



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
For the nine months ended 30 September 2010 (The figures have not been audited)				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	140,992	144,460	420,290	374,109
Cost of sales	(89,417)	(107,203)	(308,840)	(285,209)
Gross profit	51,575	37,257	111,450	88,900
Other income	1,978	788	4,574	5,052
Selling and distribution expenses	(1,264)	(931)	(3,224)	(3,294)
Administration expenses	(11,675)	(7,842)	(29,843)	(21,282)
Other expenses	(7)	161	(458)	(464)
Results from operating activities	40,607	29,433	82,499	68,912
Finance income	2,362	103	3,185	505
Finance costs	(1,787)	(884)	(5,698)	(1,745)
Net finance costs	575	(781)	(2,513)	(1,240)
Share of results of associates	9,670	4,133	19,679	14,153
Share of results of joint ventures	(745)	698	(43)	3,435
Profit before tax	50,107	33,483	99,622	85,260
Income tax expense	(10,729)	(12,115)	(22,207)	(23,650)
Profit for the period	39,378	21,368	77,415	61,610
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(335)	-	110	-
Fair value changes for available-for-sale financial assets	(109)	-	(102)	-
Other comprehensive income for the period, net of tax	(444)	-	8	-
Total comprehensive income for the period	38,934	21,368	77,423	61,610
Profit attributable to:				
Owners of the Company	36,941	21,396	75,296	59,898
Minority interests	2,437	(28)	2,119	1,712
Profit for the period	39,378	21,368	77,415	61,610
Total comprehensive income attributable to:				
Owners of the Company	36,550	21,396	75,354	59,898
Minority interests	2,384	(28)	2,069	1,712
Total comprehensive income for the period	38,934	21,368	77,423	61,610
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note XIII	15.59	9.02	31.78
				25.26

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.
The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 30 September 2010 (The figures have not been audited)			
	Notes	Unaudited 30 September 2010 RM'000	Audited 31 December 2009 RM'000
ASSETS			
Property, plant and equipment		88,568	63,397
Land held for property development		110,522	110,492
Prepaid lease payments		49,109	51,034
Intangible assets		9,809	2
Interest in associates		161,357	149,363
Interest in joint ventures		10,414	10,957
Other investments		48	476
Deferred tax assets		2,516	1,414
Total non-current assets		432,343	387,135
Property development costs		229,330	241,336
Inventories		20,994	27,136
Trade and other receivables		293,137	302,897
Current tax assets		7,184	8,562
Cash and bank balances		70,498	90,096
Total current assets		621,143	670,027
Total assets		1,053,486	1,057,162
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		401,045	351,019
Total equity attributable to owners of the Company		702,389	652,363
Minority interests		15,642	21,961
Total equity		718,031	674,324
LIABILITIES			
Loans and borrowings		23,860	10,078
Deferred tax liabilities		49,890	51,646
Total non-current liabilities		73,750	61,724
Loans and borrowings		97,765	130,921
Deferred income		19,308	25,053
Trade and other payables		137,305	158,070
Current tax liabilities		7,327	7,070
Total current liabilities		261,705	321,114
Total liabilities		335,455	382,838
Total equity and liabilities		1,053,486	1,057,162
Net assets per ordinary share attributable to owners of the Company (RM)		2.81	2.61

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this 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 2009.

QUARTERLY REPORT - THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
For the nine months ended 30 September 2010 (The figures have not been audited)		
	30 September 2010 RM'000	30 September 2009 RM'000
Net cash from/(used in) operating activities	74,365	(34,077)
Net cash (used in)/from investing activities	(39,741)	20,314
Net cash (used in)/from financing activities	(54,532)	11,152
Net decrease in cash and cash equivalents	(19,908)	(2,611)
Effect of exchange rate changes	-	6
Cash and cash equivalents at beginning of financial period	89,700	57,121
Cash and cash equivalents at end of financial period	<u>69,792</u>	<u>54,516</u>
	RM'000	RM'000
Cash and cash equivalents at end of financial period	69,792	54,516
Add : Fixed deposits pledged	706	-
Deposits, cash and bank balances at end of financial period	<u>70,498</u>	<u>54,516</u>

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this interim financial statements.

