



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
For the quarter and nine months ended 30 September 2012				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	133,411	94,390	348,158	318,786
Cost of sales	(109,820)	(86,225)	(272,498)	(273,190)
<b>Gross profit</b>	<b>23,591</b>	<b>8,165</b>	<b>75,660</b>	<b>45,596</b>
Other income	(1,045)	750	5,557	10,860
Selling and distribution expenses	(1,238)	(806)	(3,450)	(3,029)
Administration expenses	(7,089)	(8,555)	(27,290)	(31,365)
Other expenses	71	(188)	(966)	(1,080)
<b>Results from operating activities</b>	<b>14,290</b>	<b>(634)</b>	<b>49,511</b>	<b>20,982</b>
Finance income	1,808	1,423	5,221	4,645
Finance costs	(4,590)	(3,220)	(13,591)	(8,912)
<b>Net finance costs</b>	<b>(2,782)</b>	<b>(1,797)</b>	<b>(8,370)</b>	<b>(4,267)</b>
Share of results of associates	15,574	12,169	36,985	26,963
Share of results of joint ventures	3,484	2,818	12,178	7,368
<b>Profit before tax</b>	<b>30,566</b>	<b>12,556</b>	<b>90,304</b>	<b>51,046</b>
	Note 20			
Income tax expense	(626)	(2,689)	(10,661)	(9,142)
	Note 19			
<b>Profit for the period</b>	<b>29,940</b>	<b>9,867</b>	<b>79,643</b>	<b>41,904</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	95	332	195	(225)
Share of fair value changes of available-for-sale financial assets of an associate	5,522	-	2,579	-
<b>Other comprehensive income for the period</b>	<b>5,617</b>	<b>332</b>	<b>2,774</b>	<b>(225)</b>
<b>Total comprehensive income for the period</b>	<b>35,557</b>	<b>10,199</b>	<b>82,417</b>	<b>41,679</b>
<b>Profit attributable to:</b>				
Owners of the Company	29,055	10,253	76,375	41,643
Non-controlling interests	885	(386)	3,268	261
<b>Profit for the period</b>	<b>29,940</b>	<b>9,867</b>	<b>79,643</b>	<b>41,904</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	34,672	10,585	79,149	41,418
Non-controlling interests	885	(386)	3,268	261
<b>Total comprehensive income for the period</b>	<b>35,557</b>	<b>10,199</b>	<b>82,417</b>	<b>41,679</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>	Note 9	12.26	4.33	32.23
			17.58	

