



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 December 2012

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the quarter and twelve months ended 31 December 2012				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	144,640	93,107	492,798	411,893
Cost of sales	(108,964)	(74,769)	(381,462)	(347,959)
Gross profit	35,676	18,338	111,336	63,934
Other income	3,076	3,019	8,633	13,879
Selling and distribution expenses	(1,750)	(2,081)	(5,200)	(5,110)
Administration expenses	(15,365)	(17,497)	(42,655)	(48,862)
Other expenses	(480)	(1,046)	(1,446)	(2,126)
Results from operating activities	21,157	733	70,668	21,715
Finance income	1,457	(711)	6,678	3,934
Finance costs	(4,676)	(5,124)	(18,267)	(14,036)
Net finance costs	(3,219)	(5,835)	(11,589)	(10,102)
Share of results of associates	5,648	5,745	42,633	32,708
Share of results of joint ventures	(861)	5,469	11,317	12,837
Profit before tax	22,725	6,112	113,029	57,158
	Note 20			
Income tax expense	(8,319)	131	(18,980)	(9,011)
	Note 19			
Profit for the period	14,406	6,243	94,049	48,147
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(166)	(126)	29	(99)
Share of fair value changes of available-for-sale financial assets of an associate	6,833	-	9,412	962
Other comprehensive income for the period	6,667	(126)	9,441	863
Total comprehensive income for the period	21,073	6,117	103,490	49,010
Profit attributable to:				
Owners of the Company	11,349	4,985	87,724	46,628
Non-controlling interests	3,057	1,258	6,325	1,519
Profit for the period	14,406	6,243	94,049	48,147
Total comprehensive income attributable to:				
Owners of the Company	18,016	4,859	97,165	47,491
Non-controlling interests	3,057	1,258	6,325	1,519
Total comprehensive income for the period	21,073	6,117	103,490	49,010
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)	Note 9	4.79	2.10	37.02
			19.68	

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 December 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 31 December 2012		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2012	2011
	RM'000	RM'000
ASSETS		
Property, plant and equipment	112,692	118,430
Prepaid lease payments	2,483	2,508
Interests in associates	246,174	215,950
Interests in joint ventures	19,789	13,840
Land held for property development	111,806	110,563
Investment property	53,845	51,840
Intangible assets	8,278	8,959
Deferred tax assets	6,992	5,130
Other investments	48	48
Total non-current assets	562,107	527,268
Inventories	29,747	26,847
Property development costs	233,430	216,133
Trade and other receivables	337,015	280,112
Deposits and prepayments	5,596	6,032
Current tax recoverable	19,127	19,212
Cash and bank balances	209,493	213,456
Total current assets	834,408	761,792
Total assets	1,396,515	1,289,060
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	528,787	445,838
Total equity attributable to owners of the Company	830,131	747,182
Non-controlling interests	22,273	16,316
Total equity	852,404	763,498
LIABILITIES		
Loans and borrowings	345,644	339,087
Deferred tax liabilities	44,218	46,268
Total non-current liabilities	389,862	385,355
Loans and borrowings	6,491	7,911
Trade and other payables	145,115	131,276
Current tax payable	2,643	1,020
Total current liabilities	154,249	140,207
Total liabilities	544,111	525,562
Total equity and liabilities	1,396,515	1,289,060
Net assets per ordinary share attributable to owners of the Company (RM)	3.32	2.99

