



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the second quarter and six months ended 30 June 2014				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended</i>		<i>6 months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	158,107	184,861	312,159	313,765
Cost of sales	(125,859)	(176,531)	(231,976)	(268,452)
Gross profit	32,248	8,330	80,183	45,313
Other income	3,302	1,888	68,110	7,464
Selling and promotional expenses	(2,862)	(2,683)	(4,514)	(4,102)
Administration expenses	(13,469)	(14,796)	(29,614)	(27,900)
Other expenses	(7)	(162)	(7)	(162)
Results from operating activities	19,212	(7,423)	114,158	20,613
Finance income	1,357	1,431	2,917	2,963
Finance costs	(3,327)	(4,632)	(10,410)	(9,048)
Net finance costs	(1,970)	(3,201)	(7,493)	(6,085)
Share of results of equity accounted:				
- associates	18,812	15,752	31,433	38,467 *
- joint ventures	1,165	6,409	979	9,937
Profit before tax	37,219	11,537	139,077	62,932
	Note 20			
Tax expense	(8,799)	(2,283)	(14,957)	(11,777)
	Note 19			
Profit for the period	28,420	9,254	124,120	51,155
Other comprehensive (loss)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(65)	449	(143)	289
Reclassification of fair value reserve to profit or loss	-	-	-	(10,995)
Share of other comprehensive (loss)/income of an associate	(542)	-	(939)	622
Other comprehensive income for the period	(607)	449	(1,082)	(10,084)
Total comprehensive income for the period	27,813	9,703	123,038	41,071
Profit/(Loss) attributable to:				
Owners of the Company	28,763	9,084	124,578	50,244
Non-controlling interests	(343)	170	(458)	911
Profit for the period	28,420	9,254	124,120	51,155
Total comprehensive income/(loss) attributable to:				
Owners of the Company	28,156	9,533	123,496	40,160
Non-controlling interests	(343)	170	(458)	911
Total comprehensive income for the period	27,813	9,703	123,038	41,071
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note 9			
	12.14	3.83	52.58	21.21

* This included RM10,995,000 being share of the reclassification of available-for-sale fair value reserve of RM32,799,000 to profit or loss on reclassification of an available-for-sale investment as an equity accounted investment of an associate during 2013.

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2013.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
For the second quarter and six months ended 30 June 2014		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 June	31 December
	2014	2013
	RM'000	RM'000
ASSETS		
Property, plant and equipment	49,961	54,310
Prepaid lease payments	2,441	2,455
Interests in associates	275,345	274,046
Interests in joint ventures	44,927	44,768
Land held for property development	334,299	344,913
Investment property	66,695	64,770
Intangible asset	7,258	7,599
Deferred tax assets	11,935	8,348
Other investments	11	11
Total non-current assets	792,872	801,220
Inventories	31,155	28,876
Property development costs	308,044	247,060
Trade and other receivables	360,416	335,025
Deposits and prepayments	6,686	7,561
Current tax assets	10,633	13,124
Cash and bank balances	224,501	259,157
	941,435	890,803
Assets classified as held for sale	24,638	23,069
Total current assets	966,073	913,872
Total assets	1,758,945	1,715,092
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	862,120	738,535
Total equity attributable to owners of the Company	1,163,464	1,039,879
Non-controlling interests	23,718	24,200
Total equity	1,187,182	1,064,079
LIABILITIES		
Loans and borrowings	126,645	198,245
Deferred tax liabilities	37,375	41,117
Total non-current liabilities	164,020	239,362
Loans and borrowings	163,745	154,299
Trade and other payables	223,881	245,636
Current tax payable	14,511	8,676
	402,137	408,611
Liabilities classified as held for sale	5,606	3,040
Total current liabilities	407,743	411,651
Total liabilities	571,763	651,013
Total equity and liabilities	1,758,945	1,715,092
Net assets per ordinary share attributable to owners of the Company (RM)	4.65	4.16

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2013.



QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2014

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2014

For the second quarter and six months ended 30 June 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the second quarter and six months ended 30 June 2014

(The figures have not been audited)

	Note	Total equity attributable to owners of the Company										
		Non Distributable						Distributable		Sub-total RM' 000	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	Other reserve RM'000	Retained earnings RM' 000			
For the 6 months ended 30 June 2013 (Unaudited)												
At 1 January 2013		250,000	86,092	25,756	116	10,373	(34,748)	-	494,374	831,963	21,658	853,621
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	289	-	-	-	-	289	-	289
<i>Reclassification of fair value reserve to profit or loss</i>		-	-	-	-	(10,995)	-	-	-	(10,995)	-	(10,995)
<i>Share of other comprehensive income of an associate</i>		-	-	-	-	622	-	-	-	622	-	622
Total other comprehensive income for the period		-	-	-	289	(10,373)	-	-	-	(10,084)	-	(10,084)
Profit for the period		-	-	-	-	-	-	-	50,244	50,244	911	51,155
Total comprehensive income for the period		-	-	-	289	(10,373)	-	-	50,244	40,160	911	41,071
Total distributions to owners		-	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
- Dividends to owners of the Company		-	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
At 30 June 2013		250,000	86,092	25,756	405	-	(34,748)	-	532,771	860,276	22,569	882,845
For the 6 months ended 30 June 2014 (Unaudited)												
At 1 January 2014		250,000	86,092	26,283	1,074	-	(34,748)	34	711,144	1,039,879	24,200	1,064,079
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(143)	-	-	-	-	(143)	-	(143)
<i>Share of other comprehensive (loss)/income of an associate</i>		-	-	-	(952)	-	-	13	-	(939)	-	(939)
Total other comprehensive income for the period		-	-	-	(1,095)	-	-	13	-	(1,082)	-	(1,082)
Profit for the period		-	-	-	-	-	-	-	124,578	124,578	(458)	124,120
Total comprehensive income for the period		-	-	-	(1,095)	-	-	13	124,578	123,496	(458)	123,038
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	124	124	(24)	100
Share of bonus issue expense by an associate		-	-	(35)	-	-	-	-	-	(35)	-	(35)
At 30 June 2014		250,000	86,092	26,248	(21)	-	(34,748)	47	835,846	1,163,464	23,718	1,187,182

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2013.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and six months ended 30 June 2014

(The figures have not been audited)

	Unaudited 30 June 2014 RM'000	Unaudited 30 June 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	139,077	62,932
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	340	340
- investment property	639	815
- prepaid lease payments	14	13
Depreciation of property, plant and equipment	6,667	6,139
Finance income	(2,917)	(2,963)
Finance costs	10,410	9,048
Gain on disposal of:		
- property, plant and equipment	(1,065)	(99)
- associate	(61,692)	-
Property, plant and equipment written off	8	15
Share of results of equity accounted:		
- associates	(31,433)	(38,467)
- joint ventures	(979)	(9,937)
Unrealised foreign exchange (gain)/loss	(362)	3,638
Operating profit before changes in working capital	58,707	31,474
Changes in working capital :		
Inventories	(2,277)	2,678
Property development costs	(50,645)	(439)
Trade and other receivables, deposits and prepayments	(22,524)	(36,452)
Trade and other payables	(8,956)	49,058
Cash (used in)/generated from operations	(25,695)	46,319
Net income taxes paid	(14,041)	(4,090)
Net cash (used in)/from operating activities	(39,736)	42,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(4,873)	(10,492)
- investment property	(2,564)	(7,225)
- associate	-	(3,423)
Proceeds from disposal of :		
- property, plant and equipment	2,755	1,192
- an associate	82,072	-
Decrease/(Increase) in deposits pledged to licensed banks	419	(135)
Increase in investment in existing associate	-	(200)
Distribution of profit received from joint ventures	1,174	-
Dividends received from associates	8,922	9,731
Interest received	2,146	2,721
Net cash from/(used in) investing activities	90,051	(7,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from other loans and borrowings	237,869	6,666
Repayment of finance lease liabilities	(58)	(2,042)
Repayment of Islamic Bond	(300,000)	-
Proceeds from issuance of shares to non-controlling interest	100	-
Dividends paid to:		
- owners of the Company	(7,108)	(11,847)
- non-controlling interests	-	-
Interest paid	(13,497)	(8,496)
Net cash used in financing activities	(82,694)	(15,719)
Net (decrease)/increase in cash and cash equivalents	(32,379)	18,679
Effects of exchange rate changes on cash and cash equivalents	(31)	24
Cash and cash equivalents at beginning of period	258,850	208,993
CASH AND CASH EQUIVALENTS AT END OF PERIOD	226,440	227,696
Representing by:		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	140,651	161,766
Short term cash funds	10,000	20,000
Cash in hand and at banks	75,789	45,930
Total cash and cash equivalents as shown in statement of cash flows	226,440	227,696

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2013.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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 2014 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 period 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 2013. 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 2013.