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY										
For the nine months ended 30 September 2010										
(The figures have not been audited)										
	Total equity attributable to owners of the Company									
	Non Distributable						Distributable		Minority Interests	Total Equity
	Share capital	Share premium	Capital reserve	Treasury shares	Fair value reserve	Translation reserve	Retained earnings	Sub-total		
RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
<u>9 months ended 30 September 2009</u>										
At 1 January 2009	250,000	86,092	26,370	(33,469)	-	-	258,658	587,651	24,228	611,879
Total comprehensive income for the period	-	-	-	-	-	-	59,898	59,898	1,712	61,610
Dividends to owners	-	-	-	-	-	-	(18,955)	(18,955)	(2,566)	(21,521)
Treasury shares purchased - at cost	-	-	-	(1,279)	-	-	-	(1,279)	-	(1,279)
Foreign currency translation differences	-	-	-	-	-	6	-	6	-	6
At 30 September 2009	250,000	86,092	26,370	(34,748)	-	6	299,601	627,321	23,374	650,695
<u>9 months ended 30 September 2010</u>										
At 1 January 2010, as previously stated	250,000	86,092	26,370	(34,748)	-	(35)	324,684	652,363	21,961	674,324
Effect of adopting FRS 139	-	-	-	-	102	-	(2,585)	(2,483)	70	(2,413)
At 1 January 2010, as restated	250,000	86,092	26,370	(34,748)	102	(35)	322,099	649,880	22,031	671,911
Total comprehensive income for the period	-	-	-	-	(102)	110	75,346	75,354	2,069	77,423
Dividends to owners	-	-	-	-	-	-	(23,694)	(23,694)	(6,154)	(29,848)
Acquisition of minority interests										
in an existing subsidiary	-	-	-	-	-	-	-	-	(615)	(615)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,689)	(1,689)
Gain arising from changes in group composition	-	-	-	-	-	-	849	849	-	849
At 30 September 2010	250,000	86,092	26,370	(34,748)	-	75	374,600	702,389	15,642	718,031

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this 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 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the nine months ended 30 September 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

1. Basis of preparation

The consolidated interim financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

A limited review on this Quarterly Report has been undertaken by the Company's External Auditors.

2. Significant accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009, except for the adoption of the following standards, amendments and interpretations which are effective for annual periods beginning on 1 January 2010:

FRS 7, *Financial Instruments: Disclosures*

FRS 8, *Operating Segments*

FRS 101, *Presentation of Financial Statements (revised)*

FRS 123, *Borrowing Costs (revised)*

FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 7, *Financial Instruments: Disclosures*

Amendments to FRS 127, *Consolidated and Separate Financial Statements, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 101, *Presentation of Financial Statements*

Improvements to FRSs (2009)

IC Interpretation 10, *Interim Financial Reporting and Impairment*



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies

The principal effects of the changes in presentation, changes or methods of computations and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and amendments are set out below:

(i) ***FRS 139, Financial Instruments: Recognition and Measurement***

The adoption of FRS 139 has resulted in several changes in accounting policies relating to recognition and measurement of financial instruments and the significant changes in accounting policies are as follows:

- ***Investments in equity securities***

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value which was other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates, are now categorised and measured as available-for sale investments.

- ***Inter-company loans/advances***

Prior to the adoption of FRS 139, inter-company loans/advances were recorded at cost. With the adoption of FRS 139, inter-company loans/advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and/or costs are recognised in profit or loss using the effective interest method.

- ***Impairment of trade and other receivables***

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable was considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. For first-time adoption of the standards, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings. Comparatives are not adjusted.



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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies (continued)

(i) *FRS 139, Financial Instruments: Recognition and Measurement (continued)*

Effect of adoption of FRS 139

The effect of adopting FRS 139 to the Group is summarised as follows:

Group <i>In thousand of RM</i>	Fair value reserve		Retained earnings	
	2010	2009	2010	2009
At 1 January, as previously stated	-	-	324,684	258,658
Adjustments arising from adoption of FRS 139:				
- <i>Fair value of equity securities classified as available-for-sale</i>	102	-	-	-
- <i>Remeasurement of trade and other receivables</i>	-	-	(5,746)	-
- <i>Remeasurement of trade and other payables</i>	-	-	3,161	-
	102	-	(2,585)	-
At 1 January , as restated	102	-	322,099	258,658

(ii) *FRS 7, FRS 8, FRS 101, FRS 123, ICI 10 and Improvement to FRSs (2009)*

FRS 7, FRS 8 and FRS 101 only impact presentation and disclosure aspects of the financial statements.

FRS 123 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. The adoption of FRS 123 (revised) does not have a material impact on the Group.

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during a financial year in respect of goodwill, an investment in equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively were first applied. The adoption of IC Interpretation 10 does not have any impact to the financial statements of the Group as no reversal of such impairment loss has been made in the current or previous periods.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies (continued)

(ii) **FRS 7, FRS 8, FRS 101, FRS 123, ICI 10 and Improvement to FRSs (2009) (continued)**

Improvements to FRSs (2009) contain various amendments that result in changes to presentation, recognition, measurement and/or disclosure. Among the amendments is one that allows the reclassification of long-term leasehold land which in substance is a finance lease, presently treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively. These amendments do not have a material impact to the Group.