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed 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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 30 September 2012 <i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	114,247	118,430
Prepaid lease payments	2,489	2,508
Interests in associates	233,692	215,950
Interests in joint ventures	19,178	13,840
Land held for property development	127,693	110,563
Investment property	55,185	51,840
Intangible assets	8,448	8,959
Deferred tax assets	9,658	5,130
Other investments	48	48
<b>Total non-current assets</b>	<b>570,638</b>	<b>527,268</b>
Inventories	28,664	26,847
Property development costs	209,436	216,133
Trade and other receivables	361,077	280,112
Deposits and prepayments	5,683	6,032
Current tax recoverable	19,891	19,212
Cash and bank balances	197,001	213,456
<b>Total current assets</b>	<b>821,752</b>	<b>761,792</b>
<b>Total assets</b>	<b>1,392,390</b>	<b>1,289,060</b>
<b>EQUITY</b>		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	510,771	445,838
<b>Total equity attributable to owners of the Company</b>	<b>812,115</b>	<b>747,182</b>
<b>Non-controlling interests</b>	19,216	16,316
<b>Total equity</b>	<b>831,331</b>	<b>763,498</b>
<b>LIABILITIES</b>		
Loans and borrowings	349,855	339,087
Deferred tax liabilities	44,978	46,268
<b>Total non-current liabilities</b>	<b>394,833</b>	<b>385,355</b>
Loans and borrowings	3,281	7,911
Trade and other payables	161,992	131,276
Current tax payable	953	1,020
<b>Total current liabilities</b>	<b>166,226</b>	<b>140,207</b>
<b>Total liabilities</b>	<b>561,059</b>	<b>525,562</b>
<b>Total equity and liabilities</b>	<b>1,392,390</b>	<b>1,289,060</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>	<b>3.25</b>	<b>2.99</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed 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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
For the quarter and nine months ended 30 September 2012											
<i>(The figures have not been audited)</i>											
	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable		Non-controlling Interests	Total Equity
		Share capital RM' 000	Share premium RM' 000	Capital reserve RM' 000	Translation reserve RM' 000	Fair value reserve RM' 000	Treasury shares RM' 000	Retained earnings RM' 000	Sub-total RM' 000		
<b>9 months ended 30 September 2011 (Unaudited)</b>											
<b>At 1 January 2011</b>		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
Total other comprehensive income for the period											
- Foreign currency translation differences for foreign operations		-	-	-	(225)	-	-	-	(225)	-	(225)
Profit for the period		-	-	-	-	-	-	41,643	41,643	261	41,904
<b>Total comprehensive income for the period</b>		-	-	-	(225)	-	-	41,643	41,418	261	41,679
Total distributions to owners											
- Dividends to owners of the Company		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	(48)	(48)	48	-
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	-	(23,742)	(23,742)	48	(23,694)
<b>Share of expenses incurred on bonus/rights issues by an associate</b>		-	-	(515)	-	-	-	-	(515)	-	(515)
<b>Total transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
<b>At 30 September 2011</b>		<b>250,000</b>	<b>86,092</b>	<b>25,855</b>	<b>(106)</b>	<b>-</b>	<b>(34,748)</b>	<b>414,083</b>	<b>741,176</b>	<b>15,390</b>	<b>756,566</b>
<b>9 months ended 30 September 2012 (Unaudited)</b>											
<b>At 1 January 2012</b>		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
Foreign currency translation differences for foreign operations		-	-	-	195	-	-	-	195	-	195
Share of fair value changes of available-for-sale financial assets of an associate		-	-	-	-	-	-	2,579	2,579	-	2,579
Total other comprehensive income for the period		-	-	-	195	-	-	2,579	2,774	-	2,774
Profit for the period		-	-	-	-	-	-	76,375	76,375	3,268	79,643
<b>Total comprehensive income for the period</b>		-	-	-	195	-	-	78,954	79,149	3,268	82,417
Total distributions to owners											
- Dividends to owners of the Company	Note 10	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
<b>Transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
<b>At 30 September 2012</b>		<b>250,000</b>	<b>86,092</b>	<b>25,756</b>	<b>215</b>	<b>-</b>	<b>(34,748)</b>	<b>484,800</b>	<b>812,115</b>	<b>19,216</b>	<b>831,331</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed 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 2011.



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

**QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the quarter and nine months ended 30 September 2012  
(The figures have not been audited)