The audited financial statements of the Group as at and for the year ended 31 December 2013 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 2013.

During the current period 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 2014:

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*

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

2.1 Standards, amendments and interpretations yet to be effective

The Group has not applied the following new/revised accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are neither yet effective nor early adopted by the Group:

- **Effective for annual periods beginning on or after 1 July 2014**
 - Amendment to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
 - Amendment to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
 - Amendment to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
 - Amendment to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
 - Amendment to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
 - Amendments to FRS 119 (2011), *Employee Benefits – Defined Benefit Plans: Employee Contributions*
 - Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
 - Amendment to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
 - Amendment to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*
- **Effective for annual periods beginning on or after 1 January 2016**
 - Amendments to FRS 116, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*
 - Amendments to FRS 138, *Intangible Asset – Clarification of Acceptable Methods of Amortisation*
 - FRS 14, *Regulatory Deferral Accounts*
 - Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- **Effective for a date yet to be determined**
 - FRS 9, *Financial Instruments (2009)*
 - FRS 9, *Financial Instruments (2010)*
 - FRS 9, *Financial Instruments – Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*
 - Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*



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QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Given that certain group entities are transitioning entities (being entities subject to the application of IC15, *Agreements for the Construction of Real Estates* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities), the Group is exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) until further notice. The financial statements of the Group for the year ending 31 December 2014 and thereafter will continue to be prepared in compliance with FRS until the adoption of MFRS is mandated by the MASB for the transitioning entities.

The adoption of the amendments to FRS standards which are effective for annual periods beginning on or after 1 January 2015 is not expected to have a material impact on the financial statements of the Group.

3. Seasonality or cyclicity of operations

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

4. Estimates

The preparation of these condensed consolidated 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.

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 2013.

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

5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current period 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 30 June 2014 is 13,056,000 shares.

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

During the current period, the Group acquired property, plant and equipment costing about RM4.9 million (30.06.2013: RM10.5 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM1.7 million (30.06.2013: RM1.1 million) were disposed of and/or written off during the period under review.



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QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group

a) *Decrease in investment in an existing associate*

In January 2014, the Company disposed approximately 2.7% of its equity interest in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total cash consideration of RM82,072,000 (net of transaction costs). Upon the partial disposal, the resultant equity interest in DEHB has decreased from 33.63% to 30.93%. The Group recognised a gain of RM61,692,000 from the partial disposal (see Note 20).

b) *Disposal of a subsidiary*

Following the Group’s commitment to a plan to sell Total Reliability Sdn. Bhd. (“TRSB”) towards end of 2013, on 21 January 2014, a direct subsidiary, Naim Land Sdn. Bhd. (“NLSB”) then entered into a share sale agreement with one of non-controlling shareholders of TRSB to dispose of its entire 51% equity interest held in TRSB for a consideration of RM6,503,000.

The assets and liabilities of TRSB were classified as held for sale in the statement of financial position as at 30 June 2014 and 31 December 2013. The disposal is completed in July 2014 and thereafter TRSB has ceased to be subsidiary of the Group.

c) *Additional investments arising from new shares issued by existing subsidiaries*

On 17 January 2014, Naim Capital Sdn. Bhd., a direct subsidiary of Naim Engineering Sdn. Bhd. (“NESB”) subscribed for additional 999,998 ordinary shares of RM1.00 each in Naim Capital Port Sdn. Bhd. (“NCPSB”), settled in cash. The subscription did not have any impact to the Group as there was no change in the group equity interest in NCPSB.