The adoption of the above standards and interpretations does not affect the basic and diluted earning per ordinary share for prior periods.

2.2 Standards, amendments and interpretations yet to be effective

The Group has not applied the following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are only effective for annual periods beginning on or after the respective dates indicated herein:

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 132, <i>Financial Instruments: Presentation on Clarification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1 - <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i> - <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2, <i>Group Cash-settled Share-based payment Transactions</i>	1 January 2011



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Standard / Amendment / Interpretation	Effective date
<i>Amendments to FRS 7, Improving Disclosures about Financial Instruments</i>	1 January 2011
IC Interpretation 4, <i>Determining Whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 January 2012

The Group plans to apply from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or after 1 March 2010, except for Amendments to FRS 132, FRS 1 (revised), Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 5, Amendments to IC Interpretation (“ICI”) 9, ICI 12, ICI 16, ICI 17 and ICI 18 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which is to be applied prospectively, is not expected to have any financial impacts to the financial statements for the current and prior periods upon their first adoption.

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. The amendments for FRS 127 further require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group’s interest. Currently, such losses are charged against the Group’s interest. The changes in FRS 127 are not expected to have material impacts to the Group.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The amendments to FRS 138, to be applied retrospectively, clarify, *inter alia*, that other amortisation methods, apart from the straight line method, may be used for intangible assets with finite useful lives. The adoption of the amendments to FRS 138 is not expected to have a material impact to the Group.

IC Interpretation 4, which is to be applied retrospectively, provides guidance for determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease. The adoption of ICI 4 is not expected to have a material impact to the Group.

The Group will apply ICI 15 for its annual periods beginning 1 January 2012. ICI 15 replaces the existing FRS 201₂₀₀₄, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from the property development activities will change from the percentage of completion method to the completed method. The Group is currently assessing the impact of the adoption of this interpretation.

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by MASB as are necessary to effectuate the full convergence.

3. Seasonality and cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

5. Changes in estimates

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



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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Debt and equity securities

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

There was no share buy-back during the period. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 30 September 2010 are 13,056,000 shares.

7. Changes in the composition of the Group

a) *Acquisition of new subsidiaries*

On 11 February 2010, Naim Overseas Sdn Bhd (“NOSB”) acquired 999,999 ordinary shares of FJD1.00 each in Naim Quarry (Fiji) Limited (“NQFL”), representing 99.99% of the equity thereof, for a consideration of FJD999,999 which were fully paid as at 30 September 2010.

On 17 March 2010, NOSB also subscribed for 999,998 ordinary shares of FJD1.00 each in Naim Premix (Fiji) Limited (“NPFL”), representing 99.99% of the equity interest thereof, for a consideration of FJD998,998, which was fully paid on 19 August 2010.

b) *Increase in investment in existing subsidiaries*

NCSB Engineering Sdn Bhd acquired an additional 450,000 ordinary shares of RM1.00 each in Plus Viable Sdn. Bhd. (“PVSB”) from a minority shareholder on 1 March 2010 for a cash consideration of RM585,000. The resultant group equity interest in PVSB has increased from 70% to 85% following the acquisition.

In July 2010, Naimcendera Engineering & Construction Sendirian Berhad (“NECSB”) effected a special issue of 998 new ordinary shares of BND1.00 each to NOSB for a cash consideration of BND998 (equivalent to RM2,330). The resultant group equity interest in NECSB has increased from 50% to 99.99%.

c) *Decrease in investment in existing subsidiaries*

On 26 July 2010, Naim Cendera Sdn Bhd (“NCSB”) and Total Reliability Sdn Bhd (“TRSB”) entered into share swap agreements with TR Concrete Sdn. Bhd. (“TRC”), an associate of the Group, to transfer all of the Group’s interests in TR Smart Piles Sdn. Bhd. (“TRSP”) and TR Bricks Sdn. Bhd. (“TRB”) to TRC in exchange for 376,672 new ordinary shares of RM1.00 each in TRC. Following the share swaps, TRSP and TRB have now become wholly-owned subsidiaries of TRC.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Dividends

Type of dividend	Rate	For the year end	Payment date	RM'000
Second interim single-tier dividend	5.0	31 December 2009	14 April 2010	11,847
First interim single-tier dividend	5.0	31 December 2010	11 October 2010	11,847
				23,694

