



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the third quarter and nine months ended 30 September 2014

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	157,702	192,094	469,861	505,859
Cost of sales	(122,747)	(166,505)	(354,723)	(434,957)
Gross profit	34,955	25,589	115,138	70,902
Other income	6,623	4,052	74,733	11,516
Selling and promotional expenses	(3,673)	(1,512)	(8,187)	(5,614)
Administration expenses	(11,294)	(17,057)	(40,908)	(44,957)
Other expenses	-	(236)	(7)	(398)
Results from operating activities	26,611	10,836	140,769	31,449
Finance income	2,042	1,504	4,959	4,467
Finance costs	(3,759)	(4,528)	(14,169)	(13,576)
Net finance costs	(1,717)	(3,024)	(9,210)	(9,109)
Share of results of equity accounted:				
- associates	19,607	11,491	51,040	49,958 *
- joint ventures	3,772	5,194	4,751	15,131
Profit before tax	48,273	24,497	187,350	87,429
	Note 20			
Tax expense	(8,882)	(5,030)	(23,839)	(16,807)
	Note 19			
Profit for the period	39,391	19,467	163,511	70,622
Other comprehensive (loss)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	660	(481)	517	(192)
Reclassification of fair value reserve to profit or loss	-	(10,995)	-	(10,995)
Share of other comprehensive (loss)/income of an associate	774	1,412	(165)	2,034
Other comprehensive income for the period	1,434	(10,064)	352	(9,153)
Total comprehensive income for the period	40,825	9,403	163,863	61,469
Profit/(Loss) attributable to:				
Owners of the Company	39,279	18,866	163,857	69,110
Non-controlling interests	112	601	(346)	1,512
Profit for the period	39,391	19,467	163,511	70,622
Total comprehensive income/(loss) attributable to:				
Owners of the Company	40,713	8,802	164,209	59,957
Non-controlling interests	112	601	(346)	1,512
Total comprehensive income for the period	40,825	9,403	163,863	61,469
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note 9			
	16.58	7.96	69.15	29.17

* 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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
For the third quarter and nine months ended 30 September 2014		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 September	31 December
	2014	2013
	RM'000	RM'000
ASSETS		
Property, plant and equipment	46,928	54,310
Prepaid lease payments	2,434	2,455
Interests in associates	284,905	274,046
Interests in joint ventures	19,906	44,768
Land held for property development	334,299	344,913
Investment property	66,049	64,770
Intangible asset	7,088	7,599
Deferred tax assets	12,157	8,348
Other investments	2,974	11
Total non-current assets	776,740	801,220
Inventories	31,342	28,876
Property development costs	364,531	247,060
Trade and other receivables	382,457	335,025
Deposits and prepayments	6,807	7,561
Current tax assets	8,313	13,124
Cash and bank balances	175,803	259,157
	969,253	890,803
Assets classified as held for sale	-	23,069
Total current assets	969,253	913,872
Total assets	1,745,993	1,715,092
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	902,833	738,535
Total equity attributable to owners of the Company	1,204,177	1,039,879
Non-controlling interests	13,092	24,200
Total equity	1,217,269	1,064,079
LIABILITIES		
Loans and borrowings	125,845	198,245
Deferred tax liabilities	36,986	41,117
Total non-current liabilities	162,831	239,362
Loans and borrowings	123,466	154,299
Trade and other payables	231,679	245,636
Current tax payable	10,748	8,676
	365,893	408,611
Liabilities classified as held for sale	-	3,040
Total current liabilities	365,893	411,651
Total liabilities	528,724	651,013
Total equity and liabilities	1,745,993	1,715,092
Net assets per ordinary share attributable to owners of the Company (RM)	4.82	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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the third quarter and nine months ended 30 September 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 9 months ended 30 September 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>		-	-	-	(192)	-	-	-	-	(192)	-	(192)
<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>		-	-	-	-	2,034	-	-	-	2,034	-	2,034
Total other comprehensive income for the period		-	-	-	(192)	(8,961)	-	-	-	(9,153)	-	(9,153)
Profit for the period		-	-	-	-	-	-	-	69,110	69,110	1,512	70,622
Total comprehensive income for the period		-	-	-	(192)	(8,961)	-	-	69,110	59,957	1,512	61,469
Total distributions to owners		-	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
- Dividends to owners of the Company		-	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
At 30 September 2013		250,000	86,092	25,756	(76)	1,412	(34,748)	-	551,637	880,073	23,170	903,243
For the 9 months ended 30 September 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>		-	-	-	517	-	-	-	-	517	-	517
<i>Share of other comprehensive (loss)/income of an associate</i>		-	-	-	(185)	-	-	20	-	(165)	-	(165)
Total other comprehensive income for the period		-	-	-	332	-	-	20	-	352	-	352
Profit for the period		-	-	-	-	-	-	-	163,857	163,857	(346)	163,511
Total comprehensive income for the period		-	-	-	332	-	-	20	163,857	164,209	(346)	163,863
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	124	124	(24)	100
Share of bonus issue expense by an associate		-	-	(35)	-	-	-	-	-	(35)	-	(35)
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	(10,738)	(10,738)
At 30 September 2014		250,000	86,092	26,248	1,406	-	(34,748)	54	875,125	1,204,177	13,092	1,217,269