At the same time, Unique Composite Sdn. Bhd. (“UCSB”) which was previously a 100% owned subsidiary, issued 499,998 new ordinary shares to NESB and third parties, where 399,998 shares of RM1.00 each was subscribed by NESB in cash. The resultant equity interests held by NESB in UCSB decreased from 100% to 80%. As a consequence, the Group recognised an increase in non-controlling interests of RM124,000.

d) *Acquisition of new subsidiaries*

On 17 April 2014 and 6 May 2014, a direct subsidiary, Naim Land Sdn. Bhd. subscribed for the entire interest of Exclusive Paragon Sdn. Bhd. and Bina Hartamas Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each respectively, for a cash consideration of RM2 respectively. The acquisition of the subsidiaries has no material impact on the results of the Group due to dormancy.



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QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

	30 June 2014 RM'000	31 December 2013 RM'000
Non-current		
Secured - Term loans	126,645	48,245
Unsecured - Islamic Bonds	-	150,000
	126,645	198,245
Current		
Secured - Finance leases	13	37
- Term loans	3,732	4,262
Unsecured - Islamic Bonds	-	150,000
- Revolving credit	160,000	-
	163,745	154,299
Total	290,390	352,544
	290,390	352,544

On 31 March 2014, the Company redeemed its outstanding Islamic Bonds (including coupon expense accrued thereon) amounting to RM153,477,000 in full prior to the respective maturity dates (which were to be due in 2016 and 2021) and subsequently cancelled the Islamic Securities Programmes.

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 calculated as follows:

	6 months ended 30 June	
	2014	2013
Profit attributable to owners of the Company(RM'000)	124,578	50,244
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	52.58	21.21



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QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Dividend

The following dividend was paid by the Company during the current period under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Final interim single-tier dividend	3.0	31 December 2013	8 January 2014	7,108 =====

11. Operating segments

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

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

- Property development - Development and construction of residential and commercial properties (including sale of vacant land).
- Construction - Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
- Others - Manufacture and sale of buildings and construction materials 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.

Segment assets and liabilities

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

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QUARTERLY REPORT – FOR THE SECOND QUARTER ENDED 30 JUNE 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
For the 6months ended 30 June										
Revenue from										
external customers	127,917	148,431	164,302	143,130	19,940	22,204	-	-	312,159	313,765
Inter segment revenue	-	-	-	-	32,876	35,045	(32,876)	(35,045)	-	-
Total segment revenue	<u>127,917</u>	<u>148,431</u>	<u>164,302</u>	<u>143,130</u>	<u>52,816</u>	<u>57,249</u>	<u>(32,876)</u>	<u>(35,045)</u>	<u>312,159</u>	<u>313,765</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	35,387	37,441	8,879	(25,567)	348	1,997	(2,520)	(2,985)	42,094	10,886
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	3,679	6,406	35	881	-	-	3,714	7,287
- joint ventures	-	-	979	9,937	-	-	-	-	979	9,937
	<u>35,387</u>	<u>37,441</u>	<u>13,537</u>	<u>(9,224)</u>	<u>383</u>	<u>2,878</u>	<u>(2,520)</u>	<u>(2,985)</u>	<u>46,787</u>	<u>28,110</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income									2,879	3,642
Gain on disposal of partial interests in an associate									61,692	-
Share of results of an associate, DEHB (in oil and gas segment)									27,719	31,180
Tax expense									(14,957)	(11,777)
Profit for the period									<u>124,120</u>	<u>51,155</u>
Other comprehensive loss, net of tax									(1,082)	(10,084)
Total comprehensive income for the period									<u>123,038</u>	<u>41,071</u>
Non-controlling interests									458	(911)
Total comprehensive income attributable to the owners of the Company									<u>123,496</u>	<u>40,160</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2013 till the date of this quarterly report.

14. Capital commitments

	30 June 2014	31 December 2013
	RM'000	RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	17,224	19,098
	=====	=====

15. Financial risk management

The Group's financial risk management objectives, policies and processes and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.



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16. 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	
	2014 RM'000	2013 RM'000
Directors of the Company	3,916	4,729
Other key management personnel	2,842	2,832
	6,758	7,561

Other related party transactions

	Transaction value 6months ended 30 June		Balance outstanding as at 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Transactions with associates</u>				
Construction contract cost	3,618	-	(3,914)	-
Dividend income receivable	(8,922)	(9,731)	-	-
Purchase of construction materials	5,185	1,728	(568)	(391)
Rental expense on machinery	5,720	2,195	(232)	(624)
	=====	=====	=====	=====



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

17. Review of Group performance

The Group recorded revenue of RM312 million for the six months period under review, as compared to RM314 million reported in the corresponding period of 2013. The revenue remained strong, mainly contributed by the Construction segment on account of higher progress of construction works of existing projects, especially from those contracts secured in 2013. [see Note 17.1 for further details].

