



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the second quarter and six months ended 30 June 2015				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended</i>		<i>6 months ended</i>	
	<i>30-Jun</i>		<i>30-Jun</i>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	138,585	158,107	265,249	312,159
Cost of sales	(126,633)	(125,859)	(233,577)	(231,976)
Gross profit	11,952	32,248	31,672	80,183
Other operating income	898	3,302	3,838	6,418
Selling and promotional expenses	(3,372)	(2,862)	(6,356)	(4,514)
Administration expenses	(8,106)	(13,469)	(17,191)	(29,614)
Other expenses	61	(7)	(29)	(7)
Results from operating activities	1,433	19,212	11,934	52,466
Other non-operating income	-	-	-	61,692
Finance income	2,285	1,357	3,579	2,917
Finance costs	(4,713)	(3,327)	(6,809)	(10,410)
Net finance costs	(2,428)	(1,970)	(3,230)	(7,493)
Share of results (net of tax) of equity-accounted:				
- associates	10,504	18,812	21,481	31,433
- joint ventures	328	1,165	918	979
Profit before tax	9,837	37,219	31,103	139,077
	Note 20			
Tax expense	(1,274)	(8,799)	(4,536)	(14,957)
	Note 19			
Profit for the period	8,563	28,420	26,567	124,120
Other comprehensive income/(loss), net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(11)	(65)	(718)	(143)
Share of other comprehensive loss/(income) of an associate	2,075	(542)	4,409	(939)
Other comprehensive (loss)/income for the period	2,064	(607)	3,691	(1,082)
Total comprehensive income for the period	10,627	27,813	30,258	123,038
Profit/ (Loss) attributable to:				
Owners of the Company	8,406	28,763	26,018	124,578
Non-controlling interests	157	(343)	549	(458)
Profit for the period	8,563	28,420	26,567	124,120
Total comprehensive income/ (loss) attributable to:				
Owners of the Company	10,470	28,156	29,709	123,496
Non-controlling interests	157	(343)	549	(458)
Total comprehensive income for the period	10,627	27,813	30,258	123,038
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note 9			
	3.55	12.14	10.98	52.58

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
For the second quarter and six months ended 30 June 2015		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 June	31 December
	2015	2014
	RM'000	RM'000
ASSETS		
Property, plant and equipment	44,124	43,001
Prepaid lease payments	2,413	2,427
Interests in associates	346,269	329,176
Interests in joint ventures	2,387	17,085
Land held for property development	404,876	404,876
Investment properties	81,711	66,447
Intangible assets	6,577	6,917
Deferred tax assets	20,231	20,626
Other investments	2,974	2,974
Trade and other receivables	79,878	65,875
Total non-current assets	991,440	959,404
Inventories	28,886	24,172
Property development costs	407,000	367,922
Trade and other receivables	393,870	320,615
Deposits and prepayments	11,068	7,637
Current tax recoverable	4,974	11,304
Cash and cash equivalents	117,774	160,969
	963,572	892,619
Assets classified as held for sale	10,745	10,940
Total current assets	974,317	903,559
Total assets	1,965,757	1,862,963
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	981,106	959,684
Total equity attributable to owners of the Company	1,282,450	1,261,028
Non-controlling interests	14,713	13,770
Total equity	1,297,163	1,274,798
LIABILITIES		
Loans and borrowings	Note 8 115,900	121,982
Deferred tax liabilities	26,598	27,069
Total non-current liabilities	142,498	149,051
Loans and borrowings	Note 8 220,272	136,263
Trade and other payables	297,136	290,815
Current tax payable	1,913	5,487
	519,321	432,565
Liabilities classified as held for sale	6,775	6,549
Total current liabilities	526,096	439,114
Total liabilities	668,594	588,165
Total equity and liabilities	1,965,757	1,862,963
Net assets per ordinary share attributable to owners of the Company (RM)	5.13	5.04

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the second quarter and six months ended 30 June 2015

