plant and equipment		79,214	63,397
Land held for property development		110,522	110,492
Prepaid lease payments		50,525	51,034
Intangible assets		9,979	2
Interest in associates		158,322	149,363
Interest in joint ventures		11,659	10,957
Other investments		343	476
Deferred tax assets		3,237	1,414
Total non-current assets		423,801	387,135
Property development costs		211,850	241,336
Inventories		22,167	27,136
Trade and other receivables		277,628	302,897
Current tax assets		9,290	8,562
Deposits, cash and bank balances		103,915	90,096
Total current assets		624,850	670,027
Total assets		1,048,651	1,057,162
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		375,493	351,019
Total equity attributable to owners of the Company		676,837	652,363
Minority interests		19,961	21,961
Total equity		696,798	674,324
LIABILITIES			
Loans and borrowings		23,788	10,078
Deferred tax liabilities		50,274	51,646
Total non-current liabilities		74,062	61,724
Loans and borrowings		101,835	130,921
Deferred income		20,012	25,053
Trade and other payables		144,636	158,070
Current tax liabilities		11,308	7,070
Total current liabilities		277,791	321,114
Total liabilities		351,853	382,838
Total equity and liabilities		1,048,651	1,057,162
Net assets per ordinary share attributable to owners of the Company (RM)		2.71	2.61

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.
The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

QUARTERLY REPORT - SECOND QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
For the six months ended 30 June 2010 (The figures have not been audited)		
	30 June 2010 RM'000	30 June 2009 RM'000
Net cash from/(used in) operating activities	78,904	(41,091)
Net cash (used in)/from investing activities	(34,136)	15,693
Net cash (used in)/from financing activities	(30,949)	25,259
Net increase/ (decrease) in cash and cash equivalents	13,819	(139)
Cash and cash equivalents at beginning of financial period	89,700	57,121
Cash and cash equivalents at end of financial period	<u>103,519</u>	<u>56,982</u>
	RM'000	RM'000
Cash and cash equivalents at end of financial period	103,519	56,982
Add : Fixed Deposits Pledged	396	-
Deposits, cash and bank balances at end of financial period	<u>103,915</u>	<u>56,982</u>

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - SECOND QUARTER ENDED 30 JUNE 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

(The figures have not been audited)

		Total equity attributable to owners of the Company									
		Non Distributable					Distributable				
		Share capital	Share premium	Capital reserve	Treasury shares	Fair value reserve	Translation reserve	Retained earnings	Sub-total	Minority Interests	Total Equity
		RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<u>6 months ended 30 June 2009</u>											
At 1 January 2009		250,000	86,092	26,370	(33,469)	-	-	258,658	587,651	24,228	611,879
Total comprehensive income for the period								38,502	38,502	1,740	40,242
Dividends to owners								(11,847)	(11,847)	(2,566)	(14,413)
Treasury shares purchased - at cost					(1,279)				(1,279)		(1,279)
At 30 June 2009		250,000	86,092	26,370	(34,748)	-	-	285,313	613,027	23,402	636,429
<u>6 months ended 30 June 2010</u>											
At 1 January 2010, as previously stated		250,000	86,092	26,370	(34,748)	-	(35)	324,684	652,363	21,961	674,324
Effect of adopting FRS 139						102		(2,585)	(2,483)	70	(2,413)
At 1 January 2010, as restated		250,000	86,092	26,370	(34,748)	102	(35)	322,099	649,880	22,031	671,911
Total comprehensive income for the period						7	445	38,352	38,804	(315)	38,489
Dividends to owners								(11,847)	(11,847)	(1,140)	(12,987)
Acquisition of minority interests in an existing subsidiary									-	(615)	(615)
At 30 June 2010		250,000	86,092	26,370	(34,748)	109	410	348,604	676,837	19,961	696,798

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

1. Basis of preparation

The consolidated interim financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

A limited review on this Quarterly Report has been undertaken by the Company's External Auditors.

2. Significant accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009, except for the adoption of the following standards, amendments and interpretations which are effective for annual periods beginning on 1 January 2010:

FRS 7, *Financial Instruments: Disclosures*

FRS 8, *Operating Segments*

FRS 101, *Presentation of Financial Statements (revised)*

FRS 123, *Borrowing Costs (revised)*

FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 7, *Financial Instruments: Disclosures*

Amendments to FRS 127, *Consolidated and Separate Financial Statements, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 101, *Presentation of Financial Statements*

Improvements to FRSs (2009)

IC Interpretation 10, *Interim Financial Reporting and Impairment*



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policy

(i) *FRS 139, Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes in accounting policies relating to recognition and measurement of financial instruments and the significant changes in accounting policies are as follows:

- ***Investments in equity securities***

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates, are now categorised and measured as fair value through profit or loss, or as available-for sale investments.

