



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
For the first quarter and three months ended 31 March 2016				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	139,004	126,664	139,004	126,664
Cost of sales	(119,373)	(106,944)	(119,373)	(106,944)
<b>Gross profit</b>	<b>19,631</b>	<b>19,720</b>	<b>19,631</b>	<b>19,720</b>
Other operating income	10,602	2,940	10,602	2,940
Selling and promotional expenses	(2,774)	(2,984)	(2,774)	(2,984)
Administration expenses	(10,681)	(9,175)	(10,681)	(9,175)
<b>Results from operating activities</b>	<b>16,778</b>	<b>10,501</b>	<b>16,778</b>	<b>10,501</b>
Finance income	1,820	1,294	1,820	1,294
Finance costs	(3,954)	(2,096)	(3,954)	(2,096)
<b>Net finance costs</b>	<b>(2,134)</b>	<b>(802)</b>	<b>(2,134)</b>	<b>(802)</b>
Share of results (net of tax) of equity-accounted:				
- associates	(8,218)	10,977	(8,218)	10,977
- joint ventures	(589)	590	(589)	590
<b>Profit before tax</b>	<b>5,837</b>	<b>21,266</b>	<b>5,837</b>	<b>21,266</b>
	Note 20			
Tax expense	(4,585)	(3,262)	(4,585)	(3,262)
	Note 19			
<b>Profit for the period</b>	<b>1,252</b>	<b>18,004</b>	<b>1,252</b>	<b>18,004</b>
<b>Other comprehensive (loss)/income, 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	1,605	(707)	1,605	(707)
Share of other comprehensive (loss)/ income of an associate	(17,055)	2,334	(17,055)	2,334
<b>Other comprehensive (loss)/income for the period</b>	<b>(15,450)</b>	<b>1,627</b>	<b>(15,450)</b>	<b>1,627</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(14,198)</b>	<b>19,631</b>	<b>(14,198)</b>	<b>19,631</b>
<b>Profit attributable to:</b>				
Owners of the Company	897	17,612	897	17,612
Non-controlling interests	355	392	355	392
<b>Profit for the period</b>	<b>1,252</b>	<b>18,004</b>	<b>1,252</b>	<b>18,004</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(14,553)	19,239	(14,553)	19,239
Non-controlling interests	355	392	355	392
<b>Total comprehensive (loss)/income for the period</b>	<b>(14,198)</b>	<b>19,631</b>	<b>(14,198)</b>	<b>19,631</b>
<b>Basic earnings per ordinary share attributable to owners of the Company (sen)</b>				
	Note 9			
	0.38	7.43	0.38	7.43

The notes set out on pages 5 to 20 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.



**NAIM HOLDINGS BERHAD** (585467-M)

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
For the first quarter and three months ended 31 March 2016			
<i>(The figures have not been audited)</i>		<b>Unaudited</b>	<b>Audited</b>
		<b>31 March 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<b>ASSETS</b>			
Property, plant and equipment		88,942	87,302
Prepaid lease payments		2,390	2,399
Interests in associates		369,076	394,287
Interests in joint ventures		3,164	3,724
Land held for property development		407,715	404,339
Investment properties		69,873	70,092
Intangible assets		6,067	6,237
Deferred tax assets		22,680	23,372
Other investments		2,974	2,974
Trade and other receivables		91,588	86,399
<b>Total non-current assets</b>		<b>1,064,469</b>	<b>1,081,125</b>
Inventories		66,409	28,595
Property development costs		438,213	461,338
Trade and other receivables		442,000	448,222
Deposits and prepayments		36,254	30,500
Current tax recoverable		11,205	9,013
Cash and cash equivalents		65,229	52,952
		1,059,310	1,030,620
Assets classified as held for sale		160	172
<b>Total current assets</b>		<b>1,059,470</b>	<b>1,030,792</b>
<b>Total assets</b>		<b>2,123,939</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		991,371	1,005,933
<b>Total equity attributable to owners of the Company</b>		<b>1,292,715</b>	<b>1,307,277</b>
<b>Non-controlling interests</b>		15,069	15,105
<b>Total equity</b>		<b>1,307,784</b>	<b>1,322,382</b>
<b>LIABILITIES</b>			
Loans and borrowings	Note 8	106,677	109,747
Deferred tax liabilities		26,428	26,563
<b>Total non-current liabilities</b>		<b>133,105</b>	<b>136,310</b>
Loans and borrowings	Note 8	319,283	296,283
Trade and other payables		359,851	355,366
Current tax payable		3,916	1,576
<b>Total current liabilities</b>		<b>683,050</b>	<b>653,225</b>
<b>Total liabilities</b>		<b>816,155</b>	<b>789,535</b>
<b>Total equity and liabilities</b>		<b>2,123,939</b>	<b>2,111,917</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>		<b>5.17</b>	<b>5.23</b>