(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	Capital reserve RM' 000	Foreign currency translation reserve RM' 000	Fair value 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
For the 6 months ended 30 June 2014 (Unaudited)												
At 1 January 2014		250,000	86,092	26,283	1,074	-	(34,748)	34	711,144	1,039,879	24,200	1,064,079
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(143)	-	-	-	-	(143)	-	(143)
<i>Share of other comprehensive loss of an associate</i>		-	-	-	(952)	-	-	13	-	(939)	-	(939)
Total other comprehensive loss for the period		-	-	-	(1,095)	-	-	13	-	(1,082)	-	(1,082)
Profit/ (Loss) for the period		-	-	-	-	-	-	-	124,578	124,578	(458)	124,120
Total comprehensive income for the period		-	-	-	(1,095)	-	-	13	124,578	123,496	(458)	123,038
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	124	124	(124)	-
Share of bonus issue expense by an associate		-	-	(35)	-	-	-	-	-	(35)	-	(35)
Transaction with non-controlling interests <i>- Issue of shares by a subsidiary</i>		-	-	-	-	-	-	-	-	-	100	100
At 30 June 2014		250,000	86,092	26,248	(21)	-	(34,748)	47	835,846	1,163,464	23,718	1,187,182
For the 6 months ended 30 June 2015 (Unaudited)												
At 1 January 2015		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>		-	-	-	(718)	-	-	-	-	(718)	-	(718)
<i>Share of other comprehensive (loss)/income of an associate</i>		-	-	-	4,386	-	-	23	-	4,409	-	4,409
Total other comprehensive profit for the period		-	-	-	3,668	-	-	23	-	3,691	-	3,691
Profit for the period		-	-	-	-	-	-	-	26,018	26,018	549	26,567
Total comprehensive income for the period		-	-	-	3,668	-	-	23	26,018	29,709	549	30,258
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	6	6	(6)	-
Transactions with owners of the Company <i>- Dividends</i>	Note 10	-	-	-	-	-	-	-	(8,293)	(8,293)	-	(8,293)
Transaction with non-controlling interests <i>- Issue of shares by a subsidiary</i>		-	-	-	-	-	-	-	-	-	400	400
At 30 June 2015		250,000	86,092	-	5,397	-	(34,748)	39	975,670	1,282,450	14,713	1,297,163

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and six months ended 30 June 2015

(The figures have not been audited)

	Unaudited 30 June 2015 RM'000	Unaudited 30 June 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	31,103	139,077
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	340	340
- investment property	571	639
- prepaid lease payments	14	14
Depreciation of property, plant and equipment	3,339	6,667
Finance income	(3,579)	(2,917)
Finance costs	6,809	10,410
Gain on disposal of:		
- property, plant and equipment	(353)	(1,065)
- associate	-	(61,692)
Property, plant and equipment written off	18	8
Share of results of equity accounted:		
- associates	(21,481)	(31,433)
- joint ventures	(918)	(979)
Unrealised foreign exchange gain	(2,431)	(362)
Operating profit before changes in working capital	13,432	58,707
Changes in working capital :		
Inventories	(7,330)	(2,277)
Property development costs	(52,135)	(50,645)
Trade and other receivables, deposits and prepayments	(85,579)	(22,524)
Trade and other payables	5,263	(8,956)
Cash used in operations	(126,349)	(25,695)
Net income taxes paid	(1,760)	(14,041)
Net cash used in operating activities	<u>(128,109)</u>	<u>(39,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(5,841)	(4,873)
- investment property	-	(2,564)
Proceeds from disposal of :		
- property, plant and equipment	1,429	2,755
- an associate	-	82,072
Decrease in deposits pledged to licensed banks	41	419
Distribution of profit received from joint ventures	15,300	1,174
Dividends received from an associate	8,922	8,922
Interest received	353	2,146
Net cash from investing activities	<u>20,204</u>	<u>90,051</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from other loans and borrowings	77,869	237,869
Net proceeds from finance lease liabilities	59	(58)
Repayment of Islamic Bond	-	(300,000)
Proceeds from issuance of shares to non-controlling interest	400	100
Dividends paid to:		
- owners of the Company	(8,293)	(7,108)
Interest paid	(5,758)	(13,497)
Net cash from/(used in) financing activities	<u>64,277</u>	<u>(82,694)</u>
Net decrease in cash and cash equivalents	(43,628)	(32,379)
Effects of exchange rate changes on cash and cash equivalents	575	(31)
Cash and cash equivalents at beginning of period	161,378	258,850
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>118,325</u>	<u>226,440</u>
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	41,559	140,651
Short term cash funds	-	10,000
Cash in hand and at banks	75,824	73,286
Total cash and cash equivalents	117,383	223,937
Add: Cash included as held for sale	942	2,503
Total cash and cash equivalents as shown in statement of cash flows	<u>118,325</u>	<u>226,440</u>

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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 six months ended 30 June 2015 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 2014. 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 2014.