- ***Inter-company loans/advances***

Prior to the adoption of FRS 139, inter-company loans/advances were recorded at cost. With the adoption of FRS 139, inter-company loans/advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

- ***Impairment of trade and other receivables***

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. For first-time adoption of the standards, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings. Comparatives are not adjusted.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policy (continued)

(i) *FRS 139, Financial Instruments: Recognition and Measurement (continued)*

Effect of adoption of FRS 139

The effect of adopting FRS 139 to the Group is summarised as follows:

Group <i>In thousand of RM</i>	Fair value reserve		Retained earnings	
	2010	2009	2010	2009
At 1 January, as previously stated	-	-	324,684	258,658
Adjustments arising from adoption of FRS 139:				
- <i>Fair value of equity securities classified as available-for-sale</i>	102	-	-	-
- <i>Remeasurement of trade and other receivables</i>	-	-	(5,746)	-
- <i>Remeasurement of trade and other payables</i>	-	-	3,161	-
	102	-	(2,585)	-
At 1 January , as restated	102	-	322,099	258,658

(ii) *FRS 7, FRS 8, FRS 123, ICI 10 and Improvement to FRSs (2009)*

FRS 7, FRS 8 and FRS 101 only impact presentation and disclosure aspects of the financial statements.

FRS 123 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. The adoption of FRS 123 (revised) does not have a material impact on the Group.

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during a financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively were first applied. The adoption of IC Interpretation 10 does not have any impact to the financial statements of the Group as no reversal of such impairment loss has been made in the current or previous periods.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policy (continued)

(ii) *FRS 7, FRS 8, FRS 123, ICI 10 and Improvement to FRSs (2009) (continued)*

Improvements to FRSs (2009) contain various amendments that result in changes for presentation, recognition, measurement and/or disclosure. Among the amendments is one that allows the reclassification of long-term leasehold land which in substance is a finance lease, presently treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively. These amendments do not have a material impact to the Group.

The adoption of the above standards and interpretations does not affect the basic and diluted earning per ordinary share for prior periods.

2.2 Standards, amendments and interpretations yet to be effective

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

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 132, <i>Financial Instruments: Presentation on Clarification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1	1 January 2011
- <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	
- <i>Additional Exemptions for First-time Adopters</i>	
Amendments to FRS 2, <i>Group Cash-settled Share-based payment Transactions</i>	1 January 2011



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective (continued)

Standard / Amendment / Interpretation	Effective date
<i>Amendments to FRS 7, Improving Disclosures about Financial Instruments</i>	1 January 2011
IC Interpretation 4, <i>Determining Whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011

The Group plans to apply from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or after 1 March 2010, except for Amendments to FRS 132, FRS 1 (revised), Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 5, Amendments to IC Interpretation ("ICI") 9, ICI 12, ICI 16, ICI 17 and ICI 18 which are not applicable to the Group.

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

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. The amendments for FRS 127 further require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are charged against the Group's interest. The changes in FRS 127 are not expected to have material impacts to the Group.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective (continued)

The amendments to FRS 138, to be applied retrospectively, clarify, *inter alia*, that other amortisation methods, apart from the straight line method, may be used for intangible assets with finite useful lives. The adoption of any of the amendments to FRS 138 will result in a change in accounting policy.

ICI 15 replaces the existing FRS 201₂₀₀₄, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15 by the Group for the year ending 31 December 2011, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from the property development activities will change from the percentage of completion method to the completed method. The Group is currently assessing the impact of the adoption of this interpretation.

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

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by MASB as are necessary to effectuate the full convergence.

3. Seasonality and cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

5. Changes in estimates

There were no changes in the estimates reported in the prior financial year that have a material effect in the current quarter.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Debt and equity securities

There were no issuances, cancellations, repurchases, re-sales and repayments of debt and equity securities for the current period under review.

There was no share buy-back during the period. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 30 June 2010 are 13,056,000 shares.

7. Changes in the composition of the Group

a) Acquisition of new subsidiaries

On 11 February 2010, Naim Overseas Sdn Bhd (“NOSB”) acquired 999,999 ordinary shares of FJD1.00 each in Naim Quarry (Fiji) Limited (“NQFL”), representing 99.99% of the equity thereof, for a consideration of FJD999,999. Only 2 ordinary shares of FJD1.00 (totalling RM3.00) were paid as at the date of this report.