The notes set out on pages 5 to 20 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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> For the first quarter and three months ended 31 March 2016 (The figures have not been audited)									
	Note	Total equity attributable to owners of the Company							
		Non-Distributable					Distributable		
		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
<b>For the 3 months ended 31 March 2015 (Unaudited)</b>									
<b>At 1 January 2015</b>									
<i>Foreign currency translation differences for foreign operations</i>									
<i>Share of other comprehensive income of an associate</i>									
Total other comprehensive income for the period									
Profit for the period									
Total comprehensive income for the period									
Changes in ownership interests in a subsidiary									
Transactions with owners of the Company									
- Dividends									
Transaction with non-controlling interests									
- Issue of shares by a subsidiary									
<b>At 31 March 2015</b>									
<b>For the 3 months ended 31 March 2016 (Unaudited)</b>									
<b>At 1 January 2016</b>									
<i>Foreign currency translation differences for foreign operations</i>									
<i>Share of other comprehensive loss of an associate</i>									
Total other comprehensive loss for the period									
Profit for the period									
Total comprehensive income/(loss) for the period									
Changes in ownership interests in a subsidiary									
<b>At 31 March 2016</b>									

The notes set out on pages 5 to 20 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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the first quarter and three months ended 31 March 2016		
<i>(The figures have not been audited)</i>		
	Unaudited 31 March 2016 RM'000	Unaudited 31 March 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,837	21,266
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	170	170
- investment properties	219	321
- prepaid lease payments	9	7
Depreciation of property, plant and equipment	1,684	1,876
Finance income	(1,820)	(1,294)
Finance costs	3,954	2,096
Gain on disposal of:		
- property, plant and equipment	-	(591)
Property, plant and equipment written off	3	7
Share of results of equity accounted:		
- associates	8,218	(10,977)
- joint ventures	589	(590)
Unrealised foreign exchange loss/(gain)	418	(1,774)
Operating profit before changes in working capital	19,281	10,517
Changes in working capital :		
Inventories	2,159	(2,547)
Property development costs	(20,129)	(28,061)
Trade and other receivables, deposits and prepayments	(2,883)	(18,597)
Trade and other payables	5,502	(26,707)
Cash generated from/(used in) operations	3,930	(65,395)
Net income taxes (paid)/refunded	(3,905)	4,866
<b>Net cash from/(used in) operating activities</b>	<b>25</b>	<b>(60,529)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(3,674)	(3,550)
Proceeds from disposal of :		
- property, plant and equipment	-	1,662
Decrease in deposits pledged to licensed banks	-	41
Increase in investment in an existing subsidiary	(400)	-
Interest received	180	158
<b>Net cash used in investing activities</b>	<b>(3,894)</b>	<b>(1,689)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from other loans and borrowings	19,934	28,934
Repayment of finance lease liabilities	(5)	-
Proceeds from issuance of shares to non-controlling interest	-	400
Other interest paid	(3,364)	(1,512)
<b>Net cash from financing activities</b>	<b>16,565</b>	<b>27,822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,696</b>	<b>(34,396)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(418)</b>	<b>(36)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>52,561</b>	<b>161,378</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>64,839</b>	<b>126,946</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	22,204	52,047
Cash in hand and at banks	42,635	73,968
Total cash and cash equivalents	64,839	126,015
Add: Cash included as held for sale	-	931
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>64,839</b>	<b>126,946</b>