	30 September 2012 RM'000	30 September 2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	90,304	51,046
<i>Adjustments for:</i>		
Amortisation		
- intangible assets	510	510
- investment property	778	551
- prepaid lease payments	19	56
Depreciation of property, plant and equipment	9,210	10,731
Finance income	(5,221)	(4,645)
Finance costs	13,591	8,912
Loss on disposal of a subsidiary	-	1,306
Gain on partial disposal of an associate	(2,801)	(10,005)
(Gain)/Loss on disposal of property, plant and equipment	(122)	1,276
Property, plant and equipment written off	62	609
Share of results of:		
- associates	(36,985)	(26,963)
- joint ventures	(12,178)	(7,368)
Unrealised foreign exchange gain	(608)	(2,131)
Operating profit before changes in working capital	56,559	23,885
Changes in working capital :		
Inventories	5,453	6,657
Land held for property development	(17,129)	(28)
Property development costs	(391)	(110)
Trade and other receivables, deposits and prepayments	(66,083)	2,857
Trade and other payables	21,064	8,660
Cash (used in)/generated from operations	(527)	41,921
Net income taxes paid	(22,427)	(24,863)
<b>Net cash (used in)/from operating activities</b>	<b>(22,954)</b>	<b>17,058</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(9,840)	(21,401)
- investment property	(4,124)	(25,372)
- prepaid lease payments	-	(63)
Increase in investment in an associate	-	(43,549)
Proceeds from disposal of a subsidiary	-	(405)
Proceeds from partial disposals of associates	5,984	20,743
Proceeds from disposal of property, plant and equipment	298	577
Decrease/(Increase) in deposits pledged to licensed banks	182	(487)
Distribution of profit received from joint ventures	13,120	6,221
Dividends received from associates	9,397	19,067
Interest received	4,046	1,389
<b>Net cash from/(used in) investing activities</b>	<b>19,063</b>	<b>(43,280)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from loans and borrowings	8,326	220,626
Repayment of finance lease liabilities	(2,188)	(2,046)
Dividends paid to:		
- owners of the Company	(7,108)	(11,847)
- non-controlling interests	(368)	(368)
Interest paid	(11,010)	(6,265)
<b>Net cash (used in)/from financing activities</b>	<b>(12,348)</b>	<b>200,100</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,239)</b>	<b>173,878</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(34)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>212,776</b>	<b>38,688</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>196,503</b>	<b>212,566</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	140,421	122,910
Short term cash funds	35,582	64,900
Cash in hand and at banks	20,500	24,756
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>196,503</b>	<b>212,566</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed 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 2011.



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

#### **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 2012 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

#### **1. Basis of preparation**

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

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 are available upon request from the Company’s registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

#### **2. Significant accounting policies**

The accounting policies adopted by the Group in preparing these condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2011.

During the current year under review, the Group has adopted the following new/revised standards, interpretations and amendments which are effective for annual periods beginning on and before 1 January 2012:

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*  
FRS 124, *Related Party Disclosures* (revised)  
Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*

The adoption of the above FRS standards, interpretations and amendments does not have any material impact on the financial performance or position of the Group.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

##### 2.1 Standards, amendments and interpretations yet to be effective

The Group has not applied the following accounting 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:

- **Effective for annual periods beginning on or after 1 July 2012**  
Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
- **Effective for annual periods beginning on or after 1 January 2013**  
FRS 10, *Consolidated Financial Statements*  
FRS 11, *Joint Arrangements*  
FRS 12, *Disclosure of Interests in Other Entities*  
FRS 13, *Fair Value Measurement*  
FRS 119, *Employee Benefits (2011)*  
FRS 127, *Separate Financial Statements (2011)*  
FRS 128, *Investments in Associates and Joint Ventures (2011)*  
IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mining*  
Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*  
Improvements to FRSs (2012)  
Amendments to FRS 10, FRS 11 and FRS 12, *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
- **Effective for annual periods beginning on or after 1 January 2014**  
Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- **Effective for annual periods beginning on or after 1 January 2015**  
FRS 9, *Financial Instruments (2009)*  
FRS 9, *Financial Instruments (2010)*  
Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

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



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

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

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

The Group will however not adopt any of the above FRS standards, interpretations and amendments from the financial year beginning 1 January 2014 for the reasons explained below:

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (MFRSs). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entity (hereinafter referred to as transitioning entities), may continue to apply FRSs as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities were required however, in accordance with MASB's announcement on 19 November 2011, to comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB made a further announcement to allow transitioning entities to defer the adoption of the MFRS framework for another year. Transitioning entities are now required to apply the MFRS framework for annual reporting periods beginning on or after 1 January 2014 by the latest.

In view of the foregoing, the Group plans to apply the FRS standards, amendments and interpretations that are effective for annual periods beginning on or before 1 January 2013 for the preparation of its consolidated financial statements for the financial year ending 31 December 2013, except for IC Interpretation 20 which is assessed as being currently not applicable to the Group.