On 17 March 2010, NOSB also subscribed for 999,998 ordinary shares of FJD1.00 each in Naim Premix (Fiji) Limited (“NPFL”), representing 99.99% of the equity interest thereof, for a consideration of FJD998,998, which was paid on 19 August 2010.

b) Increase in investment in existing subsidiary

NCSB Engineering Sdn Bhd acquired an additional 450,000 ordinary shares of RM1.00 each in Plus Viable Sdn Bhd (“PVSB”) from a minority shareholder on 1 March 2010 for a cash consideration of RM585,000. The resultant group equity interest in PVSB has increased from 70% to 85% following the acquisition.

c) Decrease in investment in existing subsidiaries

On 26 July 2010, Naim Cendera Sdn Bhd (“NCSB”) and Total Reliability Sdn Bhd (“TRSB”) entered into share swap agreements with TR Concrete Sdn. Bhd. (“TRC”), an associate of the Group, to transfer all of the Group’s interests in TR Smart Piles Sdn. Bhd. (“TRSP”) and TR Bricks Sdn. Bhd. (“TRB”) to TRC in exchange for 376,672 new ordinary shares of RM1.00 each in TRC. Following the share swaps, TRSP and TRB have now become wholly-owned subsidiaries of TRC.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Dividend paid

A second interim single-tier dividend of 5.0 sen per ordinary share for the year ended 31 December 2009, paid on 14 April 2010.

RM'000

11,847

9. Operating segment

	Segment revenue		Segment profit/(loss)	
	----- 6 months ended 30 June -----			
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property development	99,862	75,544	32,654	21,251
Construction	161,852	132,004	12,629	16,141
Sale of goods/services	29,004	34,736	(262)	5,192
	290,718	242,284	45,021	42,584
Inter Segment	(11,420)	(12,635)	(1,827)	(1,899)
	279,298	229,649	43,194	40,685
Oil and gas – share of results of associate			9,874	9,833
			53,068	50,518
Unallocated expenses			(1,302)	(902)
Income from investments			823	98
Finance costs			(3,911)	(861)
Share of results of non oil-and-gas associates			135	187
Share of results of joint ventures			702	2,737
Profit before tax			49,515	51,777
Income tax expense			(11,478)	(11,535)
Profit for the period			38,037	40,242
Other comprehensive income			452	-
Total comprehensive income for the period			38,489	40,242



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment and prepaid lease payments – *major acquisitions and disposals*

During the period, the Group acquired items of property, plant and equipment and prepaid lease payments of about RM25.2 million (30.6.2009: RM7.5 million), of which RM420,000 (30.6.2009: RM8.5 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of approximately RM1 million (30.6.2009: RM149,000) were disposed of during the period under review.

11. Subsequent material events

There are no material events subsequent to the end of the period reported on, that has not been reflected in the financial statements for the said period, made up to the date of this quarterly report.

12. Contingent liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2009 till the date of this quarterly report.

13. Capital commitments

	As at 30 June	
	2010	2009
	RM'000	RM'000
<i>Authorised and contracted for</i>		
Property, plant and equipment	24,895	11,991
<i>Authorised but not contracted for</i>		
Acquisition of land bank	174,299 *	128,450 *
Investment property	49,910	60,364
Property, plant and equipment	22,602	5,761
	<u>271,706</u>	<u>206,566</u>

* Proposed to be financed by cash/debt/equity or a combination thereof.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Related parties

Transactions with key management personnel

Total compensations payable/paid to key management personnel during the period under review are as follows:

	6 months ended 30 June	
	2010 RM'000	2009 RM'000
Directors of the Company	2,952	2,898
Other key management personnel	<u>2,919</u>	<u>3,049</u>
	<u>5,871</u>	<u>5,947</u>

Other significant related party transactions

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Transactions with associates</u>				
Sales of construction materials	(12)	(59)	21	30
Purchase of raw materials	336	667	367	490
Construction costs paid	563	10,338	(1,602)	(4,683)
<u>Transactions with unincorporated joint venture</u>				
Construction contract revenue	9,078	6,084	(4,309)	(4,016)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Procurement of IT services	-	-	(13)	(23)
Donation to Tabung Amanah Naim	-	-	44	181
Rental of premises expenses	9	45	-	5
Advertisement charges	-	-	(14)	(14)
Construction costs paid	(6)	-	(389)	(580)
Purchase of construction materials	4	-	(108)	101
Sales of construction materials	-	-	-	39
Advisory fee paid	30	90	-	-



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL DISCLOSURE REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(I) Review of group performance

The Group recorded higher revenue of RM279 million for the period under review, as compared to RM230 million recorded in the corresponding period in 2009. The increase was mainly contributed by the construction division which reported higher percentage of completion for the projects undertaken thereby.

Profit before tax for the period under review was RM50 million against RM52 million achieved in the same period in 2009.

Its associate, Dayang Enterprise Holdings Berhad, continues to contribute positively to the earnings of the Group for the period.

(II) Comparison with preceding quarter's results

The revenue and profit before tax for the current quarter were RM156 million and RM30 million respectively, compared against RM123 million and RM19 million respectively in the immediate preceding quarter.

(III) Prospect for 2010

Barring any unforeseen circumstances, the Group is confident of achieving another year of favourable results in 2010.

