



## NAIM HOLDINGS BERHAD (585467-M)

## QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fourth quarter and twelve months ended 31 December 2016

*(The figures have not been audited)*

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 December		12 months ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	Audited 2015 RM'000
Revenue	142,889	196,950	428,030	594,367
Cost of sales	(137,898)	(198,646)	(396,097)	(550,447)
<b>Gross profit/(loss)</b>	4,991	(1,696)	31,933	43,920
Other operating income	2,077	3,600	18,619	16,228
Selling and promotional expenses	(3,053)	(4,667)	(9,554)	(14,122)
Administration expenses	(13,323)	(16,341)	(34,449)	(42,424)
Other operating expenses	(2,918)	-	(3,013)	-
<b>Results from operating activities</b>	(12,226)	(19,104)	3,536	3,602
Finance income	2,313	2,233	9,377	8,236
Finance costs	(8,102)	(8,471)	(26,071)	(19,393)
<b>Net finance costs</b>	(5,789)	(6,238)	(16,694)	(11,157)
Share of results (net of tax) of equity-accounted:				
- associates	12,018	3,373	15,946	50,269
- joint ventures	2,007	1,167	738	1,469
<b>Profit before tax</b>	Note 20 (3,990)	(20,802)	3,526	44,183
Tax income/(expense)	Note 19 1,615	(1,742)	(1,819)	(8,914)
<b>Profit for the period/year</b>	(2,375)	(22,544)	1,707	35,269
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(963)	(349)	(782)	(3,308)
Realisation of reserves of foreign subsidiaries upon disposal	-	3	-	3
Realisation of reserves of an associate	-	(6,593)	-	(6,593)
Share of other comprehensive income of an associate	14,625	25,697	7,369	30,106
<b>Other comprehensive income for the period/year</b>	13,662	18,758	6,587	20,208
<b>Total comprehensive income/(loss) for the period/year</b>	11,287	(3,786)	8,294	55,477
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(2,350)	(23,216)	717	34,328
Non-controlling interests	(25)	672	990	941
<b>(Loss)/Profit for the period/year</b>	(2,375)	(22,544)	1,707	35,269
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	11,312	(4,458)	7,304	54,536
Non-controlling interests	(25)	672	990	941
<b>Total comprehensive income/(loss) for the period/year</b>	11,287	(3,786)	8,294	55,477
<b>Basic earnings per ordinary share attributable to owners of the Company (sen)</b>	Note 9 (0.99)	(9.80)	0.30	14.49

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 2015.



QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
For the fourth quarter and twelve months ended 31 December 2016			
<i>(The figures have not been audited)</i>		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December 2016</b>	<b>31 December 2015</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Property, plant and equipment		89,841	87,302
Prepaid lease payments		2,371	2,399
Interests in associates		422,917	394,287
Interests in joint ventures		7,606	3,724
Land held for property development		398,772	404,339
Investment properties		87,535	70,092
Intangible assets		5,557	6,237
Deferred tax assets		29,477	23,372
Other investments		2,974	2,974
Trade and other receivables		82,363	86,399
<b>Total non-current assets</b>		<b>1,129,413</b>	<b>1,081,125</b>
Inventories		98,920	28,595
Property development costs		446,239	461,338
Trade and other receivables		444,316	448,222
Deposits and prepayments		38,059	30,500
Current tax recoverable		12,466	9,013
Cash and cash equivalents		61,355	52,952
		1,101,355	1,030,620
Assets classified as held for sale		89	172
<b>Total current assets</b>		<b>1,101,444</b>	<b>1,030,792</b>
<b>Total assets</b>		<b>2,230,857</b>	<b>2,111,917</b>
<b>EQUITY</b>			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		1,013,228	1,005,933
<b>Total equity attributable to owners of the Company</b>		<b>1,314,572</b>	<b>1,307,277</b>
<b>Non-controlling interests</b>		<b>18,704</b>	<b>15,105</b>
<b>Total equity</b>		<b>1,333,276</b>	<b>1,322,382</b>
<b>LIABILITIES</b>			
Loans and borrowings	Note 8	123,619	109,747
Deferred tax liabilities		26,212	26,563
<b>Total non-current liabilities</b>		<b>149,831</b>	<b>136,310</b>
Loans and borrowings	Note 8	355,215	296,283
Trade and other payables		392,156	355,366
Current tax payable		379	1,576
<b>Total current liabilities</b>		<b>747,750</b>	<b>653,225</b>
<b>Total liabilities</b>		<b>897,581</b>	<b>789,535</b>
<b>Total equity and liabilities</b>		<b>2,230,857</b>	<b>2,111,917</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>		<b>5.26</b>	<b>5.23</b>

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 2015.



QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>										
For the fourth quarter and twelve months ended 31 December 2016										
<i>(The figures have not been audited)</i>										
	Note	<b>Total equity attributable to owners of the Company</b>								
		<b>Non-Distributable</b>					<b>Distributable</b>			
		Share capital RM' 000	Share premium RM' 000	Foreign currency translation reserve RM' 000	Treasury shares RM' 000	Other reserve RM'000	Retained earnings RM' 000	Sub-total RM' 000	Non-controlling interests RM' 000	Total equity RM' 000
<b>For the 12 months ended 31 December 2015 (Audited)</b>										
<b>At 1 January 2015</b>		250,000	86,092	1,729	(34,748)	16	957,939	1,261,028	13,770	1,274,798
<i>Foreign currency translation differences for foreign operations</i>		-	-	(3,308)	-	-	-	(3,308)	-	(3,308)
<i>Realisation of reserves of foreign subsidiaries upon disposal</i>		-	-	3	-	-	-	3	-	3
<i>Realisation of reserves to profit or loss</i>		-	-	(6,554)	-	(39)	-	(6,593)	-	(6,593)
<i>Share of other comprehensive income of an associate</i>		-	-	29,721	-	385	-	30,106	-	30,106
Total other comprehensive income for the year		-	-	19,862	-	346	-	20,208	-	20,208
Profit for the year		-	-	-	-	-	34,328	34,328	941	35,269
Total comprehensive income for the year		-	-	19,862	-	346	34,328	54,536	941	55,477
Changes in ownership interests in a subsidiary		-	-	-	-	-	6	6	(6)	-
Transactions with owners of the Company		-	-	-	-	-	-	-	-	-
- Dividends		-	-	-	-	-	(8,293)	(8,293)	-	(8,293)
Transaction with non-controlling interests		-	-	-	-	-	-	-	400	400
- Issue of shares by a subsidiary		-	-	-	-	-	-	-	-	-
<b>At 31 December 2015</b>		<b>250,000</b>	<b>86,092</b>	<b>21,591</b>	<b>(34,748)</b>	<b>362</b>	<b>983,980</b>	<b>1,307,277</b>	<b>15,105</b>	<b>1,322,382</b>
<b>For the 12 months ended 31 December 2016 (Unaudited)</b>										
<b>At 1 January 2016</b>		250,000	86,092	21,591	(34,748)	362	983,980	1,307,277	15,105	1,322,382
<i>Foreign currency translation differences for foreign operations</i>		-	-	(782)	-	-	-	(782)	-	(782)
<i>Share of other comprehensive loss of an associate</i>		-	-	7,624	-	(255)	-	7,369	-	7,369
Total other comprehensive income/(loss) for the year		-	-	6,842	-	(255)	-	6,587	-	6,587
Profit for the year		-	-	-	-	-	717	717	990	1,707
Total comprehensive income/(loss) for the year		-	-	6,842	-	(255)	717	7,304	990	8,294
Changes in ownership interests in a subsidiary		-	-	-	-	-	(9)	(9)	(391)	(400)
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	-
- Issue of shares by a subsidiary		-	-	-	-	-	-	-	3,000	3,000
<b>At 31 December 2016</b>		<b>250,000</b>	<b>86,092</b>	<b>28,433</b>	<b>(34,748)</b>	<b>107</b>	<b>984,688</b>	<b>1,314,572</b>	<b>18,704</b>	<b>1,333,276</b>

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 2015.



## QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the fourth quarter and twelve months ended 31 December 2016

*(The figures have not been audited)*

	Unaudited 31 December 2016 RM'000	Audited 31 December 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,526	44,183
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	680	680
- investment properties	1,549	1,279
- prepaid lease payments	28	28
Depreciation of property, plant and equipment	7,990	7,495
Dividend income from unquoted shares	(124)	(124)
Finance income	(9,377)	(8,236)
Finance costs	26,071	19,393
Loss/(Gain) on disposal of:		
- property, plant and equipment	49	(1,526)
- assets held for sale	-	(30)
- subsidiary	-	(56)
Property, plant and equipment written off	495	86
Assets held for sale written off	-	10
Reversal of impairment loss on receivables	(2,272)	(700)
Share of results of equity-accounted:		
- associates	(15,946)	(50,269)
- joint ventures	(738)	(1,469)
Unrealised foreign exchange gain	(1,228)	(5,639)
Operating profit before changes in working capital	10,703	5,105
Changes in working capital:		
Inventories	6,030	66
Land held for property development	6,285	558
Property development costs	(64,679)	(117,062)
Trade and other receivables, deposits and prepayments	21	(159,975)
Trade and other payables	21,711	60,938
Cash used in operations	(19,929)	(210,370)
Net income taxes paid	(13,378)	(14,182)
<b>Net cash used in operating activities</b>	<b>(33,307)</b>	<b>(224,552)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(10,245)	(34,113)
- investment properties	(6,709)	(3,057)
- associate	(350)	-
Proceeds from disposal of :		
- property, plant and equipment	1,145	3,433
- assets held for sale	-	104
Decrease in deposits pledged to licensed banks	311	41
Acquisition of non-controlling interest in an existing subsidiary	(400)	-
Distribution of profit received from joint ventures	-	15,300
Dividends received	124	9,046
Interest received	5,418	648
<b>Net cash used in investing activities</b>	<b>(10,706)</b>	<b>(8,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from other loans and borrowings	72,737	147,737
Net proceeds from/(repayment of) finance lease liabilities	66	(15)
Proceeds from issuance of shares to non-controlling interest	3,000	400
Dividends paid to:		
- owners of the Company	-	(8,293)
Other interest paid	(22,881)	(16,074)
<b>Net cash from financing activities</b>	<b>52,922</b>	<b>123,755</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,909</b>	<b>(109,395)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(194)</b>	<b>579</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>52,561</b>	<b>161,377</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>61,276</b>	<b>52,561</b>
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	15,778	29,303
Cash in hand and at banks	45,498	23,258
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>61,276</b>	<b>52,561</b>

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 2015.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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 Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures.

#### 1. Basis of preparation

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 a complete annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015. 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 Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

The annual financial statements of the Group as at and for the year ended 31 December 2015 are available upon request from the Company’s registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

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

#### 2. Significant accounting policies

Given that certain Group entities are transitioning entities (being entities subject to the application of IC Interpretation 15, *Agreements for the Construction of Real Estate* or 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 2018 as mandated by the Malaysian Accounting Standards Board (“MASB”).

As a result, the Group (including the transitioning entities) will continue to apply FRSs as their financial reporting framework to prepare their financial statements for the annual period ending 31 December 2017.

The accounting policies adopted by the Group in preparing the condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 2. Significant accounting policies (continued)

During the current year under review, the Group has adopted the following revised accounting standards and amendments which are effective for annual periods beginning on and after 1 January 2016:

- Amendment to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendment to FRS 119, *Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendment to FRS 134, *Interim Financial Reporting (Annual Improvements to FRS 2012-2014 Cycle)*

The initial application of the abovementioned standards and amendments does not have any material financial impacts 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 FRSs accounting standards and amendments that have been issued by the MASB but are neither yet effective nor early adopted by the Group:

- ***Effective for annual periods beginning on or after 1 January 2017***
  - Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
  - Amendments to FRS 107, *Statement of Cash Flows - Disclosure Initiative*
  - Amendments to FRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- ***Effective for a date yet to be determined***

Amendments to FRS 10, Consolidated Financial Statements and FRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

##### 2.2 Migration to new accounting framework

The Group's financial statements for the annual period beginning on 1 January 2018 and the subsequent annual periods will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

In the interim, the following accounting standards that have been issued by the MASB will be effective for adoption for annual periods beginning on or after 1 January 2018:

- ***Effective for annual periods beginning on or after 1 January 2018***

- MFRS 15, *Revenue from Contracts with Customers*
- MFRS 9, *Financial Instruments (2014)*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*

- ***Effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

The Group is currently assessing the financial impact that may arise from the migration to MFRS, including the adoption of MFRS 1, MFRS 15, MFRS 9 and MFRS 16.