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

For the third quarter and nine months ended 30 September 2014

(The figures have not been audited)

	Unaudited 30 September 2014 RM'000	Unaudited 30 September 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	187,350	87,429
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	510	510
- investment property	1,286	1,199
- prepaid lease payments	21	21
Depreciation of property, plant and equipment	9,145	9,195
Dividend income	-	(2)
Finance income	(4,959)	(4,467)
Finance costs	14,169	13,576
(Gain)/Loss on disposal of:		
- property, plant and equipment	(2,685)	(363)
- other investment	-	(21)
- associate	(61,682)	-
- subsidiary	672	-
Property, plant and equipment written off	68	18
Share of results of equity accounted:		
- associates	(51,040)	(49,958)
- joint ventures	(4,751)	(15,131)
Unrealised foreign exchange loss	1,822	298
Operating profit before changes in working capital	89,926	42,304
Changes in working capital :		
Inventories	(2,466)	961
Property development costs	(107,526)	(13,152)
Trade and other receivables, deposits and prepayments	(43,733)	(17,821)
Trade and other payables	(1,466)	28,504
Cash (used in)/generated from operations	(65,265)	40,796
Net income taxes paid	(26,239)	(11,075)
Net cash (used in)/from operating activities	(91,504)	29,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(7,033)	(10,100)
- investment property	(2,564)	(6,582)
- associate	-	(6,466)
Proceeds from disposal of :		
- property, plant and equipment	5,939	3,346
- other investment	-	55
- an associate	82,072	-
- subsidiary	6,503	-
Decrease/(Increase) in deposits pledged to licensed banks	420	(156)
Increase in investment in existing associate	-	(200)
Distribution of profit received from joint ventures	31,199	-
Dividends received from associates	17,845	9,604
Interest received	3,527	4,156
Net cash from/(used in) investing activities	137,908	(6,343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from other loans and borrowings	196,803	5,601
Repayment of finance lease liabilities	(7)	(3,492)
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	(17,689)	(16,283)
Net cash used in financing activities	(127,901)	(26,021)
Net decrease in cash and cash equivalents	(81,497)	(2,643)
Effects of exchange rate changes on cash and cash equivalents	(31)	(8)
Cash and cash equivalents at beginning of period	258,850	208,993
CASH AND CASH EQUIVALENTS AT END OF PERIOD	177,322	206,342
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	97,722	137,638
Short term cash funds	10,000	20,000
Cash in hand and at banks	69,600	48,704
Total cash and cash equivalents as shown in statement of cash flows	177,322	206,342

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 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*



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QUARTERLY REPORT – FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 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 and amendments 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 Improvement to FRSs 2010-2012 Cycle)*
 - Amendment to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
 - Amendment to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
 - Amendment to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
 - Amendment to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
 - Amendments to FRS 119 (2011), *Employee Benefits – Defined Benefit Plans: Employee Contributions*
 - Amendments to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
 - Amendment to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
 - Amendment to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*
- **Effective for annual periods beginning on or after 1 January 2016**
 - Amendment to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)*
 - Amendment to FRS 7, *Financial Instruments: Disclosure (Annual Improvements to FRSs 2012-2014 Cycle)*
 - Amendments to FRS 10 and FRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 - Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
 - FRS 14, *Regulatory Deferral Accounts*
 - 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*