The notes set out on pages 5 to 20 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 FIRST QUARTER ENDED 31 MARCH 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 three months ended 31 March 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 current quarter 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* 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 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 two further annual periods ending 31 December 2016 to 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 FIRST QUARTER ENDED 31 MARCH 2016

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

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

During the current quarter 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*
- 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, *Equity Method in Separate Financial Statements*
- Amendment to FRS 134, *Interim Financial Reporting (Annual Improvements to FRSs 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 107, *Statement of Cash Flows - Disclosure Initiative*  
Amendments to FRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

- **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*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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

##### 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)*

- ***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 quarter under review.

##### 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 current quarter under review.

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



**NAIM HOLDINGS BERHAD (585467-M)**

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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

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

During the current quarter, the Group acquired property, plant and equipment costing about RM3.7 million (31.3.2015: RM3.6 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM3,000 (31.3.2015: RM1.1 million) were disposed of and/or written off during the quarter 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.

**8. Loans and borrowings**

		<b>31 March 2016</b>	<b>31 December 2015</b>
		<b>RM'000</b>	<b>RM'000</b>
<b><i>Non-current</i></b>			
Secured	- Term loans	106,655	109,720
	- Finance lease	22	27
		106,677	109,747
<b><i>Current</i></b>			
Unsecured	- Revolving credit	307,000	284,000
Secured	- Term loans	12,262	12,262
	- Finance lease	21	21
		319,283	296,283
Total		425,960	406,030
		=====	=====





**NAIM HOLDINGS BERHAD (585467-M)**

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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

**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:

	<b>3 months ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
Profit attributable to owners of the Company (RM'000)	897	17,612
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	236,944	236,944
Basic EPS (sen)	0.38	7.43

***Diluted EPS***

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

**10. Dividend**

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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

##### 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 FIRST QUARTER ENDED 31 MARCH 2016**

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

**11. Operating segments (continued)**

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the 3 months ended 31 March</b>										
Revenue from external customers	54,224	51,267	74,703	65,035	10,077	10,362	-	-	139,004	126,664
Inter segment revenue	-	-	-	-	7,083	3,411	( 7,083)	( 3,411)	-	-
<b>Total segment revenue</b>	<b>54,224</b>	<b>51,267</b>	<b>74,703</b>	<b>65,035</b>	<b>17,160</b>	<b>13,773</b>	<b>( 7,083)</b>	<b>( 3,411)</b>	<b>139,004</b>	<b>126,664</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	9,636	11,838	7,092	( 477)	( 601)	( 869)	318	( 524)	16,445	9,968
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	211	-	( 893)	531	-	-	-	-	( 682)	531
- joint ventures	-	-	( 589)	590	-	-	-	-	( 589)	590
	9,847	11,838	5,610	644	( 601)	( 869)	318	( 524)	15,174	11,089
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated expense									( 1,801)	( 269)
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									( 7,536)	10,446
Tax expense									( 4,585)	( 3,262)
<b>Profit for the period</b>									<b>1,252</b>	<b>18,004</b>
Other comprehensive (loss)/income, net of tax									( 15,450)	1,627
<b>Total comprehensive (loss)/income for the period</b>									<b>( 14,198)</b>	<b>19,631</b>
Non-controlling interests									( 355)	( 392)
<b>Total comprehensive (loss)/income attributable to the owners of the Company</b>									<b>( 14,553)</b>	<b>19,239</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



**NAIM HOLDINGS BERHAD (585467-M)**

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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

**12. Subsequent events**

There are no material events subsequent to the end of the quarter reported on, that has not been reflected in the condensed consolidated interim financial statements for the said quarter, 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 2015 till the date of this quarterly report.