At the same time, a commendable profit before tax of RM139.1 million was achieved for the current six months period, which was 121% higher when compared against profit of RM62.9 million in the corresponding period of 2013. This was mainly contributed by a substantial gain of RM61.7 million arising from the disposal of partial interests in an associate during the period. Improvement in our main business segments, i.e. Property and Construction divisions, also led to the increase in the overall group profit for the period.

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

17.1 Review of performance of operating segments and current year prospects

a) Property

*Current 6-month vs
Corresponding
preceding 6-month
review
(June 2014 vs June
2013)*

For the current period under review, the Property segment achieved revenue of RM127.9 million, 14% lower than the RM148.4 million achieved in the same period of 2013. The Property segment also reported lower profit, from RM37.4 million in June 2013 to RM35.4 million in June 2014. The drops in the Property revenue and profit were partly attributed to the lower sales achieved during the period as well as declining contributions from substantially completed housing projects.

*Current 3-month vs
Immediate preceding 3-
month review
(June 2014 vs March
2014)*

Compared to the immediate preceding period, Property revenue decreased by 22% from RM70.2 million to RM57.7 million and at the same time, its profit also declined from RM26.5 million to RM8.9 million. The decrease was mainly due to lower contributions from substantially completed projects.



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

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

a) *Property (continued)*

Prospects



*Bandar Baru Permyjaya –
Steady contributor to
Naim*



*Proposed Bintulu
Paragon – future
contributor to Naim*



*Proposed Kuching
Paragon – future
contributor to Naim*

Various initiatives/asures have been undertaken by the government since 2013 to curb property speculation and to regularise the property prices, including an increase of Real Property Gain Tax (RPGT) of up to 30% and the removal of various interest capitalisation scheme (e.g. Developers Interest Bearing Scheme) on property sales. With the introduction of GST of 6% in April 2015, it will likely raise property costs.

Our sales performance continues to be sustained by solid market support in our existing established townships located in Miri which registered strong take-up rates. However, we expect slower take-up rates in the newly launched products comprising high rise condominium and high end commercial units in Kuching and Bintulu. Aggressive marketing, competitive pricing and attractive product packages are put in place to improve the take-up rates. We believe, with the demand from the SCORE projects, the continued growth in the current property market in Sarawak would help to sustain demand for these properties.

We remain cautious going forward, in view of the mixed outlook of property market in Sarawak for the year ahead. Product planning and pricing as well as tightening of costs control strategies are amongst the key measurements to be implemented in order to sustain the performance in our Property segment.



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

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction

*Current 6-month vs
Corresponding
preceding 6-month
review
(June 2014 vs June
2013)*



LNG Train 9 with JGC



MRT projects

*Current 3-month vs
Immediate preceding
3-month review (June
2014 vs March 2014)*

The Construction segment recorded higher revenue of RM164.3 million against RM143.1 million achieved in the same period in 2013. The segment showed an improvement in its performance, from loss of RM25.6 million in six-month period of 2013 to profit of RM8.9 million in the corresponding period of 2014. The increase was mainly due to higher progress of construction works from existing projects, especially from those contracts secured in 2013.

As for the current three months period, higher Construction revenue of RM88.7 million was achieved, representing an increase of 17% from RM75.7 million achieved in the immediate preceding period. However, the Construction segment reported a drop in its result, from RM6.0 million in immediate preceding period to RM2.9 million in current period, mainly due to revision in profit margin of some substantially completed projects.



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

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

b) *Construction (continued)*

Prospects

Various proactive efforts and measures have been put in place to tighten cost and improve efficiency to closely monitor operational costs and improve construction margin. This is to ensure that the progress of projects is under close monitoring and on schedule while sustaining the profitability of projects, in view of the rising construction costs.