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- **Effective for annual periods beginning on or after 1 January 2016 (continued)**
Amendments to FRS 116, *Property, Plant and Equipment*
Amendment to FRS 119, *Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)*
Amendments to FRS 127, *Equity Method in Separate Financial Statements*
Amendment to FRS 134, *Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)*
- **Effective for annual periods beginning on or after 1 January 2017**
MFRS 15, Revenue from Contracts with Customers
- **Effective for annual periods beginning on or after 1 January 2018**
MFRS 9, Financial Instruments (2014)
Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*

Given that certain group entities are transitioning entities (being entities subject to the application of IC 15, *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 currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) Framework until 1 January 2017 as mandated by MASB.

As a result, the Group (including the transitioning entities) will continue to apply FRS as their financial reporting framework so to prepare their financial statements for annual periods ending 31 December 2014 until 31 December 2016. Accordingly, the Group plans to apply for the annual period beginning on 1 January 2015 those FRSs and amendments that are effective for annual periods beginning on and before 1 January 2017. The Group is currently assessing the financial impacts that may arise from migrating to MFRS that affects retrospectively from annual periods beginning on 1 January 2017, especially on the adoption of MFRS 15.

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.



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QUARTERLY REPORT – FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 period under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 30 September 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 RM7.0 million (30.09.2013: RM10.1 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM3.3 million (30.09.2013: RM3.0 million) were disposed of and/or written off during the period under review.

7. Changes in the composition of the Group

a) *Disposal of equity interest in an existing associate*

In January 2014, the Company disposed approximately 2.73% of its equity interest in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total cash consideration of about RM82.1 million (net of transaction costs). Upon the disposal, the resultant equity interest in DEHB decreased from 33.63% to 30.90%. The Group recognised a gain of about RM61.7 million upon the disposal.

b) *Disposal of a subsidiary/associate*

Following the Group’s commitment to a plan to sell Total Reliability Sdn. Bhd. (“TRSB”) towards end of year 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 RM6.5 million. The disposal was completed in July 2014 and thereafter TRSB was ceased to be the subsidiary of the Group. Upon the disposal, the Group recognised a loss of RM0.7 million and a decrease in non-controlling interest of RM10.7 million.

In conjunction with the disposal of TRSB, the remaining group interest in an indirect associate, TR Concrete Sdn. Bhd. (previously held through TRSB and NLSB) has then been reclassified as available-for-sale (AFS) investment and remeasured to its fair value.



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QUARTERLY REPORT – FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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*

The Group subscribed the entire interest of the following subsidiaries, for total cash consideration of RM8.

<i>Date of Acquisition</i>	<i>Company Name</i>	<i>Total consideration RM</i>
17 April 2014	Exclusive Paragon Sdn. Bhd.	2
7 May 2014	Bina Hartamas Sdn. Bhd.	2
18 September 2014	Platinum Amber Sdn. Bhd.	2
30 September 2014	Solid Greenland Sdn. Bhd.	2
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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 THIRD QUARTER ENDED 30 SEPTEMBER 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

	30 September 2014	31 December 2013
	RM'000	RM'000
Non-current		
Secured - Term loans	125,845	48,245
Unsecured - Islamic Bonds	-	150,000
	125,845	198,245
Current		
Unsecured - Revolving credit	120,000	-
Secured - Term loans	3,465	4,262
Secured - Finance leases	1	37
Unsecured - Islamic Bonds	-	150,000
	123,466	154,299
Total	249,311	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:

	9 months ended	
	30 September	
	2014	2013
Profit attributable to owners of the Company (RM'000)	163,857	69,110
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	69.15	29.17



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QUARTERLY REPORT – FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Dividend

The following dividend was paid by the Company during the nine months 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 =====

No dividend was declared and/or paid during the current quarter.

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 instead of a summary of consolidated assets and liabilities segments. As such, information on segment assets and segment liabilities is not presented.