##### 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 FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 4. Estimates

The preparation of the condensed consolidated interim financial statements in conformity with FRSs 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. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the areas of estimation uncertainty were the same as those disclosed in the annual financial statements as at and for the year ended 31 December 2015.

##### 5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the year under review.

There was no share buy-back during the year under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2016 is 13,056,000 shares.

##### 6. Property, plant and equipment - *acquisitions and disposals*

During the year, the Group acquired property, plant and equipment costing about RM10.2 million (31.12.2015: RM34.1 million), of which RM105,000 (31.12.2015: RM63,000) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of about RM1.7 million (31.12.2015: RM2.1 million) were either disposed of or written off during the year under review.

##### 7. Changes in the composition of the Group

###### *i) Increase in investment in an existing subsidiary*

In January 2016, Naim Land Sdn. Bhd. acquired the remaining equity interest of 40% in Bina Hartamas Sdn. Bhd. ("BHSB") which it did not own from minority shareholders for a consideration of RM400,000. The resultant equity interest held by the Group in BHSB increased from 60% to 100%.

This change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group's share of the net assets in BHSB, which was immaterial, was adjusted against the Group's reserves.



**NAIM HOLDINGS BERHAD (585467-M)****QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****7. Changes in the composition of the Group (continued)*****ii) Additional investments arising from new shares issued by existing subsidiaries***

On 1 April 2016, Naim Capital Sdn. Bhd. subscribed for additional 4,998 ordinary shares of RM1.00 each in Naim Capital Housing Sdn. Bhd. ("NCHSB"), settled in cash.

On 27 September 2016, the Company subscribed for additional new 8,750,000 ordinary shares of RM1.00 each in Naim Assets Sdn. Bhd. ("NASB"), satisfied in cash. At the same time, NASB subscribed for additional 9,900,000 ordinary shares of RM1.00 each in Naim Hotel Sdn. Bhd. ("NHSB"), satisfied in cash.

The new subscription in NCHSB, NASB and NHSB did not have any material impact to the Group as there is no change in the Group's equity interest in NCHSB, NASB and NHSB.

***iii) Increase in investment in an existing associate***

On 1 April 2016, Miri Specialist Hospital Sdn. Bhd. ("MSHSB") which is a 30% owned associate of the Group, issued 19,666,667 ordinary shares of RM1.00 each to Naim Land Sdn. Bhd. ("NLSB") and a third party, where 5,900,000 ordinary shares of RM1.00 each were subscribed by NLSB for a consideration of RM5,900,000, satisfied by way of settlement of the amount due from MSHSB. The new subscription in MSHSB did not have any impact to the Group as there is no change in the Group's equity interest in MSHSB.

***iv) Acquisition of new subsidiary/associate***

On 18 August 2016, a direct subsidiary, Naim Engineering Sdn. Bhd. ("NESB") subscribed for 7,000,000 ordinary shares of RM1.00 each in NAIM GAMUDA (NAGA) JV SDN. BHD. (formerly known as Barisan Sehati Sdn. Bhd.), representing 70% of the equity interest therein, for a cash consideration of RM7,000,000. The acquisition did not have a material impact on the Group's assets and liabilities due to the dormancy of the investee company.

On the same day, NESB also acquired a 35% stake in GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. (formerly known as General Mission Sdn. Bhd.) ("GNEC") for a cash consideration of RM35,000. Later on 10 November 2016, NESB subscribed for additional 315,000 ordinary shares of RM1.00 each in GNEC for a cash consideration of RM315,000. The subscription did not have any impact to the Group as there was no change in the group equity interest in GNEC.