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed 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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 December 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the quarter and twelve months ended 31 December 2012 (The figures have not been audited)											
	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable		Non-controlling Interests RM' 000	Total Equity RM' 000
		Share capital RM' 000	Share premium RM' 000	Capital reserve RM' 000	Translation reserve RM' 000	Fair value reserve RM' 000	Treasury shares RM' 000	Retained earnings RM' 000	Sub-total RM' 000		
12 months ended 31 December 2011 (Audited)											
At 1 January 2011		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(99)	-	-	-	(99)	-	(99)
<i>Share of fair value changes of available-for-sale financial assets of an associate</i>		-	-	-	-	-	-	962	962	-	962
Total other comprehensive income for the period		-	-	-	(99)	-	-	962	863	-	863
Profit for the period		-	-	-	-	-	-	46,628	46,628	1,519	48,147
Total comprehensive income for the period		-	-	-	(99)	-	-	47,590	47,491	1,519	49,010
Total distributions to owners		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
- Dividends to owners of the Company		-	-	-	-	-	-	(16)	(16)	(284)	(300)
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	(23,710)	(23,710)	(284)	(23,994)
Total transactions with owners of the Company		-	-	-	-	-	-	(23,710)	(23,710)	(284)	(23,994)
Share of expenses incurred on bonus/rights issues by an associate		-	-	(614)	-	-	-	-	(614)	-	(614)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2011		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
12 months ended 31 December 2012 (Unaudited)											
At 1 January 2012		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	29	-	-	-	29	-	29
<i>Share of fair value changes of available-for-sale financial assets of an associate</i>		-	-	-	-	-	-	9,412	9,412	-	9,412
Total other comprehensive income for the period		-	-	-	29	-	-	9,412	9,441	-	9,441
Profit for the period		-	-	-	-	-	-	87,724	87,724	6,325	94,049
Total comprehensive income for the period		-	-	-	29	-	-	97,136	97,165	6,325	103,490
Total distributions to owners		-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
- Dividends to owners of the Company	Note 10	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
Total transactions with owners of the Company		-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2012		250,000	86,092	25,756	49	-	(34,748)	502,982	830,131	22,273	852,404

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed 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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 December 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter and twelve months ended 31 December 2012
(The figures have not been audited)

	31 December 2012 RM'000	31 December 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	113,029	57,158
<i>Adjustments for:</i>		
Amortisation		
- intangible assets	680	680
- investment property	1,048	205
- prepaid lease payments	25	61
Depreciation of property, plant and equipment	16,820	10,771
Dividend income from quoted shares	-	(2)
Finance income	(6,678)	(3,934)
Finance costs	18,267	14,036
Loss on disposal of a subsidiary	-	1,306
Gain on partial disposal of an associate	(2,801)	(10,005)
(Gain)/Loss on disposal of property, plant and equipment	(122)	1,302
Property, plant and equipment written off	479	270
Share of results of:		
- associates	(42,633)	(32,708)
- joint ventures	(11,317)	(12,837)
Unrealised foreign exchange loss/(gain)	1,458	(3,708)
Operating profit before changes in working capital	88,255	22,595
Changes in working capital :		
Inventories	4,602	7,086
Land held for property development	(1,243)	(120)
Property development costs	(24,563)	34
Trade and other receivables, deposits and prepayments	(57,919)	31,559
Trade and other payables	7,292	3,271
Cash generated from operations	16,424	64,425
Net income taxes paid	(26,404)	(29,122)
Net cash (used in)/from operating activities	(9,980)	35,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(13,382)	(31,437)
- minority interest in existing subsidiaries	-	(300)
- investment property	(3,053)	(30,084)
- prepaid lease payments	-	(63)
Increase in investment in an associate	-	(43,549)
Proceeds from disposal of a subsidiary	-	(405)
Proceeds from partial disposals of associates	5,984	20,743
Proceeds from disposal of property, plant and equipment	298	1,176
Decrease/(Increase) in deposits pledged to licensed banks	180	(154)
Distribution of profit received from joint ventures	13,120	10,037
Dividends received from associates	18,645	19,232
Interest received	5,570	3,027
Net cash from/(used in) investing activities	27,362	(51,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loans and borrowings	7,955	224,516
Repayment of finance lease liabilities	(2,818)	(2,748)
Dividends paid to:		
- owners of the Company	(14,216)	(23,694)
- non-controlling interests	(368)	(368)
Interest paid	(11,683)	(7,136)
Net cash (used in)/from financing activities	(21,130)	190,570
Net (decrease)/increase in cash and cash equivalents	(3,748)	174,096
Effects of exchange rate changes on cash and cash equivalents	(34)	(8)
Cash and cash equivalents at beginning of period	212,776	38,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	208,994	212,776
Representing by:		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	151,122	161,077
Short term cash funds	20,500	13,000
Cash in hand and at banks	37,372	38,699
Total cash and cash equivalents as shown in statement of cash flows	208,994	212,776

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed interim financial statements.
The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

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 twelve months ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

1. Basis of preparation

The Group has applied the Financial Reporting Standards (FRSs) as its financial reporting framework in preparing the condensed consolidated interim financial statements for the current year under review.

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The audited financial statements of the Group as at and for the year ended 31 December 2011 are available upon request from the Company’s registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

2. Significant accounting policies

The accounting policies adopted by the Group in preparing these condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2011.