(IV) Profit guarantee

The Group did not issue any profit guarantee.

(V) Income tax expense

	6 months ended 30 June	
	2010 RM'000	2009 RM'000
<i>Current tax expense</i>		
Malaysian - current	11,957	12,834
- prior	2,737	-
	14,694	12,834
<i>Deferred tax expense</i>		
Malaysian - current	(1,506)	(1,299)
- prior	(1,710)	-
	(3,216)	(1,299)
Total	<u>11,478</u>	<u>11,535</u>



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL DISCLOSURE REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(VI) Unquoted investments and/or properties

There was no sale of unquoted investments and/or properties included in the properties, plant and equipment during the current quarter under review.

(VII) Other investments

Investments in quoted shares and unit trusts

	As at 30 June					
	Quoted shares		Unit trusts		Total	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	246	608	249	232	495	840
Carrying Value	48	294	295	170	343	464
Market Value	48	598	295	238	343	836

Movement in other investments

	Current quarter 3 months ended 30 June 2010 RM'000	Cumulative quarter 6 months ended 30 June 2010 RM'000
Total disposals - quoted shares	(17)	(347)

(VIII) Status of corporate proposals

There are no corporate proposals announced at the date of this quarterly report.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(IX) Group borrowings and debt securities

Group borrowings as at 30 June 2010 were as follows:

				As at 30 June	
				2010	2009
				RM'000	RM'000
Current					
Secured	-	Finance Leases	RM	2,408	1,136
	-	Bank loans	RM	24	-
Unsecured	-	Revolving Credits	RM	30,000	94,885
	-	Bank loans	USD	14,403	-
	-	Bonds	RM	55,000	-
				101,835	96,021
Non-Current					
Secured	-	Finance Leases	RM	8,517	6,793
	-	Bank loans	RM	869	-
Unsecured	-	Bank loans	USD	14,402	-
				23,788	6,793
Total				125,623	102,814

(X) Off balance sheet financial instruments

With the adoption of FRS 139, the Group does not have any financial instruments with off balance sheet risk.

(XI) Changes in material litigations

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), the Company's wholly owned subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have Native Customary Rights ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs. The said land was previously alienated by the Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the Court rule in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land. In the meantime, NC7's application to strike out the Plaintiff's claim has been fixed to be heard on 6 September 2010.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XI) Changes in material litigations (continued)

On 24 June 2008, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak which has been alienated to KMSB. KMSB’s solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB, which was named as the first of the three defendants in the suit. On 23 February 2009, the High Court ruled to allow KMSB’s application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed a Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. The Court has yet to fix a date for the hearing. The Directors, in consultation with KMSB’s solicitors, are of the opinion that KMSB has a strong defence in the case.

On 27 June 2008, a wholly owned subsidiary, Naim Cendera Lapan Sdn Bhd (“NC8”) was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged Sarawak (“the disputed land”) over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its defence on 22 July 2008 stating, *inter alia*, that NC8 had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court’s dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. The High Court has set 25 August 2010 for mention to fix a trial date in relation to the Plaintiffs’ claim of NCR over the disputed land.

On 20 March 2009, NCSB received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 4281, Block 10 Kuala Baram Land District, Miri Sarawak, which is within NCSB’s existing township areas of over 2,700 acres. NCSB’s solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. The Court has fixed 8 September 2010 to hear, *inter alia*, NCSB’s application to strike out the Plaintiffs’ action.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XI) Changes in material litigations (continued)

On 26 October 2009, NCSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NCSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have NCR over an area over which NCSB has been awarded a contract to design and construct the proposed Bengoh Dam. NCSB had filed its Statement of Defence on 19 January 2010 and the High Court has now fixed 6 September 2010 for further mention. At present, the construction of the said dam is in progress.

On 5 August 2010, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District situate at Merdang Limau, Samarahan, Sarawak. KMSB is in possession of a valid document of title issued pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed Statement of Defence on 16 August 2010. The Court has yet to fix a date for the hearing.

(XII) Dividends

	RM'000
Total dividend paid in 2010 for the financial year ended 31 December 2009 to date (see also note 8)	11,847

The Board has declared a first interim single-tier tax exempt dividend of 5.0 sen per ordinary share totalling RM11.847 million in respect of the financial year ending 31 December 2010, payable to shareholders on 11 October 2010. The dividend entitlement date has been fixed to be 20 September 2010.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XIII) Earnings per share (“EPS”)

Basic/Diluted EPS

The calculation of the basic/diluted EPS was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	6 months ended 30 June	
	2010	2009
Profit attributable to owners of the Company (RM'000)	38,355	38,502
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	237,159
Basic/Diluted EPS (sen)	16.19	16.23

(XIV) Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was unqualified.

(XV) Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2010.