Accordingly, the Group will migrate to the MFRS framework from the financial year beginning on 1 January 2014 and will not adopt the FRS standards, interpretations and amendments as listed in the preceding page which are effective for the annual periods beginning after 1 January 2013.

##### **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.



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

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

#### **4. Estimates**

The preparation of 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the financial statements as at and for the year ended 31 December 2011.

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

#### **5. Debt and equity securities**

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

There was no share buy-back during the quarter. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 30 September 2012 is 13,056,000 shares.

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

During the current quarter, the Group acquired property, plant and equipment costing about RM9.8 million (30.09.2011: RM21.4 million), satisfied in cash.

Property, plant and equipment with a carrying amount of RM238,000 (30.09.2011: RM2.5 million) were disposed of and/or written off during the quarter under review.

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

##### ***a) Increase in investment in a non-wholly owned subsidiary***

On 31 January 2012, Naim Overseas Sdn. Bhd. subscribed for additional 9,998 ordinary shares of F\$1.00 each in Naim Vanua Levu (Fiji) Limited ("NVLFL"), settled in cash. NVLFL has then become a 99.99% owned subsidiary of the Group (31.12.2011: being 50% owned subsidiary). The acquisition does not have material impact to the Group as the subsidiary is presently dormant.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

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

##### b) Acquisition of new subsidiaries

On 13 June 2012, Naim Capital Sdn. Bhd. (formerly known as Naim Management Sdn. Bhd) acquired the entire issued and paid-up capital of Pioneer Paradigm Sdn. Bhd. and Global Serijuta Sdn. Bhd. for a total cash consideration of RM4.

On 30 July 2012, Naim Engineering Sdn. Bhd. acquired the entire issued and paid-up capital of Bintulu Paragon Sdn. Bhd. (formerly known as Sincere Metro Sdn. Bhd.) for a cash consideration of RM2.

On 10 August 2012, Naim Land Sdn. Bhd. acquired the entire issued and paid-up capital of Harmony Faber Sdn. Bhd. for a consideration of RM2, satisfied in cash.

The acquisition of the above subsidiaries does not have material impact to the Group as the subsidiaries have been dormant since incorporation.

##### c) Partial disposal of investment in an associate

In April 2012, the Company disposed of 3,000,000 ordinary shares of RM0.50 each in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total consideration of RM5,984,000 (net of transaction costs). The resultant group interest in DEHB decreased from 34.2% to 33.6% upon the disposal.

#### 8. Loans and borrowings

				<b>As at 30 September</b>	
				<b>2012</b>	<b>2011</b>
				<b>RM'000</b>	<b>RM'000</b>
				<b>Currency</b>	
<b>Current</b>					
Secured	-	Finance leases	RM	1,866	1,373
	-	Term loan	RM	1,415	-
Unsecured	-	Term loan	USD	-	5,805
				3,281	7,178
<b>Non-current</b>					
Secured	-	Finance leases	RM	3,483	6,310
	-	Term loan	RM	46,372	30,065
Unsecured	-	Islamic Bonds	RM	300,000	300,000
				349,855	336,375
<b>Total</b>				<b>353,136</b>	<b>343,553</b>



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

#### 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.

	9 months ended 30 September	
	2012	2011
Profit attributable to owners of the Company (RM'000)	76,375	41,643
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	32.23	17.58

#### 10. Dividends

The following dividends were declared and/or paid by the Company during the period under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	3.0	31 December 2011	16 April 2012	7,108
First interim single-tier dividend	3.0	31 December 2012	12 October 2012	7,108
				<hr/> 14,216 =====



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

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

##### **11. Operating segments**

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable 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 & gas related construction projects).