During the current year under review, the Group has adopted the following new/revised standards, interpretations and amendments which are effective for annual periods beginning on and before 1 January 2012:

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
FRS 124, *Related Party Disclosures* (revised)
Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*

The adoption of the above FRS standards, interpretations and amendments does not have any material impact on the financial performance or position of the Group.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Standards, amendments and interpretations yet to be effective

The Group has not applied the following accounting 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:

- **Effective for annual periods beginning on or after 1 July 2012**
Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- **Effective for annual periods beginning on or after 1 January 2013**
FRS 10, *Consolidated Financial Statements*
FRS 11, *Joint Arrangements*
FRS 12, *Disclosure of Interests in Other Entities*
FRS 13, *Fair Value Measurement*
FRS 119, *Employee Benefits (2011)*
FRS 127, *Separate Financial Statements (2011)*
FRS 128, *Investments in Associates and Joint Ventures (2011)*
IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mining*
Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
Improvements to FRSs (2012)
Amendments to FRS 10, FRS 11 and FRS 12, *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
- **Effective for annual periods beginning on or after 1 January 2014**
Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- **Effective for annual periods beginning on or after 1 January 2015**
FRS 9, *Financial Instruments (2009)*
FRS 9, *Financial Instruments (2010)*
Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

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



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group will however not adopt any of the above FRS standards, interpretations and amendments from the financial year beginning 1 January 2014 for the reasons explained below:

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (MFRSs). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entity (hereinafter referred to as transitioning entities), may continue to apply FRSs as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities were required however, in accordance with MASB's announcement on 19 November 2011, to comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB made a further announcement to allow transitioning entities to defer the adoption of the MFRS framework for another year. Transitioning entities are now required to apply the MFRS framework for annual reporting periods beginning on or after 1 January 2014 by the latest.

In view of the foregoing, the Group plans to apply the FRS standards, amendments and interpretations that are effective for annual periods beginning on or before 1 January 2013 for the preparation of its consolidated financial statements for the financial year ending 31 December 2013, except for IC Interpretation 20 which is assessed as being currently not applicable to the Group.

The Group will migrate to the MFRS framework from the financial year beginning on 1 January 2014 and will not adopt the FRS standards, interpretations and amendments as listed in the preceding page which are effective for the annual periods beginning after 1 January 2013.

3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclicity fluctuations during the year under review.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the financial statements as at and for the year ended 31 December 2011.

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

5. Debt and equity securities

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

There was no share buy-back during the year. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2012 is 13,056,000 shares.

6. Property, plant and equipment – *acquisitions and disposals*

During the current year, the Group acquired property, plant and equipment costing about RM13.4 million (31.12.2011: RM31.4 million), satisfied in cash.

Property, plant and equipment with a carrying amount of RM654,000 (31.12.2011: RM2.7 million) were disposed of and/or written off during the quarter under review.

7. Changes in the composition of the Group

a) Increase in investment in a non-wholly owned subsidiary

On 31 January 2012, Naim Overseas Sdn. Bhd. subscribed for additional 9,998 ordinary shares of F\$1.00 each in Naim Vanua Levu (Fiji) Limited ("NVLFL"), settled in cash. NVLFL has then become a 99.99% owned subsidiary of the Group (31.12.2011: being 50% owned subsidiary). The acquisition does not have material impact to the Group as the subsidiary is presently dormant.

b) Acquisition of new subsidiaries

On 13 June 2012, Naim Capital Sdn. Bhd. (formerly known as Naim Management Sdn. Bhd) acquired the entire issued and paid-up capital of Naim Capital Housing Sdn. Bhd. (formerly known as Pioneer Paradigm Sdn. Bhd.) and Naim Capital Port Sdn. Bhd. (formerly known as Global Serijuta Sdn. Bhd.) for a total cash consideration of RM4.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group (continued)

b) Acquisition of new subsidiaries (continued)

On 30 July 2012, Naim Engineering Sdn. Bhd. (“NESB”) acquired the entire issued and paid-up capital of Bintulu Paragon Sdn. Bhd. (formerly known as Sincere Metro Sdn. Bhd.) for a cash consideration of RM2.

On 10 August 2012, Naim Land Sdn. Bhd. (“NLSB”) acquired the entire issued and paid-up capital of Harmony Faber Sdn. Bhd. for a consideration of RM2, satisfied in cash.

On 10 October 2012, NLSB subscribed for the 70% of issued and paid-up capital of Lotus Paradigm Sdn. Bhd., comprising 70 ordinary shares of RM1 each, for a cash consideration of RM70.