The annual financial statements of the Group as at and for the year ended 31 December 2014 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 period 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 2017 as mandated by the Malaysian Accounting Standards Board (“MASB”).

As a result, the Group (including the transitioning entities) will continue to apply FRS as their financial reporting framework to prepare their financial statements for annual periods ending 31 December 2015 and 31 December 2016.

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

During the current period under review, the Group has adopted the following revised accounting standards and amendments which are effective for annual periods beginning on and after 1 July 2014:

- Amendments to FRS 2, *Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 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 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 2016***

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

Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*

FRS 14, *Regulatory Deferral Accounts*



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QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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 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 FRSs 2012-2014 Cycle)*

2.2 Migration to new accounting framework

The Group's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

The Group will apply the following MFRSs that are not yet effective:

- **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 MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 and MFRS 9, which are to be applied on retrospective basis.

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 the 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 areas of estimation uncertainty were the same as those disclosed in the annual financial statements as at and for the year ended 31 December 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Estimates (continued)

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

5. Debt and equity securities

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

There was no share buy-back during the period under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 30 June 2015 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 RM5.8 million (30.06.2014: RM4.9 million), of which RM0.09 million (30.06.2014: Nil) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of about RM1.1 million (30.06.2014: RM1.6 million) were disposed of and/or written off during the period under review.

7. Changes in the composition of the Group

i) Additional investments arising from new shares issued by an existing subsidiary

In January 2015, Bina Hartamas Sdn. Bhd. ("BHSB") which was previously a 100% owned subsidiary, issued 999,998 new ordinary shares of RM1.00 each respectively to Naim Land Sdn. Bhd. ("NLSB") and third parties where 599,998 shares of RM1.00 each was subscribed by NLSB in cash. The resultant equity interest held by NLSB in BHSB decreased from 100% to 60%.

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 net assets, which was immaterial, was adjusted against the Group's reserves.

ii) Disposal of foreign subsidiaries

In January and March 2015 respectively, two foreign subsidiaries, namely Naimcendera Engineering & Construction Sendirian Berhad and Naim Vanua Levu (Fiji) Limited, had been struck off from the respective Registrar of Companies. The strike off of these subsidiaries (deemed as disposal to the Group) has no material impact to the Group due to their dormancy.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

		30 June 2015 RM'000	31 December 2014 RM'000
<i>Non-current</i>			
Secured	- Term loans	115,851	121,982
	- Finance lease	49	-
		115,900	121,982
<i>Current</i>			
Unsecured	- Revolving credit	210,000	130,000
Secured	- Term loans	10,262	6,263
	- Finance lease	10	-
		220,272	136,263
Total		336,172	258,245

9. Earnings per ordinary share (“EPS”)

Basic/Diluted EPS

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

	6 months ended 30 June	
	2015	2014
Profit attributable to owners of the Company (RM'000)	26,018	124,578
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	236,944	236,944
Basic/Diluted EPS (sen)	10.98	52.58



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QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Dividend

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

Type of dividend	Sen per share	For the year end	Payment date	RM'000
First interim single-tier tax exempt	3.50	31 December 2014	24 April 2015	8,293 =====

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, 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. 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 subsidiaries for resources 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.



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QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
For the 6 months ended 30 June										
Revenue from external customers	89,912	127,917	156,955	164,302	18,382	19,940	-	-	265,249	312,159
Inter segment revenue	-	-	-	-	6,800	32,876	(6,800)	(32,876)	-	-
Total segment revenue	<u>89,912</u>	<u>127,917</u>	<u>156,955</u>	<u>164,302</u>	<u>25,182</u>	<u>52,816</u>	<u>(6,800)</u>	<u>(32,876)</u>	<u>265,249</u>	<u>312,159</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	13,882	35,387	(726)	8,879	(1,551)	348	(313)	(2,520)	11,292	42,094
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	753	3,679	-	35	-	-	753	3,714
- joint ventures	-	-	918	979	-	-	-	-	918	979
	<u>13,882</u>	<u>35,387</u>	<u>945</u>	<u>13,537</u>	<u>(1,551)</u>	<u>383</u>	<u>(313)</u>	<u>(2,520)</u>	<u>12,963</u>	<u>46,787</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expense)/income									(2,588)	2,879
Gain on disposal of interests in an associate									-	61,692
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									20,728	27,719
Tax expense									(4,536)	(14,957)
Profit for the period									<u>26,567</u>	<u>124,120</u>
Other comprehensive profit/(loss), net of tax									3,691	(1,082)
Total comprehensive income for the period									<u>30,258</u>	<u>123,038</u>
Non-controlling interests									(549)	458
Total comprehensive income attributable to the owners of the Company									<u>29,709</u>	<u>123,496</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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12. Subsequent events

On 13 July 2015, a direct subsidiary, Naim Engineering Sdn. Bhd. subscribed for the entire equity interest of Equaflow 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 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 2014 till the date of this quarterly report.