**NAIM HOLDINGS BERHAD (585467-M)**
**QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**8. Loans and borrowings**

		31 December 2016 RM'000	31 December 2015 RM'000
<b>Non-current</b>			
Secured	- Term loans	123,545	109,720
	- Finance lease	74	27
		123,619	109,747
<b>Current</b>			
Unsecured	- Revolving credits	339,000	284,000
Secured	- Term loans	16,175	12,262
	- Finance lease	40	21
		355,215	296,283
Total		478,834	406,030

**9. Earnings per ordinary share ("EPS")**
**Basic EPS**

The calculation of the basic EPS was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	12 months ended 31 December	
	2016	2015
Profit attributable to owners of the Company (RM'000)	717	34,328
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	236,944	236,944
Basic EPS (sen)	0.30	14.49

**Diluted EPS**

No diluted EPS was presented as there are no dilutive potential ordinary shares.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 10. Dividend

No dividend was declared/or paid during the year under review.

##### 11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (GMD) (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, provision of sand extraction and land filling services, property investment as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the GMD. 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 GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>For the 12 months ended 31 December</b>										
Revenue from external customers	149,182	156,375	242,164	398,722	36,684	39,270	-	-	428,030	594,367
Inter segment revenue	-	-	-	-	5,937	16,230	( 5,937)	( 16,230)	-	-
<b>Total segment revenue</b>	<u>149,182</u>	<u>156,375</u>	<u>242,164</u>	<u>398,722</u>	<u>42,621</u>	<u>55,500</u>	<u>( 5,937)</u>	<u>( 16,230)</u>	<u>428,030</u>	<u>594,367</u>
Segment profit/(loss)	15,822	12,097	( 18,836)	( 12,616)	( 566)	234	( 964)	( 1,599)	( 4,544)	( 1,884)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	( 287)	-	134	( 861)	-	-	-	-	( 153)	( 861)
- joint ventures	-	-	738	1,469	-	-	-	-	738	1,469
	<u>15,535</u>	<u>12,097</u>	<u>( 17,964)</u>	<u>( 12,008)</u>	<u>( 566)</u>	<u>234</u>	<u>( 964)</u>	<u>( 1,599)</u>	<u>( 3,959)</u>	<u>( 1,276)</u>
Unallocated expense									( 8,614)	( 5,671)
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									16,099	51,130
Tax expense									( 1,819)	( 8,914)
<b>Profit for the year</b>									<u>1,707</u>	<u>35,269</u>
Other comprehensive income, net of tax									6,587	20,208
<b>Total comprehensive income for the year</b>									<u>8,294</u>	<u>55,477</u>
Non-controlling interests									( 990)	( 941)
<b>Total comprehensive income attributable to the owners of the Company</b>									<u>7,304</u>	<u>54,536</u>



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 12. Subsequent events

There are no material events subsequent to the end of the year reported on, that has not been reflected in the condensed 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 2016 till the date of this quarterly report.

##### 14. Capital expenditure commitments

	31 December 2016 RM'000	31 December 2015 RM'000
<i>Authorised but not contracted for</i>		
- Authorised but not contracted for	4,117	41,721
- Contracted but not provided for	34,937	36,971
	<u>39,054</u>	<u>78,692</u>
	=====	=====

##### 15. Financial risk management

The Group's financial risk management objectives, policies and processes and risk profiles are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2015.


**NAIM HOLDINGS BERHAD (585467-M)**
**QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**16. Related parties**
***i) Transactions with key management personnel***

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

	12 months ended 31 December	
	2016 RM'000	2015 RM'000
Directors of the Company	7,417	5,694
Other key management personnel	9,443	9,184
	16,860	14,878
	16,860	14,878

***ii) Other related party transactions***

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Transaction with associates</u>				
Construction contract cost	18,835	26,507	( 9,714)	( 796)
Construction contract sum billed	( 6,739)	-	1,169	-
Dividend income receivable	-	( 8,922)	-	-
Rental expense on machinery	1,972	3,544	( 560)	( 765)
Sale of construction raw materials	( 3,543)	( 1,835)	2,316	1,152
Purchase of construction materials	-	425	-	-
	11,663	17,113	( 6,608)	( 379)
	11,663	17,113	( 6,608)	( 379)

***iii) Transaction with a company in which certain substantial shareholders have or are deemed to have interests***

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental of properties	648	459	( 229)	( 183)
	648	459	( 229)	( 183)
	648	459	( 229)	( 183)



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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 lower revenue of RM428.0 million for the year under review, as compared to RM594.4 million reported in 2015, mainly contributed by the Construction division [see Note 17.1 (b) for details].