On 24 December 2012, NESB acquired the entire issued and paid-up capital of Unique Composite Sdn. Bhd. for a cash consideration of RM2.

The acquisition of the above subsidiaries does not have material impact to the Group as the subsidiaries have been dormant since incorporation.

c) Partial disposal of investment in an associate

In April 2012, the Company disposed of 3,000,000 ordinary shares of RM0.50 each in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total consideration of RM5,984,000 (net of transaction costs). The resultant group interest in DEHB decreased from 34.2% to 33.6% upon the disposal.

8. Loans and borrowings

				As at 31 December	
				2012	2011
				RM'000	RM'000
				Currency	
Current					
Secured	-	Finance leases	RM	2,762	2,894
	-	Term loan	RM	3,729	1,600
Unsecured	-	Term loan	USD	-	3,417
				6,491	7,911
Non-current					
Secured	-	Finance leases	RM	1,401	4,087
	-	Term loan	RM	44,243	35,000
Unsecured	-	Islamic Bonds	RM	300,000	300,000
				345,644	339,087
Total				352,135	346,998



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Earnings per ordinary 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.

	12 months ended 31 December	
	2012	2011
Profit attributable to owners of the Company (RM'000)	87,724	46,628
	-----	-----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
	-----	-----
Basic/Diluted EPS (sen)	37.02	19.68
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10. Dividends

The following dividends were declared and/or paid by the Company during the year under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	3.0	31 December 2011	16 April 2012	7,108
First interim single-tier dividend	3.0	31 December 2012	12 October 2012	7,108

				14,216
				=====

The Board has after the year end declared a second interim single-tier tax exempt dividend of 5.0 sen per ordinary share totalling RM11.847 million in respect of the financial year ended 31 December 2012, payable to shareholders on 18 April 2013. The dividend entitlement date has been fixed to be 19 March 2013.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments.

Property development - Development and construction of residential and commercial properties (including sale of vacant land).

Construction - Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil & gas related construction projects).

Others - Manufacture and sale of buildings and construction materials, hiring of equipment, provision of sand extraction and land filling services, property investment holdings as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

For decision making and resources allocation, the Group Managing Director reviews the statements of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
For the 12 months ended 31 December										
Revenue from										
external customers	228,457	117,179	223,401	259,492	40,940	35,222	-	-	492,798	411,893
Inter segment revenue	-	-	-	-	37,426	49,318	(37,426)	(49,318)	-	-
Total segment revenue	<u>228,457</u>	<u>117,179</u>	<u>223,401</u>	<u>259,492</u>	<u>78,366</u>	<u>84,540</u>	<u>(37,426)</u>	<u>(49,318)</u>	<u>492,798</u>	<u>411,893</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	44,265	14,116	19,879	599	2,241	700	(3,670)	(7,734)	62,715	7,681
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	33	158	8,096	3,921	-	-	8,129	4,079
- joint ventures	-	-	11,317	12,837	-	-	-	-	11,317	12,837
	<u>44,265</u>	<u>14,116</u>	<u>31,229</u>	<u>13,594</u>	<u>10,337</u>	<u>4,621</u>	<u>(3,670)</u>	<u>(7,734)</u>	<u>82,161</u>	<u>24,597</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expenses)/income									(3,636)	3,932
Share of results of an associate, DEHB (in oil and gas segment)									34,504	28,629
Income tax expense									(18,980)	(9,011)
Profit for the year									<u>94,049</u>	<u>48,147</u>
Other comprehensive income									9,441	863
Total comprehensive income for the year									<u>103,490</u>	<u>49,010</u>
Non-controlling interests									(6,325)	(1,519)
Total comprehensive income attributable to the owners of the Company									<u>97,165</u>	<u>47,491</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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12. Subsequent events

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

13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2012 till the date of this quarterly report.

14. Capital commitments

	As at 31 December	
	2012	2011
	RM'000	RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	<u>18,467</u>	<u>5,296</u>

15. Financial risk management

The Group's financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.