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QUARTERLY REPORT – FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 9 months ended 30 September										
Revenue from										
external customers	178,558	208,074	257,966	264,687	33,337	33,098	-	-	469,861	505,859
Inter segment revenue	-	-	-	-	47,588	58,668	(47,588)	(58,668)	-	-
Total segment revenue	<u>178,558</u>	<u>208,074</u>	<u>257,966</u>	<u>264,687</u>	<u>80,925</u>	<u>91,766</u>	<u>(47,588)</u>	<u>(58,668)</u>	<u>469,861</u>	<u>505,859</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	55,256	54,874	12,312	(28,343)	(1,404)	462	725	(5,879)	66,889	21,114
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	5,359	-	35	8,029	-	-	5,394	8,029
- joint ventures	-	-	4,751	15,131	-	-	-	-	4,751	15,131
	<u>55,256</u>	<u>54,874</u>	<u>22,422</u>	<u>(13,212)</u>	<u>(1,369)</u>	<u>8,491</u>	<u>725</u>	<u>(5,879)</u>	<u>77,034</u>	<u>44,274</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income									2,988	1,226
Gain on disposal of interests in an associate									61,682	-
Share of results of an associate, DEHB (in oil and gas segment)									45,646	41,929
Tax expense									(23,839)	(16,807)
Profit for the period									<u>163,511</u>	<u>70,622</u>
Other comprehensive profit/(loss), net of tax									352	(9,153)
Total comprehensive income for the period									<u>163,863</u>	<u>61,469</u>
Non-controlling interests									346	(1,512)
Total comprehensive income attributable to the owners of the Company									<u>164,209</u>	<u>59,957</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

- (a) In October 2014, Dayang Enterprise Holdings Bhd. (“DEHB”) effected a special issue of 52,100,000 new ordinary shares of RM0.50 via a private placement to certain eligible investor for cash consideration of about RM26 million. The resultant shareholding in DEHB had decreased from 30.90% to 29.06%, following the private placement by DEHB.
- (b) On 7 November 2014, a direct subsidiary, Naim Land Sdn. Bhd. subscribed for the entire equity interest of Vista Megalink Sdn. Bhd. (a newly incorporated company), comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2. The effect of the acquisition on the Group’s assets and liabilities has no material impact due to dormancy.

Saved as disclosed, 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 September 2014	31 December 2013
	RM’000	RM’000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	3,300	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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Related parties

Transactions with key management personnel

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

	9 months ended 30 September	
	2014 RM'000	2013 RM'000
Directors of the Company	6,766	7,820
Other key management personnel	4,522	2,159
	11,288	9,979

Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Transactions with associates</u>				
Construction contract cost	11,829	11,472	(6,087)	(3,196)
Dividend income receivable	(17,845)	(18,495)	-	-
Purchase of construction raw materials	5,742	3,386	-	(550)
Rental expense on machinery	6,611	4,238	(261)	(5)
	=====	=====	=====	=====



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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 RM469.9 million for the nine months period under review, as compared to RM505.9 million reported in the corresponding period of 2013. Lower revenue was mainly contributed by lower sales achieved during the period as well as declining contributions from substantially completed housing and construction projects [see Note 17.1 for further details].

At the same time, a commendable profit before tax of RM187.4 million was achieved for the current nine months period, which was 114% higher when compared against profit of RM87.4 million in the corresponding period of 2013. This was mainly contributed by a substantial gain of RM61.7 million arising from the partial disposal of interests in an associate during the period (see Note 7(a) for details). At the same time, improvement in the Construction division 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 9-month vs
Corresponding
preceding 9-month
review
(September 2014 vs
September 2013)*

For the current period under review, the Property segment achieved revenue of RM178.6 million, 14% lower than the RM208.1 million achieved in the same period of 2013. The drop was due to lower contributions from substantially completed projects. Nevertheless, the Property segment showed a slight improvement in its profit, from RM54.9 million in September 2013 to RM55.3 million in September 2014.

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

Compared to the immediate preceding period, Property revenue decreased by 12% from RM57.7 million to RM50.6 million. However, the Property segment profit had improved from RM8.9 million to RM19.9 million, mainly due to certain high-margin existing projects being substantially completed during the period.



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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 regularise the property market, 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 may increase property costs.

Our sales performance continues to be sustained by solid market support in our existing established townships located in Miri which registered good take-up rates. However, we experience slower take-up rates in some launched projects 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 measures to be implemented in order to sustain the performance in our Property segment.