9. Operating segment

	Segment revenue		Segment profit	
	----- 9 months ended 30 September -----			
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property development	130,467	121,679	56,988	29,812
Construction	267,116	214,697	27,193	34,622
Sale of goods/services	48,283	56,616	1,230	7,473
	445,866	392,992	85,411	71,907
Inter Segment	(25,576)	(18,883)	(4,337)	(3,099)
	420,290	374,109	81,074	68,808
Oil and gas – share of results of associate			18,018	13,801
			99,092	82,609
Unallocated expenses			(2,352)	(1,641)
Income from investments			1,264	505
Share of results of non oil-and-gas associates			1,661	352
Share of results of joint ventures			(43)	3,435
Profit before tax			99,622	85,260
Income tax expense			(22,207)	(23,650)
Profit for the period			77,415	61,610
Other comprehensive income			8	-
Total comprehensive income for the period			77,423	61,610



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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Property, plant and equipment and prepaid lease payments – *major acquisitions and disposals*

During the period, the Group acquired items of property, plant and equipment and prepaid lease payments of about RM39.0 million (31.9.2009: RM8.8 million), of which RM1,438,000 (31.9.2009: RM4.7 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of approximately RM1.0 million (31.9.2009: RM635,000) were disposed of during the period under review.

11. Subsequent material events

On 16 November 2010, NCSB Engineering Sdn. Bhd. increased its shareholding in Plus Viable Sdn. Bhd. from 85% to 90% by acquiring an additional 150,000 ordinary shares of RM1.00 each in the company for a consideration of RM231,000 [see also Note 7(b)].

Save as disclosed, there are no material events subsequent to the end of the period reported on, that has not been reflected in the financial statements for the said period, made up to the date of this quarterly report.

12. Contingent liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2009 till the date of this quarterly report.

13. Capital expenditure commitments

	As at 30 September	
	2010	2009
	RM'000	RM'000
<i>Contracted for but not provided for in interim financial statements</i>		
Property, plant and equipment	-	11,991
<i>Authorised but not contracted for</i>		
Acquisition of land bank	174,299 *	128,450 *
Investment property	49,910	60,364
Property, plant and equipment	24,629	5,761
	<u>248,838</u>	<u>206,566</u>

* Proposed to be financed by cash/debt/equity or a combination thereof.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Related parties

Transactions with key management personnel

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

	9 months ended 30 September	
	2010 RM'000	2009 RM'000
Directors of the Company	5,491	4,728
Other key management personnel	<u>5,330</u>	<u>4,969</u>
	<u>10,821</u>	<u>9,697</u>

Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Transactions with associates</u>				
Sale of construction materials	(31)	(105)	29	18
Purchase of raw materials	339	1,095	485	490
Construction costs payable	563	16,238	(1,587)	(1,124)
Transportation charges	1	3	-	-
<u>Transaction with unincorporated joint venture</u>				
Construction contract receivable	16,042	9,850	(6,595)	(8,660)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Procurement of IT services	-	-	-	(13)
Donation to Tabung Amanah Naim	-	-	45	287
Rental of premises expenses	14	48	-	5
Advertisement charges	-	-	(14)	(14)
Construction costs payable	(6)	-	-	(814)
Purchase of construction materials	4	-	7	-
Sale of construction materials	-	-	-	39
Advisory fee payable	45	115	-	-
Purchase of plant and equipment	-	893	(98)	97



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL DISCLOSURE REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(I) Review of Group performance

The Group recorded higher revenue of RM420 million for the period under review, as compared to RM374 million recorded in the corresponding quarter in 2009. On a cumulative basis, Group profit before tax was RM100 million against RM85 million achieved in the same period in 2009. The increase was mainly contributed by higher sales of properties as well as substantial completion of certain construction projects.

In addition, its oil and gas associate, Dayang Enterprise Holdings Berhad, continues to contribute positively to the earnings of the Group for the period.

(II) Variance of results against preceding quarter

Group revenue decreased from RM156 million to RM141 million compared to the immediate preceding quarter. Group profit before tax increased substantially to RM50 million as compared to RM30 million in the immediate preceding quarter, mainly due to recognition of variation orders for and cost savings in certain projects.

(III) Current year prospects

Barring any unforeseen circumstances, the Group is confident of achieving another year of favourable results in 2010.

(IV) Profit guarantee

The Group did not issue any profit guarantee.