**14. Capital expenditure commitments**

	<b>31 March 2016</b> <b>RM'000</b>	<b>31 December 2015</b> <b>RM'000</b>
<b><i>Authorised but not contracted for</i></b>		
- Authorised but not contracted for	1,979	41,721
- Contracted but not provided for	32,743	36,971
	<u>34,722</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.

**16. Related parties**

***i) Transactions with key management personnel***

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

	<b>3 months ended</b> <b>31 March</b>	
	<b>2016</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>
Directors of the Company	1,451	1,133
Other key management personnel	2,464	2,426
	<u>3,915</u>	<u>3,559</u>
	=====	=====



**NAIM HOLDINGS BERHAD (585467-M)**

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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

**16. Related parties (continued)**

**ii) Other related party transactions**

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Transaction with associates</u>				
Construction contract cost	2,390	870	( 2,451)	( 4,696)
Dividend income receivable	-	( 8,922)	-	-
Rental expense on machinery	548	2,272	( 759)	( 426)
Sale of construction materials	( 855)	-	1,467	-
Sale of property, plant and equipment	-	-	9,021	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 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 higher revenue of RM139.0 million for the quarter under review, as compared to RM126.7 million reported in the corresponding quarter of 2015 mainly due to higher property sales and increased work progress of both property development projects and construction projects achieved in the current quarter.

However, the Group profit before tax declined substantially from RM21.3 million in March 2015 to RM5.84 million in current quarter. Despite the successful claims of loss & expense from a client and write back of certain liquidated ascertained damages (LAD) previously provided for completed projects of about RM14.8 million contributing positively to overall profit before tax, the decline was mainly attributed to our major associate, Dayang Enterprise Holdings Berhad. The share of results from this associate decreased significantly from a profit of RM10.45 million in March 2015 to a loss of RM7.5 million in the current quarter under review.

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 3-month vs corresponding preceding 3-month review (March 2016 vs March 2015)*

For the current quarter under review, Property segment achieved revenue of RM54.2 million, being 6% higher than the RM51.3 million achieved in the corresponding quarter in 2015 due to improved work progress of development projects. At the same time, Property profit decreased from RM11.8 million in 2015 to RM9.6 million in 2016, principally due to recognition of higher sales from properties with lower margin in first quarter of 2016. In this quarter, the Group reported higher new sales of about RM51 million, compared to that achieved in 2015 of about RM40 million.

*Current 3-month vs immediate preceding 3-month review (March 2016 vs December 2015)*

Compared to the immediate preceding quarter (October to December 2015), Property revenue increased from RM38.0 million to RM54.2 million. The segment profit increased from a loss of RM1.8 million to a profit of RM10.1 million during the current three-month period due to higher property sales and increased work progress of development projects as explained above.



## NAIM HOLDINGS BERHAD (585467-M)

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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)

###### 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*

The property market continues to experience slow down and remain challenging due to factors such as rising costs of doing business, increased competition, tighter monetary policy and weaker buyers' sentiment as well as the effect of various property cooling measures initiated by the government since 2013 etc.

In near term, we will continue to focus on our existing three main flagship/integrated developments in Miri, Bintulu and Kuching by putting in aggressive marketing efforts to sell off the remaining products.

We have adopted a cautious attitude/approach especially on product launches and product types, to be more selective and sensitive to the buyers' demand and market conditions. We believe that continuous in-depth study and monitoring of the market's buying sentiments will facilitate and 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 near term.



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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 3-month vs corresponding preceding 3-month review (March 2016 vs March 2015)*

Construction segment recorded higher revenue of RM74.7 million, against RM65.0 million achieved in the corresponding quarter in 2015. At the same time, the Segment also showed an improvement in its performance, from a loss of RM0.5 million in the first quarter of 2015 to a profit of RM7.0 million in the current quarter. The improvement was mainly due to increased work progress of projects, successful claims of loss & expense from a client and write back of certain LAD provided in previous years.