A number of sizeable construction tenders has been submitted and we are cautiously optimistic to secure some to replenish our order book which currently stands above RM1 billion.

c) *Other segment*

Current 6-month vs Corresponding preceding 6-month review (June 2014 vs June 2013)

Other segment recorded lower revenue of RM19.9 million in the current period against RM22.2 million in the same period of 2013. The profit of Other segment has also decreased from RM2.0 million in the corresponding period of 2013 against RM0.3 million in the current period of 2014. The decrease is mainly attributable to our quarry and premix operations in Malaysia and Fiji which reported lower sales and were running below capacity.

Current 3-month vs Immediate preceding 3-month review (June 2014 vs March 2014)

Other segment attained an increase in revenue from RM8.2 million in the immediate preceding period to RM11.8 million in the current period. Concurrently, the Other segment improved from a gross loss of RM1.4 million in March 2014 to a modest profit of RM0.3 million in the current period. The improvement was mainly due to higher trading sales achieved with improved margin.



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

17. Review of Group performance (continued)

17.1 Review of performance of operating segments and current year prospects (continued)

c) *Other segment* (continued)

Prospects



*Permy Mall, Miri –
recurring income*

For the near term, we will continue to improve the quarry and pre-mix operations by putting various measures to market and sell the products to achieve economies of scale and improve their performance. This includes possible plans to divest non-performing business including plant and machineries in Fiji in order to realise some funds and to reduce further losses.

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



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18. Profit guarantee

The Group did not issue any profit guarantee.

19. Tax expense

	6months ended 30 June	
	2014 RM'000	2013 RM'000
Current tax expense		
Malaysian - current period	22,286	9,627
- prior years	-	-
	22,286	9,627
Deferred tax (income)/expense		
Malaysian - current period	(6,291)	2,150
- prior years	(1,038)	-
	(7,329)	2,150
Total tax expense recognised in statements of profit or loss and other comprehensive income	14,957	11,777
Share of tax of associates and joint ventures	6,868	12,083
Pro-forma group tax expense	21,825	23,860
Profit excluding tax	139,077	62,932
Add: Share of tax of associates and joint ventures	6,868	12,083
	145,945	75,015
Effective tax rate (%)	15.0	31.8

The Group's effective tax rate for the current period under review is lower than the prima facie tax rate of 25%, mainly due to the effect of deferred tax assets not recognised for certain loss-making subsidiaries as well as substantial capital gain arising from disposal of partial interests in an associate.



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20. Profit before tax

**6months ended
30 June**
2014 2013
RM'000 RM'000

Profit before tax is arrived at after (crediting)/charging:

Gain on disposal of:		
- property, plant and equipment	(1,065)	(99)
- associate	(61,692)	-
Interest income from fixed deposits and cash funds	(2,501)	(2,606)
Amortisation of:		
- intangible assets	340	340
- investment property	639	815
- prepaid lease payments	14	13
Depreciation of property, plant and equipment	6,667	6,139
Unrealised foreign exchange (gain)/loss	(362)	3,638
Interest expense on loans and borrowings	9,542	8,428
Property, plant and equipment written off	8	15

Save as disclosed, there were neither impairment of assets, provision for and write-off of inventories, gain or loss arising from disposal of financial derivatives or other exceptional items for the period under review.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 June 2014.

22. Status of corporate proposals

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

23. Material litigations

Update of Legal Suits

- a. On 26 October 2009, Naim Land Sdn. Bhd. (“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 Native Customary Rights over an area over which NLSB has been awarded a contract to design and construct Bengoh Dam. On 19 May 2014, the Plaintiffs withdrew the action against NLSB and the High Court held that there shall be no order as to costs nor any liberty to file afresh.



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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)

b. 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 and 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. Full trial has been completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB is currently appealing against the High Court's decision. To date, no appeal date has yet been fixed.

24. Breakdown of realised and unrealised profits or losses

	6 months ended 30 June	
	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	862,675	545,190
- unrealised	11,696	79
	874,371	545,269
The share of retained earnings (realised) from:		
- associates	124,927	88,093
- joint ventures	45,538	4,417
	1,044,836	657,779
Less: Consolidation adjustments	(208,990)	(125,008)
Total group retained earnings as stated in consolidated statement of changes in equity	835,846	532,771
	=====	=====

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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25. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 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 21 August 2014.