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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 (continued)

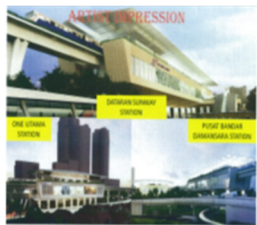
17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction

*Current 9-month vs
Corresponding
preceding 9-month
review
(September 2014 vs
September 2013)*



LNG Train 9 with JGC



MRT projects

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

The Construction segment recorded lower revenue of RM258.0 million against RM264.7 million achieved in the same period in 2013. However, the Segment reported a positive improvement in its performance, reporting profit of RM12.3 million compared to loss of RM28.3 million in the corresponding period. The improvement was mainly due to higher progress of construction works from existing on-going projects, especially from those contracts secured in 2013.

As for the current three months period, higher Construction revenue of RM93.7 million was achieved, representing an increase of 6% from RM88.7 million achieved in the immediate preceding period. At the same time, the Segment results improved from RM2.8 million in immediate preceding period to RM3.4 million in current period, mainly attributable to higher progress of construction works achieved from existing projects as explained above.



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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 9-month vs Corresponding preceding 9-month review (September 2014 vs September 2013)

Despite consistent revenue of about RM33 million for the current period and the previous period, other segment performance registered a loss of RM1.4 million in the period under review against a profit of RM0.5 million in previous period. This was mainly due to rising overhead costs resulted from lower operational activities in the quarry, premix and sand operations that are running below capacity.

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

Other segment attained an increase in revenue from RM11.8 million in the immediate preceding period to RM13.4 million in the current period. However, the Other segment reported a loss of RM1.8 million (April to June 2014: a profit of RM1.8 million), mainly attributable to the quarry and premix operations as explained above.



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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 premix 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.

17.2 Review of performance of major associate



*DEHB – major contributor
to group profit*

Our associate, Dayang Enterprise Holdings Bhd. (DEHB), registered a profit after tax of about RM147.4 million, an increase of 17% over the RM125.6 million achieved in the corresponding period in 2013.

Based on the share price of DEHB of RM2.83 as at 26 November 2014 (closing price), the estimated market value of the Group's investment in DEHB, based on current shareholding of 29.06%, is approximately RM721 million.



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18. Profit guarantee

The Group did not issue any profit guarantee.

19. Tax expense

	9 months ended 30 September	
	2014 RM'000	2013 RM'000
Current tax expense/(income)		
Malaysian - current period	30,881	13,967
- prior years	898	(704)
	31,779	13,263
Deferred tax (income)/expense		
Malaysian - current period	(6,300)	3,342
- prior years	(1,640)	202
	(7,940)	3,544
Total tax expense recognised in statement of profit or loss and other comprehensive income	23,839	16,807
Share of tax of associates and joint ventures	12,007	16,275
Pro-forma group tax expense	35,846	33,082
Profit excluding tax	187,350	87,429
Add: Share of tax of associates and joint ventures	12,007	16,275
	199,357	103,704
Effective tax rate (%)	18.0	31.9

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 substantial capital gain arising from disposal of some equity interests in an associate which is non-taxable.



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20. Profit before tax

	9 months ended 30 September	
	2014	2013
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(2,685)	(363)
- subsidiary	672	-
- associate	(61,682)	-
Interest income from fixed deposits and cash funds	(4,477)	(3,967)
Amortisation of:		
- intangible assets	510	510
- investment property	1,286	1,199
- prepaid lease payments	21	21
Depreciation of property, plant and equipment	9,145	9,195
Unrealised foreign exchange loss	1,822	298
Interest expense on loans and borrowings	13,044	12,674
Property, plant and equipment written off	68	18
	<hr/>	<hr/>

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 September 2014.

22. Status of corporate proposals

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

23. Material litigation

Update of Legal Suit

On 10 January 2012, Naim Land Sdn. Bhd. 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.



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24. Breakdown of realised and unrealised profits or losses

	9 months ended 30 September	
	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	879,460	560,350
- unrealised	9,700	1,556
	889,160	561,906
The share of retained earnings (realised) from:		
- associates	135,611	90,037
- joint ventures	17,457	30,909
	1,042,228	682,852
Less: Consolidation adjustments	(167,103)	(131,215)
Total group retained earnings as stated in consolidated statement of changes in equity	875,125	551,637

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.

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 28 November 2014.