*Current 3-month vs immediate preceding 3-month review (March 2016 vs December 2015)*

Compared to the immediate preceding quarter, the Construction revenue decreased from RM149.3 million to RM74.7 million, mainly attributable to lower contributions from on-going projects that had substantially been completed during 2015, leading to lower contributions in this quarter. The Segment however reported a profit of RM7.0 million, against a loss of RM21.2 million reported in October to December 2015, due to successful claims of loss & expense from a client and write back of LAD previously provided for completed projects of about RM14.8 million.



*MRT stations under construction*

Segment loss reported in the immediate preceding quarter (Oct to Dec 2015) were due to an additional provision of about RM12 million for expected loss on certain difficult and challenging projects as well as downwards adjustments in the contract sums of certain infrastructure projects.

##### *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 each of the projects to ensure it is completed and delivered within budget and on schedule.





## NAIM HOLDINGS BERHAD (585467-M)

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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* (continued)

*Prospects (continued)* 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 some existing outstanding order book of RM 1 billion at decent margin and within scheduled timeline. Meanwhile, we have participated in a number of sizeable construction tenders, including that for Pan Borneo Mega Highway projects and we are cautiously optimistic to secure some contracts to replenish our order book.

##### c) *Other segment*

*Current 3-month vs corresponding preceding 3-month review (March 2016 vs March 2015)*

During the current quarter, Other segment reported revenue of RM10.1 million (January to March 2015: RM10.4 million). At the same time, the Segment reported lower level of loss, from RM0.9 million in the first quarter of 2015 to RM0.6 million in the same quarter of 2016. The improvement was mainly due to higher trading and premix sales achieved with improved margin.

*Current 3-month vs immediate preceding 3-month review (March 2016 vs December 2015)*

Other segment recorded a slight increase in revenue from RM9.6 million in the immediate preceding quarter to RM10.1 million in the current quarter. However, the Segment reported a loss of RM0.6 million (October to December 2015: a profit of RM0.3 million). The segment profit in the immediate preceding quarter of 2015 was mainly contributed by some gain arising from disposal of non-performing business.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 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 (continued)

###### *Prospects*



*Permy Mall, Miri – recurring income*



*Proposed Bintulu hotel*

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. In addition, the rolling out of Pan Borneo Highway is expected to have positive impact to these operations.

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

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

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



*DEHB – major contributor to group profit*

Our associate, Dayang Enterprise Holdings Bhd. (“DEHB”), registered a loss after tax attributable to owners of about RM26.3 million, against a profit after tax of RM34.4 million achieved in the corresponding quarter in 2015.

#### 18. Profit guarantee

The Group did not issue any profit guarantee.

#### 19. Tax expense

The Group’s effective tax rate for the current quarter under review is higher than the prima facie tax rate of 25%, mainly due to higher non-deductible expenses.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 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

	3 months ended 31 March	
	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
Gain on disposal of:		
- property, plant and equipment	-	( 591)
Interest income from fixed deposits and cash funds	( 186)	( 148)
Other interest income	( 1,634)	( 1,146)
Amortisation of:		
- intangible assets	170	170
- investment property	219	321
- prepaid lease payments	9	7
Depreciation of property, plant and equipment	1,684	1,876
Write back of provision for liquidated and ascertained damages	( 9,658)	-
Foreign exchange loss/(gain)		
- unrealised	418	( 1,774)
- realised	6	-
Interest expense on loans and borrowings	3,944	2,056
Property, plant and equipment written off	3	7

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 March 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 FIRST QUARTER ENDED 31 MARCH 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 March 2016 RM'000	31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	865,738	849,083
- unrealised	21,962	28,297
	887,700	877,380
Share of retained earnings from:		
- associates	165,865	174,383
- joint ventures	1,364	1,924
	1,054,929	1,053,687
Less: Consolidation adjustments	( 70,061)	( 69,707)
Total group retained earnings as per consolidated statement of changes in equity	984,868	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 26 May 2016.