The Group profit before tax declined substantially from RM44.2 million in 2015 to RM3.5 million in 2016. The decline was mainly attributed to our major associate, Dayang Enterprise Holdings Bhd. The share of results from this associate decreased significantly from RM51.1 million in 2015 to RM16.1 million in the current year under review (see Note 17.2 for details).

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

#### 17.1 Review of performance of operating segments and current year prospects

##### a) *Property*

*Current 12-month vs corresponding preceding 12-month review (2016 vs 2015)*

For the current year under review, Property segment achieved revenue of RM149.2 million, against the RM156.4 million achieved in 2015. However, Property profit increased from RM12.1 million in 2015 to RM15.8 million in 2016. The increase was partly due to improved work progress of development projects. The Group also recorded higher new sales of about RM112 million, compared to the RM104 million achieved in 2015.

*Current 3-month vs immediate preceding 3-month review (December 2016 vs September 2016)*

When compared to the immediate preceding quarter (July to September 2016), Property revenue increased from RM24.6 million to RM33.2 million in the current quarter. However, the segment performance declined from a profit of RM2.7 million in the previous quarter to a loss of RM1.3 million in the current quarter. The drop was mainly due to slower progress of works from certain property projects that have been substantially completed during the immediate preceding quarter, leading to lower contributions in this quarter.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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)

##### a) *Property (continued)*

###### *Prospects*



*On-going project - Bandar  
Baru Permyjaya*



*On-going project - Bintulu  
Paragon*



*On-going project - Kuching  
Paragon*

The property market continues to experience slow down and remain challenging due to factors such as rising costs of doing business, increased competition, weakening buyers' sentiment and strict bank lending policy.

In the near term, we continue to focus on our existing three main flagship/integrated developments in Miri, Bintulu and Kuching and put in aggressive and intensive efforts to sell off the existing properties stocks.

At the same time, a cautious attitude / approach has been adopted particularly on product launches and product types, which are more selective and sensitive to the buyers' demand and market conditions. We believe that continuous in-depth study and monitoring of the buying sentiments will enable us to tailor better product development to suit the market.

In short, product planning and pricing as well as tightening of costs control (including appropriate right sizing and cost cutting) are amongst the key measures being implemented in order to sustain the performance in our Property segment in the near term.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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 12-month vs corresponding preceding 12-month review (2016 vs 2015)*



*Completed project - MRT stations*



*On-going projects- housing construction*

Construction segment recorded lower revenue of RM242.2 million, against the RM398.7 million achieved in 2015. At the same time, the Segment registered a loss of RM18.8 million, against a loss of RM12.6 million in the corresponding period of 2015. The decline in the performance of this Division was due to the following:

- lower contributions from certain construction projects that had been substantially completed during 2015.
- delay in the commencement of certain newly secured projects due to late finalisation of contract details with the clients. This has led to lower contributions from these newly secured projects for the current year, by more than 50% from what was initially expected.
- increased operational costs incurred (including additional acceleration costs to complete certain projects within the contract timeline)
- downwards adjustments in the contract sums of certain construction projects at their completion due to some negative variation orders from the clients due to reduction/omission of works by the clients.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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 (continued)

*Current 3-month vs immediate preceding 3-month review (December 2016 vs September 2016)*

When compared to the immediate preceding quarter, the Construction revenue increased from RM17.8 million to RM102.1 million in the current quarter, mainly attributable to the commencement of certain newly secured projects. However, the Segment reported a loss of RM13.2 million in the current quarter, as compared to a profit of RM1.2 million in the immediate preceding quarter due to increased operational costs incurred (including additional acceleration costs incurred to complete certain projects within the contract timeline).

*Prospects*

Various proactive efforts and measures have been put in place to improve efficiency and to closely monitor operational costs. Meanwhile, strict monitoring of the progress of projects is implemented to ensure they are on schedule. Apart from that, we are also continuously educating the project team that they are empowered and responsible to implement, manage and account for each of the projects to ensure it is completed and delivered within budget and on schedule.