Others - Manufacture and sale of buildings and construction materials, hiring of equipment, provision of sand extraction and land filling services, property investment holdings as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

For decision making and resources allocation, the Group Managing Director reviews the statements of financial position of respective subsidiaries. As such, information on segment assets and segment liabilities is not presented.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

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

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>For the 9 months ended 30 September</b>										
Revenue from										
external customers	155,081	81,647	165,295	209,921	27,782	27,218	-	-	348,158	318,786
Inter segment revenue	-	-	-	-	26,203	31,267	( 26,203)	( 31,267)	-	-
Total segment revenue	<u>155,081</u>	<u>81,647</u>	<u>165,295</u>	<u>209,921</u>	<u>53,985</u>	<u>58,485</u>	<u>( 26,203)</u>	<u>( 31,267)</u>	<u>348,158</u>	<u>318,786</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	26,874	13,938	17,716	1,747	( 385)	182	( 1,914)	( 3,448)	42,291	12,419
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	13	7,071	2,278	-	-	7,071	2,291
- joint ventures	-	-	12,178	7,368	-	-	-	-	12,178	7,368
	<u>26,874</u>	<u>13,938</u>	<u>29,894</u>	<u>9,128</u>	<u>6,686</u>	<u>2,460</u>	<u>( 1,914)</u>	<u>( 3,448)</u>	<u>61,540</u>	<u>22,078</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expenses)/income									( 1,150)	4,296
Share of results of an associate, DEHB (in oil and gas segment)									29,914	24,672
Income tax expense									( 10,661)	( 9,142)
Profit for the period									79,643	41,904
Other comprehensive loss									2,774	( 225)
Total comprehensive income for the period									82,417	41,679
Non-controlling interests									( 3,268)	( 261)
Total comprehensive income attributable to the owners of the Company									<u>79,149</u>	<u>41,418</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

#### 12. Subsequent events

On 10 October 2012, Naim Land Sdn. Bhd. subscribed for the 70% of issued and paid-up capital of Lotus Paradigm Sdn. Bhd., comprising 70 ordinary shares of RM1.00 each, for a cash consideration of RM70.

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

#### 13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2011 till the date of this quarterly report.

#### 14. Capital commitments

	<b>As at 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Contracted for but not provided for</i></b>		
Investment property	-	6,993
<b><i>Authorised but not contracted for</i></b>		
Property, plant and equipment	3,639	3,033
Investment property	-	5,321
	3,639	8,354
	<b>3,639</b>	<b>15,347</b>

#### 15. Financial risk management

The Group's financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.



## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. Related parties

#### *Transactions with key management personnel*

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

	9 months ended 30 September	
	2012 RM'000	2011 RM'000
Directors of the Company	5,549	4,726
Other key management personnel	3,970	6,545
	9,519	11,271

#### *Other related party transactions*

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<u>Transactions with associate</u>				
Construction costs payable	2,624	-	(1,763)	(1,188)
Purchase of raw materials	-	1	(1,190)	-
<u>Transactions with joint venture</u>				
Construction contract revenue	1,084	-	(6,482)	(6,351)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advisory fee	152	40	-	-
Rental income on premises	-	(33)	-	-
Rental expense on premises	14	27	-	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

#### 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 RM348 million for the period under review, as compared to RM319 million reported in the corresponding period in 2011, mainly due to higher property revenue [see Note 17.1(a) for further details]. Group profit before tax for the current period increased by 76.9% from RM51.0 million in 2011 to RM90.3 million in 2012. This was mainly due to the following:

- Higher sales of properties.
- Improvement in the margin for the construction segment, especially from the substantially completed projects.
- Improvement in the performance of associates and joint ventures.

Compared to the immediate preceding quarter of 2012, group revenue increased by 10.6% from RM120.6 million to RM133.4 million. On the other hand, the group profit before tax declined by 17% from RM36.7 million to RM30.6 million, mainly contributed by lower profit reported from the property division in the current quarter under review [see Note 17.1(a) for further details].

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

The income from its investments in associates and joint ventures contributed positively to the overall group profit before tax for the period under review (also see Note 17.2).