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16. Related parties

Transactions with key management personnel

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

	12 months ended 31 December	
	2012 RM'000	2011 RM'000
Directors of the Company	4,345	7,554
Other key management personnel	8,862	5,156
	13,207	12,710

Other related party transactions

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<u>Transactions with associates</u>				
Dividend income	(18,645)	(19,232)	-	-
Construction costs payable	4,876	-	(228)	(1,190)
Purchase of raw materials	629	1	(271)	-
<u>Transactions with joint venture</u>				
Construction contract revenue	(1,619)	(13,915)	(6,480)	7,434
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advisory fee	218	60	-	-
Rental income on premises	-	(33)	-	-
Rental expense on premises	18	32	-	-
	=====	=====	=====	=====



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance

The Group recorded higher revenue of RM493 million for the year under review, as compared to RM412 million reported in the financial year 2011, mainly due to higher property revenue [see Note 17.1(a) for further details]. Group profit before tax for the current year increased by 97.6% from RM57.2 million in 2011 to RM113.0 million in 2012. This was mainly due to the following:

- Higher sales of properties.
- Improvement in the margin for the construction segment, especially from the substantially completed projects.
- Improvement in the performance of associates and joint ventures.

Compared to the immediate preceding quarter of 2012, group revenue increased by 8.5% from RM133.4 million to RM144.7 million. However, the group profit before tax decreased by 35% from RM30.6 million to RM22.7 million, mainly contributed by lower profit reported from the construction division in the current quarter under review [see Note 17.1(a) for further details].

Detailed review of the performance and prospects of each operating segment (as shown in Note 11) are discussed in Section 17.1.

The income from its investments in associates and joint ventures contributed positively to the overall group profit before tax for the year under review (also see Note 17.2).

17.1 Review of performance of operating segments and current year prospects

a) *Property*

Current vs previous year review

For the year under review, the Property segment achieved revenue of RM228.5 million, 94.9% higher than the RM117.2 million achieved in the financial year 2011. This was mainly contributed by higher units of properties sold from existing properties under construction with sales value exceeding RM300 million during the year.

Current vs immediate preceding quarter review

When compared to the immediate preceding quarter, Property revenue improved by 26.9% from RM57.8 million to RM73.4 million, mainly attributed to increased sales during the current quarter. The profit of the Property segment increased from RM6.9 million in the immediate preceding quarter of 2012 to RM17.4 million in current quarter under review, mainly due to higher construction progress of the projects and increased property sales during the period.



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17.1 Review of performance of operating segments (continued)

a) *Property (continued)*

Prospects

The Group's strong sales performance in the Property segment continues to be supported by a solid market demand for its new projects located at its existing established townships in Miri which registered good take-up rates in new project launches.

In February 2013, we launched our first commercial project in Bintulu. The response of the first launch is encouraging. We expect this project to contribute positively to our group results in the next three years.

In addition, we will continue to actively seek potential opportunities to acquire strategic land banks to further strengthen the growth of the Property segment in term of sales and market share.

Despite our aggressive plans to venture, expand and diversify our product range across various market segments and geographic regions, the Board remains cautious going forward in view of uncertainties over increasing costs of materials and labour, interest rate fluctuations, competition from other local developers and lower purchasing power of property buyers partly due to stricter bank lending criteria.

b) *Construction*

Current vs previous year review

The Construction segment reported a dip in revenue to RM223 million against RM260 million achieved in the financial year 2011. However, the profit of the Construction segment improved from RM0.6 million in 2011 to RM19.9 million in 2012, mainly due to certain high-margin existing projects being substantially completed during the current year.



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17.1 Review of performance of operating segments (continued)

b) Construction (continued)

Current vs immediate preceding quarter review

Lower Construction revenue of RM58.1 million was achieved for the current quarter, compared to RM67.2 million reported in the immediate preceding quarter in 2012. The Construction segment also reported a decrease in its performance, from a profit of RM6.5 million in the immediate preceding quarter of 2012 to a profit of RM2.2 million for the current quarter under review. This was mainly due to the margin reduction for certain projects, which are substantially completed during this quarter.

Prospects

We have submitted a number of sizeable construction tenders and are optimistic that the segment will perform better in the following year.

c) Other segment

Current vs previous year review

Other segment reported a revenue of RM40.9 million for the current year, compared to RM35.2 million reported in the previous year. The Other segment showed an upwards improvement in its performance, from profit of RM0.7 million in 2011 to RM2.2 million in 2012. The improvement for the current year was mainly due to lower operational cost reported by the quarry operations.

Current vs immediate preceding quarter review

Revenue increased from RM8.4 million in the immediate preceding quarter in 2012 to RM13.1 million in the quarter ended 31 December 2012. The profit for Other segment improved from RM2.1 million reported in the immediate preceding quarter to RM2.6 million in this quarter. The improvement is mainly contributed by the quarry operation as explained above.