(V) Income tax expense

	9 months ended 30 September	
	2010 RM'000	2009 RM'000
<i>Current tax expense</i>		
Malaysian - current year	22,500	24,567
- prior years	2,822	898
	25,322	25,465
<i>Deferred tax income</i>		
Malaysian - current year	(1,056)	(1,815)
- prior years	(2,059)	-
	(3,115)	(1,815)
Total	22,207	23,650



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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL DISCLOSURE REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(V) Income tax expense (continued)

The Group's effective tax rate for the period under review was lower than the prima facie tax rate of 25%, mainly due to the effect of certain non-taxable income arising from projects.

(VI) Unquoted investments and/or properties

There was no sale of unquoted investments and/or properties included in the properties, plant and equipment during the current quarter under review.

(VII) Other investments

Investments in quoted shares and unit trusts

	As at 30 September					
	Quoted shares		Unit trusts		Total	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	246	603	-	232	246	835
Carrying Value	48	288	-	170	48	458
Market Value	48	663	-	263	48	926

Movement in other investments

	Current quarter 3 months ended 30 September 2010 RM'000	Cumulative quarter 9 months ended 30 September 2010 RM'000
Total disposals		
- quoted shares	-	(347)
- unit trusts	(295)	(295)
	(295)	(642)

(VIII) Status of corporate proposals

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



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(IX) Group loans and borrowings

Group loans and borrowings as at 30 September 2010 were as follows:

			As at 30 September		
			2010	2009	
			RM'000	RM'000	
Current					
Secured	-	Finance leases	RM	2,361	974
Unsecured	-	Revolving credits	RM	41,250	92,385
	-	Bank loans	USD	9,154	-
	-	Islamic Bonds	RM	45,000	-
				97,765	93,359
Non-Current					
Secured	-	Finance leases	RM	7,841	7,054
Unsecured	-	Bank loans	USD	16,019	-
				23,860	7,054
Total				121,625	100,413

(X) Off balance sheet financial instruments

With the adoption of FRS 139, the Group does not have any financial instruments with off balance sheet risk.

(XI) Changes in status of material litigations

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), the Company's wholly owned subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have Native Customary Rights ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs. The said land was previously alienated by the Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the Court rule in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land. In the meantime, NC7's application to strike out the Plaintiff's claim has been adjourned to 2 December 2010 for mention to monitor the status of the 1st to 3rd Defendants' appeals which is still pending in the Court of Appeal.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XI) Changes in material litigations (continued)

On 24 June 2008, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak which has been alienated to KMSB. KMSB’s solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB, which was named as the first of the three defendants in the suit. On 23 February 2009, the High Court ruled to allow KMSB’s application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed a Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. The Plaintiff’s appeal has yet to be decided by the Court of Appeal.

On 27 June 2008, a wholly owned subsidiary, Naim Cendera Lapan Sdn Bhd (“NC8”) was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged, Sarawak (“the disputed land”) over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its defence on 22 July 2008 stating, *inter alia*, that NC8 had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court’s dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. The High Court has fixed 30th November 2010 for mention on the Plaintiffs’ claim of NCR over the disputed land so to allow the Plaintiffs’ expert witness to obtain relevant documentat which requires permission from the State Secretary.

On 20 March 2009, NCSB received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 4281, Block 10 Kuala Baram Land District, Miri Sarawak, which is within NCSB’s existing township areas of over 2,700 acres. NCSB’s solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. The Court has adjourned the case to 6 January 2011 to hear and decide on NCSB’s application to strike out the Plaintiffs’ action.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XI) Changes in material litigations (continued)

On 26 October 2009, NCSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NCSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have NCR over an area over which NCSB has been awarded a contract to design and construct the proposed Bengoh Dam. NCSB had filed its Statement of Defence on 19 January 2010 and the High Court has now fixed 25 November 2010 for mention. At present, the construction of the said dam is in progress.

On 5 August 2010, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District situate at Merdang Limau, Samarahan, Sarawak. KMSB is in possession of a valid document of title issued pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed Statement of Defence on 16 August 2010. The Court has fixed the date for ruling on 1st December 2010.

(XII) Other disclosures

(i) *Financial derivatives*

The Group does not have any outstanding financial derivatives as at 30 September 2010.

(ii) *Realised and unrealised profit/losses*

There are no material unrealised profits or losses included in the retained earnings as at 30 September 2010.

(XIII) Dividends

RM'000

Total dividends paid during the year 2010 to date (see Note 8 for details)

23,694



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2010

ADDITIONAL REQUIREMENT REQUIRED BY APPENDIX 9(B) OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(XIV) Earnings per 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.

	9 months ended 30 September	
	2010	2009
Profit attributable to owners of the Company (RM'000)	75,296	59,898
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	237,087
Basic/Diluted EPS (sen)	31.78	25.26

(XV) Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2009 was not qualified.

(XVI) 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 24 November 2010.