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

##### a) *Property*

*Current vs corresponding preceding cumulative quarter review*

For the period under review, the Property segment achieved revenue of RM155.1 million, 89.9% higher than the RM81.6 million achieved in the corresponding period of 2011. This was mainly contributed by higher units of properties sold from existing properties under construction with sales value exceeding RM233 million during the period.

*Current vs immediate preceding quarter review*

When compared to the immediate preceding quarter, Property revenue improved by 5.1% from RM55.1 million to RM57.8 million, mainly attributed to increased sales during the current quarter. However, the profit of the Property segment decreased from RM13.8 million in the immediate preceding quarter of 2012 to RM6.9 million in current quarter under review. This was mainly due to sales of low margin properties.



## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

### 17.1 Review of performance of operating segments (continued)

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

##### *Prospects*

The Group's strong sales performance in the Property segment continues to be sustained by a solid market support in its existing established townships located in Miri which registered strong take-up rates in new project launches.

We are in an advanced stage in our preparation to make in-roads into the Bintulu property market and expect to launch the first phase of one project located at the old Bintulu Airport soon.

We will continue to actively seek potential opportunities to acquire strategic land banks and/or operations to further strengthen the growth in the Property segment in term of sales and market share.

Despite our aggressive plans to venture, expand and diversify our product range across market segments and geographic regions (such as SCORE where some RM334 billion investment has been approved and/or earmarked<sup>1</sup>), the Board remains cautious going forward in view of uncertainties over increasing costs of materials and labour, interest rate fluctuations, competition from other local developers and decreasing purchasing power of property buyers arising in part from stricter bank lending criteria.

#### b) *Construction*

##### *Current vs corresponding preceding cumulative quarter review*

The Construction segment reported a drop in revenue to RM165.3 million against RM209.9 million achieved in the corresponding quarter of 2011. However, the profit of the Construction segment improved from RM1.7 million in 2011 to RM17.7 million in 2012, mainly due to certain high-margin existing projects being substantially completed during the current quarter.

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<sup>1</sup> Source: Sarawak Regional Corridor Development Authority report





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

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

#### 17.1 Review of performance of operating segments (continued)

##### **b) Construction (continued)**

*Current vs immediate preceding quarter review*

Higher Construction revenue of RM67.2 million was achieved for the current quarter, compared to RM54.9 million reported in the immediate preceding quarter in 2012. The Construction segment also showed an upwards improvement in its performance, from RM4.2 million in the immediate preceding quarter of 2012 to RM6.5 million for the current quarter under review. This was mainly due to commencement of new projects and substantial completion of some of existing on-going projects in the quarter under review.

*Prospects*

We have submitted a number of sizeable construction tenders with an estimated value of more than RM2 billion and are optimistic that the segment will perform better in the year under review.

##### **c) Other segment**

*Current vs corresponding preceding cumulative quarter review*

Other segment reported a revenue of RM27.8 million for the current period, compared to RM27.2 million reported in the corresponding preceding period in 2011. However, the loss for the current quarter was RM385,000 against a gain of RM182,000 achieved in the same period in 2011. The loss for the current period was mainly attributable to the quarry and premix operations in Malaysia and Fiji which reported lower sales and were running below capacity owing to reduced construction activities.

*Current vs immediate preceding quarter review*

Revenue declined from RM10.5 million in the immediate preceding quarter in 2012 to RM8.4 million in the quarter ended 30 September 2012. However, the Other segment reported a lower level of loss, from RM2.5 million reported in the immediate preceding quarter to RM385,000 in this quarter. The improvement is mainly due to lower operational costs.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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

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

#### 17.1 Review of performance of operating segments (continued)

##### *c) Other segment (continued)*

###### *Prospects*

For the near term, we do not expect any significant improvement and contribution from the quarry and premix operations due to stiff competition and also reduced in-house construction activities. We are putting in place measures to market and sell all products to achieve economies of scale.