Prospects

For the near term, we will continue to improve the quarry and premix operations by putting various measures to market and sell all products to achieve economies of scale.

Meanwhile, we expect the property investment and trading operations to continue to contribute positively to the income of the Group.



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Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17.1 Review of performance of associates and joint ventures

- Our associate, Dayang Enterprise Holdings Berhad, performed very well in the year under review, registering a profit after tax of RM102 million, an increase of 23% over the RM83 million achieved in 2011.
- Our initial inroad into the oil and gas construction projects via an alliance contract with Samsung and Petronas in 2010 has contributed positively to the group result in the year under review.

Despite their optimism in the future prospects for the Group, the Directors are aware that the year ahead remains challenging amidst the continuing unsettled global economic climate. The Directors will continue to exercise due care to sustain and enhance the shareholder values of the Company.

18. Profit guarantee

The Group did not issue any profit guarantee.

19. Income tax expense

The Group's effective tax rate for the year under review is lower than the prima facie tax rate of 25%, mainly due to certain non-taxable income derived during the year.



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NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

20. Profit before tax

	12 months ended 31 December	
	2012	2011
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
Dividend income from quoted investment	-	(2)
(Gain)/Loss on partial disposal of:		
- associate	(2,801)	(10,005)
- subsidiaries	-	1,306
- property, plant and equipment	(122)	1,302
Interest income from fixed deposits and cash funds	(5,650)	(3,115)
Amortisation of:		
- intangible assets	680	680
- investment property	1,048	205
- prepaid lease payments	25	61
Bad debts written off	-	57
Depreciation of property, plant and equipment	16,820	10,771
Foreign exchange loss/(gain)		
- realised	933	(301)
- unrealised	1,458	(3,708)
Interest expense on loans and borrowings		11,112
Property, plant and equipment written off	479	270
Reversal of allowance for impairment losses on doubtful receivables	-	(10)

No impairment of assets, provision for and write off of inventories, gain or loss arising from disposal of quoted investments or financial derivatives or other material exceptional items are included in the profit of the Group for the year under review.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2012.

22. Status of corporate proposals

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



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NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

23. Material litigations

Update of Legal Suits

- a. In March 2005, Naim Cendera Tujuh Sdn. Bhd. (“NC7”), an indirect subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have Native Customary Rights (“NCR”) over part of NC7’s leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. The High Court has fixed the matter for trial on 25 to 28 June 2013.
- b. On 27 June 2008, Naim Cendera Lapan Sdn. Bhd. (“NC8”) was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged, Sarawak over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. At the continuation of trial on 18 to 22 February 2013, the High Court has struck out the claimants’ case against all the defendants including NC8.
- c. On 20 March 2009, Naim Land Sdn. Bhd. (“NLSB”) received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 3247, Block 11 Kuala Baram Land District, Miri Sarawak, which is within NLSB’s existing township areas of over 2,700 acres. The High Court has fixed the matter for ruling on 11 March 2013.
- d. On 26 October 2009, NLSB received a Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NLSB, 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 NLSB has been awarded a contract to design and construct the proposed Bengoh Dam. The High Court has rescheduled the trial to 1 to 5 April 2013.
- e. On 5 August 2010, Khidmat Mantap Sdn. Bhd. received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. The High Court has fixed the matter for trial on 27 to 31 May 2013.



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Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

23. Material litigations (continued)

Update of Legal Suits (continued)

- f. On 21 December 2010, NLSB received a Writ of Summons and Statement of Claim from a supplier, seeking for, *inter alia*, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials for a project. The High Court has struck out the claim with no order as to costs.

- g. On 10 January 2012, NLSB received a Writ of Summons and Statement of Claim from a contractor seeking for, *inter alia*, a refund of Liquidated Ascertained Damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. The High Court has rescheduled the trial date to 4 and 5 March 2013.



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NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

24. Breakdown of realised and unrealised profits or losses (continued)

	Unaudited For the quarter ended 31 December 2012 RM'000	Audited For the year ended 31 December 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	510,658	455,628
- unrealised	7,826	8,321
	518,484	463,949
The share of retained earnings from associates		
- realised	65,928	50,007
- unrealised	-	(746)
	65,928	49,261
The share of retained earnings from joint ventures		
- realised	18,895	14,836
	603,307	528,046
Less: Consolidation adjustments	(100,325)	(107,984)
Total group retained earnings as per consolidated accounts	502,982	420,062

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.



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Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

25. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

26. 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 27 February 2013.