14. Capital expenditure commitments

	30 June 2015 RM'000	31 December 2014 RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	10,494 =====	18,136 =====

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 2014.



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16. Related parties

i) Transactions with key management personnel

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

	6 months ended 30 June	
	2015 RM'000	2014 RM'000
Directors of the Company	4,115	3,916
Other key management personnel	3,034	2,842
	7,149	6,758
	7,149	6,758

ii) Other related party transactions

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Transaction with associates</u>				
Construction contract cost	6,847	3,618	(4,427)	(3,914)
Dividend income receivable	(8,922)	(8,922)	-	-
Purchase of construction raw materials	425	5,185	-	(568)
Rental expense on machinery	2,669	5,720	(211)	(232)
	2,669	5,720	(211)	(232)



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17. Review of Group performance

The Group recorded lower revenue of RM265.2 million for the 6 months period under review, as compared to RM312.2 million reported in the corresponding period of 2014. At the same time, Group profit before tax for the period was RM31.1 million against RM139.1 million achieved in the same period in 2014 under review. The decrease was contributed by lower units of properties sold as well as lower progress of construction works achieved for existing housing and construction projects during the quarter under review [see Note 17.1 for further details].

A substantial gain of RM61.7 million arising from the disposal of partial equity interest in an associate during 2014 had led to higher profit before tax of RM139.1 million reported in corresponding period of 2014.

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

17.1 Review of performance of operating segments and current year prospects

a) *Property*

Current 6-month vs corresponding preceding 6-month review (June 2015 vs June 2014)

For the current 6 months period under review, Property segment achieved revenue of RM89.9 million, being 30% lower than the RM127.9 million achieved in the same period of 2014. At the same time, Property profit declined from RM35.4 million in June 2014 to RM13.9 million in June 2015. The decrease was partly due to lower contributions from the substantially completed projects. The Group also reported lower level of new sales about RM72 million, compared to that achieved in 2014 of about RM99 million, leading the drop in the segment revenue and profit.

Current 3-month vs immediate preceding 3-month review (June 2015 vs March 2015)

Compared to the immediate preceding quarter (January to March 2015), Property revenue decreased from RM51.3 million to RM38.6 million. The segment profit also declined from RM11.8 million to RM2.0 million during the current 3 months period. The decrease was due to lower progress of development works achieved 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*

Property market continues to experience some slowdown, coupled with weaker buyers' sentiment and the effect of the various property cooling measures initiated by the government since 2013.

We have adopted a cautious attitude/approach especially on product launches and product types, to be more selective depending much on the buyers' demand and market conditions. Product planning and pricing as well as tightening of costs control are amongst the key measures to be implemented in order to sustain the performance in our Property segment in near term.



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17. Review of Group performance (continued)

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

b) Construction

Current 6-month vs corresponding preceding 6-month review (June 2015 vs June 2014)

Construction segment recorded lower revenue of RM157.0 million for the current 6 months period, against RM164.3 million achieved in the corresponding period of 2014. The Segment profit for the 6 months period also declined from RM8.9 million in June 2014 to a loss of RM0.7 million in June 2015. The drop was partly due to lower contributions from certain construction projects being substantially completed during 2014. Revision in the contract sum of certain construction projects due to variation orders/provisional sums has also led to the drop in the segment revenue and profit.

Current 3-month vs immediate preceding 3-month review (June 2015 vs March 2015)

Higher Construction revenue of RM92.0 million was achieved, representing an increase of 42% from RM65.0 million achieved in the immediate preceding quarter, mainly due to increased progress of works achieved during the current 3 months period.



LNG Train 9 with JGC



MRT projects

The Segment performance continued to report loss of RM0.2 million (January to March 2015: RM0.5 million).



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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. At the same time, strict monitoring on the progress of projects is implemented to ensure they are on schedule. We are also in the process of improving risk management and tightening internal controls for the construction segment.