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

#### 17.2 Review of performance of associates and joint ventures

- Our associate, Dayang Enterprise Holdings Bhd., performed very well in the quarter under review, registering a profit after tax of RM41.3 million, an increase of 32% over the RM31.4 million achieved in the immediate preceding quarter.
- Our initial inroad into the oil and gas construction projects via an alliance contract with Samsung and Petronas in 2010 is expected to continue to contribute positively in the year under review, with about 77% completion achieved as at 30 September 2012.

Despite their optimism in the future prospects for the Group, the Directors are aware that the year ahead remains challenging amidst the continuing unsettled global economic climate. The Directors will continue to exercise due care to sustain and enhance the shareholder values of the Company.

#### 18. Profit guarantee

The Group did not issue any profit guarantee.

#### 19. Income tax expense

The Group's effective tax rate for the period under review is lower than the prima facie tax rate of 25%, mainly due to certain non-taxable income derived during the period.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

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

#### 20. Profit before tax

	9 months ended 30 September	
	2012	2011
	RM'000	RM'000
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
(Gain)/Loss on disposal of property, plant and equipment	( 122)	1,276
Loss on disposal of a subsidiary	-	1,306
Gain on partial disposal of associates	( 2,801)	(10,005)
Interest income from fixed deposits and cash funds	( 4,386)	( 1,389)
Amortisation of:		
- intangible assets	510	510
- investment property	778	551
- prepaid lease payments	19	56
Depreciation of property, plant and equipment	9,210	10,731
Unrealised foreign exchange gain	( 608)	( 2,131)
Interest expense on loans and borrowings	12,299	7,737
Property, plant and equipment written off	62	609

#### 21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 September 2012.

#### 22. Status of corporate proposals

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

#### 23. Material litigations

##### *Update of Legal Suits*

- In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), an indirect 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. The High Court has fixed the matter for further mention on 30 November 2012.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

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

#### 23. Material litigations (continued)

##### *Update of Legal Suits (continued)*

- b. On 27 June 2008, 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 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. The High Court has fixed the matter for continuation of trial on 3 to 7 December 2012.
- c. On 20 March 2009, Naim Land Sdn. Bhd. (“NLSB”) received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NLSB, 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 3247, Block 11 Kuala Baram Land District, Miri Sarawak, which is within NLSB’s existing township areas of over 2,700 acres. The High Court has fixed the matter for continuation of trial on 10 to 14 December 2012.
- d. On 26 October 2009, NLSB received a Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NLSB, 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 NLSB has been awarded a contract to design and construct the proposed Bengoh Dam. The High Court has rescheduled the trial from 28 to 30 November 2012.
- e. On 5 August 2010, Khidmat Mantap Sdn. Bhd. 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, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. The High Court has adjourned the matter for further mention on 7 December 2012.
- f. On 21 December 2010, NLSB received a Writ of Summons and Statement of Claim from a supplier, seeking for, *inter alia*, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials for a project. The High Court has struck out the claim with no order as to costs.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

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

#### 23. Material litigations (continued)

##### *Update of Legal Suits (continued)*

- g. On 10 January 2012, NLSB received a Writ of Summons and Statement of Claim from a contractor seeking for, *inter alia*, a refund of Liquidated Ascertained Damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. The High Court has rescheduled the trial date on 28 to 30 November 2012.

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

The breakdown of the retained earnings of the Group, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Unaudited For the quarter ended 30 September 2012 RM'000	Unaudited For the quarter ended 30 September 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	500,107	463,946
- unrealised	9,770	4,046
	509,877	467,992
The share of retained earnings from associates		
- realised	60,917	45,463
- unrealised	-	( 394)
	60,917	45,069
The share of retained earnings from joint ventures		
- realised	18,290	9,819
	589,084	522,880
Less: Consolidation adjustments	( 104,284)	( 108,797)
	484,800	414,083
Total group retained earnings as per consolidated accounts	484,800	414,083



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

**QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

**NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

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

**24. Breakdown of realised and unrealised profits or losses (continued)**

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

**25. Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 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 29 November 2012.