We will continue to improve existing risk management system and process, and embark on tightening of internal controls for this segment. Appropriate right sizing and cost cutting are to be carried out as part of the process to better manage the costs.

With continuous efforts and resources invested to further improve our project deliverables, we remain cautiously optimistic to complete the current outstanding order book at decent margin and within scheduled timeline. Meanwhile, we have participated in a number of sizeable construction tenders and we are cautiously optimistic to secure some contracts to replenish our order book which currently stands above RM2 billion.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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)

##### c) *Other segment*

*Current 12-month vs corresponding preceding 12-month review (2016 vs 2015)*

During the current year, Other segment reported revenue of about RM36.7 million (January to December 2015: RM39.3 million). At the same time, the Segment reported a loss of RM0.6 million in 2016, as compared to a profit of RM0.2 million in 2015. The decline was partly due to lower trading sales during the year. Rising overhead costs caused by lower operational activities in our quarry and premix operations that are running below capacity also led to the lower performance in this division.

*Current 3-month vs immediate preceding 3-month review (December 2016 vs September 2016)*

Other segment reported a slight decrease in revenue from RM7.6 million in the immediate preceding quarter to RM7.4 million in the current quarter. The Segment also registered a loss of RM1.4 million, against a loss of RM0.5 million in the immediate preceding quarter, mainly due to lower trading and quarry sales achieved against a backdrop of fixed operational costs.

##### *Prospects*



*Permy Mall, Miri – recurring income*

In 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. The Group may look into divesting non-performing business to realise some funds and to reduce further losses.

The property investment and trading operations will continue to contribute positively to the Group results.



*Proposed Bintulu hotel*

In addition to retail property, we will be embarking on other types of commercial properties, for example hotel in Bintulu Paragon, for recurring income.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### 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)

##### 17.2 Review of performance of major associate



DEHB

Our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), registered a lower level of profit after tax attributable to owners of about RM54.9 million for the year ended 31 December 2016, as compared to the RM172.2 million achieved in 2015.

The decline was mainly due to higher finance costs, one off break fund costs arising from early loan settlements and losses reported by newly acquired subsidiary, Perdana Petroleum Berhad (which was acquired by DEHB in the last quarter of 2015).

#### 18. Profit guarantee

The Group did not issue any profit guarantee.

#### 19. Tax expense

The Group's effective tax rate for the current year under review is slightly higher than the prima facie tax rate of 24%, mainly due to non-deductible expenses and the effect of unrecognised deferred tax assets arising from certain loss making operations.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 20. Profit before tax

	12 months ended 31 December	
	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
Loss/(Gain) on disposal of:		
- property, plant and equipment	49	( 1,526)
- subsidiaries	-	( 56)
- assets held for sale	-	( 30)
Interest income from fixed deposits and cash funds	( 449)	( 551)
Other interest income	( 8,928)	( 7,685)
Amortisation of:		
- intangible assets	680	680
- investment property	1,548	1,279
- prepaid lease payments	28	28
Depreciation of property, plant and equipment	7,990	7,495
Liquidated and ascertained damages (LAD) income	( 2,877)	-
Write back of LAD provisions	( 10,322)	( 3,775)
Foreign exchange (gain)/loss		
- unrealised	( 1,228)	( 5,639)
- realised	94	( 3,291)
Interest expense on loans and borrowings	23,330	17,034
Property, plant and equipment written off	495	86
Assets held for sale written off	-	10
Reversal of impairment loss on receivables	( 2,272)	( 700)

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 quarter under review.

#### 21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2016.

#### 22. Status of corporate proposals

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 23. Breakdown of realised and unrealised profits or losses

	31 December 2016 RM'000	31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	813,671	849,083
- unrealised	29,755	28,297
	843,426	877,380
Share of retained earnings from:		
- associates	188,973	174,383
- joint ventures	3,106	1,924
	1,035,505	1,053,687
Less: Consolidation adjustments	( 50,817)	( 69,707)
Total group retained earnings as per consolidated statement of changes in equity	984,688	983,980

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.

#### 24. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2015 was not qualified.

#### 25. 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 23 February 2017.