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

c) *Other segment*

Current 6-month vs corresponding preceding 6-month review (June 2015 vs June 2014)

During the current 6 months period, Other segment reported a revenue of RM18.4 million (January to June 2014: RM19.9 million). At the same time, the Segment registered a loss of RM1.6 million in the current period, against a profit of RM0.3 million in corresponding period in 2014. The decrease was mainly due to higher operational costs from the premix and quarry operations which are running below capacity.

Current 3-month vs immediate preceding 3-month review (June 2015 vs March 2015)

Other segment recorded a decline in revenue from RM10.4 million in the immediate preceding quarter to RM8.0 million in the current quarter. The Segment also reported an additional loss of RM0.7 million (January to March 2015: RM0.9 million), mainly contributed by the premix and quarry 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*

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

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.

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 RM69.7 million for the six months ended 30 June 2015, a decrease of 22% over the RM89.4 million achieved in the corresponding period in 2014.

Based on the share price of DEHB of RM1.48 as at 25 August 2015 (closing price), the estimated market value of the Group’s investment in DEHB, based on current shareholding of 29.06%, is approximately RM377 million.



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18. Profit guarantee

The Group did not issue any profit guarantee.

19. Tax expense

	6 months ended 30 June	
	2015 RM'000	2014 RM'000
Current tax expense		
- current period	4,877	22,286
- prior periods	(365)	-
	4,512	22,286
Deferred tax expense		
- current period	(10)	(6,291)
- prior periods	34	(1,038)
	24	(7,329)
Total tax expense	4,536	14,957
Share of tax of associates and joint ventures	6,782	6,868
	11,318	21,825
Profit excluding tax	31,103	139,077
Add: Share of tax of associates and joint ventures	6,782	6,868
	37,885	145,945
Effective tax rate (%)	29.9	15.0

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

On the other hand, the Group's effective tax rate for the corresponding period of 2014 was lower than prima facie tax rate, mainly due to substantial capital gain (non-taxable) arising from the disposal of partial interest in an associate.



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20. Profit before tax

	6 months ended 30 June	
	2015 RM'000	2014 RM'000
Profit before tax is arrived at after (crediting)/charging:		
Gain on disposal of:		
- property, plant and equipment	(353)	(1,065)
- associate	-	(61,692)
Interest income from fixed deposits and cash funds	(693)	(2,501)
Other interest income	(2,360)	-
Allowance for impairment loss on receivables	1,001	-
Amortisation of:		
- intangible assets	340	340
- investment property	571	639
- prepaid lease payments	14	14
Depreciation of property, plant and equipment	3,339	6,667
Unrealised foreign exchange gain	(2,431)	(362)
Interest expense on loans and borrowings	5,758	9,542
Property, plant and equipment written off	18	8

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

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 June 2015.

22. Status of corporate proposals

On 14 April 2015, the Company announced its proposal to establish and implement a Long Term Incentive Plan ("LTIP") of up to 10% of its issued and paid-up capital (excluding treasury shares) for the eligible employees and directors of the Group who fulfill the eligibility criteria. The proposed LTIP comprises restricted share plan and performance share plan and shall be in force for a period of 10 years commencing from the effective date of implementation, which is yet to be determined.

As at to-date, the Company has obtained all necessary approvals from Bursa Securities and the shareholders.

Saved as disclosed above, there are no other corporate proposals announced at the date of this quarterly report.



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23. Material litigation

On 10 January 2012, Naim Land Sdn. Bhd. (“NLSB”) received a Writ of Summons and Statement of Claim from a contractor seeking for, inter alia, a refund of liquidated and ascertained damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising from the execution and completion of the site clearance and earthworks for a housing project in Kuching. Full trial was completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB appealed against the High Court’s decision. On 19 August 2015, the Court of Appeal dismissed NLSB’s appeal with cost of RM10,000.

24. Breakdown of realised and unrealised profits or losses

	30 June 2015 RM'000	31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	869,547	876,272
- unrealised	21,973	20,744
	891,520	897,016
Share of retained earnings from:		
- associates	146,005	130,443
- joint ventures	587	15,285
	1,038,112	1,042,744
Less: Consolidation adjustments	(62,442)	(84,805)
Total group retained earnings as per consolidated statement of changes in equity	975,670	957,939
	=====	=====

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



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25. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2014 was not qualified.

26. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 August 2015.