



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

For the fourth quarter and twelve months ended 31 December 2014

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	186,632	205,602	656,493	711,461
Cost of sales	(176,684)	(170,050)	(531,407)	(605,007)
<b>Gross profit</b>	<b>9,948</b>	<b>35,552</b>	<b>125,086</b>	<b>106,454</b>
Other operating income	39,329	192,540	52,270	204,056
Selling and promotional expenses	(3,362)	(1,827)	(11,549)	(7,441)
Administration expenses	(33,019)	(24,631)	(73,927)	(69,588)
Other expenses	(12,538)	(39,578)	(12,545)	(39,976)
<b>Results from operating activities</b>	<b>358</b>	<b>162,056</b>	<b>79,335</b>	<b>193,505</b>
Other income	34,913	-	96,705	-
Finance income	3,680	1,161	8,639	5,628
Finance costs	(4,014)	(4,806)	(18,183)	(18,382)
<b>Net finance costs</b>	<b>(334)</b>	<b>(3,645)</b>	<b>(9,544)</b>	<b>(12,754)</b>
Share of results of equity accounted:				
- associates	8,155	6,500	59,195	56,458 *
- joint ventures	(2,724)	271	2,027	15,402
<b>Profit before tax</b>	Note 20 <b>40,368</b>	<b>165,182</b>	<b>227,718</b>	<b>252,611</b>
Tax income/(expense)	Note 19 <b>16,740</b>	<b>2,463</b>	<b>(7,099)</b>	<b>(14,344)</b>
<b>Profit for the period/year</b>	<b>57,108</b>	<b>167,645</b>	<b>220,619</b>	<b>238,267</b>
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(659)	(221)	(142)	(413)
Share of other comprehensive income/(loss) of an associate	995	(11,043)	830	(9,009)
<b>Other comprehensive income/(loss) for the period/year</b>	<b>336</b>	<b>(11,264)</b>	<b>688</b>	<b>(9,422)</b>
<b>Total comprehensive income for the period/year</b>	<b>57,444</b>	<b>156,381</b>	<b>221,307</b>	<b>228,845</b>
<b>Profit attributable to:</b>				
Owners of the Company	56,480	166,615	220,337	235,725
Non-controlling interests	628	1,030	282	2,542
<b>Profit for the period/year</b>	<b>57,108</b>	<b>167,645</b>	<b>220,619</b>	<b>238,267</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	56,816	155,351	221,025	226,303
Non-controlling interests	628	1,030	282	2,542
<b>Total comprehensive income for the period/year</b>	<b>57,444</b>	<b>156,381</b>	<b>221,307</b>	<b>228,845</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>	Note 9 <b>23.84</b>	<b>70.32</b>	<b>92.99</b>	<b>99.49</b>

\* This included RM10,995,000 being share of the reclassification of available-for-sale fair value reserve of RM32,799,000 to profit or loss on reclassification of an available-for-sale investment as an equity accounted investment of an associate during 2013.

The notes set out on pages 5 to 23 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 2013.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
For the fourth quarter and twelve months ended 31 December 2014		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	43,001	54,310
Prepaid lease payments	2,427	2,455
Interests in associates	329,176	274,046
Interests in joint ventures	17,084	44,768
Land held for property development	404,876	344,913
Investment properties	66,447	64,770
Intangible asset	6,917	7,599
Deferred tax assets	20,626	8,348
Other investments	2,974	11
Trade and other receivables	65,875	-
<b>Total non-current assets</b>	<b>959,403</b>	<b>801,220</b>
Inventories	24,172	28,876
Property development costs	367,922	247,060
Trade and other receivables	320,615	335,025
Deposits and prepayments	7,638	7,561
Current tax assets	11,304	13,124
Cash and bank balances	160,969	259,157
	892,620	890,803
Assets classified as held for sale	10,940	23,069
<b>Total current assets</b>	<b>903,560</b>	<b>913,872</b>
<b>Total assets</b>	<b>1,862,963</b>	<b>1,715,092</b>
<b>EQUITY</b>		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	959,684	738,535
<b>Total equity attributable to owners of the Company</b>	<b>1,261,028</b>	<b>1,039,879</b>
<b>Non-controlling interests</b>	<b>13,770</b>	<b>24,200</b>
<b>Total equity</b>	<b>1,274,798</b>	<b>1,064,079</b>
<b>LIABILITIES</b>		
Loans and borrowings	123,982	198,245
Deferred tax liabilities	27,069	41,117
<b>Total non-current liabilities</b>	<b>151,051</b>	<b>239,362</b>
Loans and borrowings	134,263	154,299
Trade and other payables	290,815	245,636
Current tax payable	5,487	8,676
	430,565	408,611
Liabilities classified as held for sale	6,549	3,040
<b>Total current liabilities</b>	<b>437,114</b>	<b>411,651</b>
<b>Total liabilities</b>	<b>588,165</b>	<b>651,013</b>
<b>Total equity and liabilities</b>	<b>1,862,963</b>	<b>1,715,092</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>	<b>5.04</b>	<b>4.16</b>

The notes set out on pages 5 to 23 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 2013.



QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY												
For the fourth quarter and twelve months ended 31 December 2014												
<i>(The figures have not been audited)</i>												
	Note	Total equity attributable to owners of the Company										
		Non Distributable						Distributable		Sub-total RM' 000	Non-controlling interests RM' 000	Total equity RM' 000
		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	Other reserve RM'000	Retained earnings RM' 000			
<b>For the 12 months ended 31 December 2013 (Audited)</b>												
<b>At 1 January 2013</b>												
Foreign currency translation differences for foreign operations												
Realisation of fair value reserve to profit or loss												
Share of other comprehensive income of an associate												
Total other comprehensive income for the year												
Profit for the year												
Total comprehensive income for the year												
<b>Share of sale of treasury shares by an associate</b>												
Total distributions to owners												
- Dividends to owners of the Company												
<b>At 31 December 2013</b>												
<b>For the 12 months ended 31 December 2014 (Unaudited)</b>												
<b>At 1 January 2014</b>												
Foreign currency translation differences for foreign operations												
Realisation of reserves to profit or loss arising from the dilution in equity interest in an associate												
Share of other comprehensive (loss)/income of an associate												
Total other comprehensive income for the year												
Profit for the year												
Total comprehensive income for the year												
Changes in ownership interests in a subsidiary												
Issue of shares by subsidiaries												
Transfer of capital reserve to retained earnings												
Disposal of a subsidiary												
<b>At 31 December 2014</b>												

The notes set out on pages 5 to 23 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 2013.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the fourth quarter and twelve months ended 31 December 2014

(The figures have not been audited)

	Unaudited	Audited
	31 December 2014 RM'000	31 December 2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	227,718	252,611
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	680	680
- investment property	2,482	1,907
- prepaid lease payments	28	28
Depreciation of property, plant and equipment	11,039	13,117
Dividend income	-	(2)
Finance income	(8,639)	(5,628)
Finance costs	18,183	18,382
(Gain)/Loss on disposal of:		
- property, plant and equipment	(4,060)	(934)
- investment properties	(25,485)	(185,982)
- other investments	-	(21)
- associates	(97,649)	-
- subsidiary	1,615	-
Property, plant and equipment written off	221	135
Share of results of equity accounted:		
- associates	(59,195)	(56,458)
- joint ventures	(2,027)	(15,402)
Unrealised foreign exchange gain	(798)	(1,287)
Operating profit before changes in working capital	64,113	21,146
Changes in working capital :		
Inventories	4,585	2,216
Land held for property development	(24,984)	-
Property development costs	(132,524)	(26,992)
Trade and other receivables, deposits and prepayments	(45,682)	3,850
Trade and other payables	56,809	93,378
Cash (used in)/generated from operations	(77,683)	93,598
Net income taxes paid	(36,110)	(15,580)
<b>Net cash (used in)/from operating activities</b>	<b>(113,793)</b>	<b>78,018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(9,400)	(14,969)
- investment property	(2,564)	(6,868)
- associate	-	(3,423)
Proceeds from disposal of :		
- property, plant and equipment	9,203	1,721
- other investment	-	58
- an associate	82,072	-
- subsidiary, net of cash disposed of	4,421	-
Decrease/(Increase) in deposits pledged to licensed banks	506	(69)
Increase in investment in existing associate	-	(200)
Distribution of profit received from joint ventures	31,199	-
Dividends received from associates	17,845	19,178
Interest received	4,456	4,965
<b>Net cash from/(used in) investing activities</b>	<b>137,738</b>	<b>393</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from other loans and borrowings	205,755	4,535
Repayment of finance lease liabilities	(25)	(3,918)
Repayment of Islamic Bond	(300,000)	-
Proceeds from issuance of shares to non-controlling interest	150	-
Dividends paid to:		
- owners of the Company	(7,108)	(11,847)
- non-controlling interests	-	-
Interest paid	(20,814)	(16,902)
<b>Net cash used in financing activities</b>	<b>(122,042)</b>	<b>(28,132)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(98,097)</b>	<b>50,279</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>579</b>	<b>(8)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>258,850</b>	<b>208,579</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>161,332</b>	<b>258,850</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	78,399	158,515
Short term cash funds	10,000	20,000
Cash in hand and at banks	72,093	79,659
Total cash and cash equivalents	160,492	258,174
Add: Cash included as held for sale	840	676
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>161,332</b>	<b>258,850</b>

The notes set out on pages 5 to 23 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 2013.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

#### 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 twelve months ended 31 December 2014 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 year 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 2013. 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 2013.

The audited financial statements of the Group as at and for the year ended 31 December 2013 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 2013.

During the current year under review, the Group has adopted the following new/revised standards and amendments which are effective for annual periods beginning on and before 1 January 2014:

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

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

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*

The adoption of the above FRS standards and amendments does not have any material financial impact 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 Malaysian Accounting Standards Board (MASB) but are neither yet effective nor early adopted by the Group:

- **Effective for annual periods beginning on or after 1 July 2014**
  - Amendment to FRS 2, *Share-based Payment (Annual Improvement to FRSs 2010-2012 Cycle)*
  - Amendment to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
  - Amendment to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
  - Amendment to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
  - Amendment to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
  - Amendments to FRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
  - Amendment to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
  - Amendment to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
  - Amendment to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*
- **Effective for annual periods beginning on or after 1 January 2016**
  - Amendment to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)*
  - Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)*
  - Amendments to FRS 10, *Consolidated Financial Statements* 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*
  - 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*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

#### 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)**  
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)*
- **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)*

Given that certain group entities are transitioning entities (being entities subject to the application of IC15, *Agreements for the Construction of Real Estates* 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 MASB.

As a result, the Group (including the transitioning entities) will continue to apply FRS as their financial reporting framework so to prepare their financial statements for annual periods ending 31 December 2015 until 31 December 2016. Accordingly, the Group plans to apply for the annual period beginning on 1 January 2015 those FRSs and amendments that are effective for annual periods beginning before 1 January 2015. The Group is currently assessing the financial impacts that may arise from migrating to MFRS that affects retrospectively from annual periods beginning on 1 January 2017, especially on the adoption of MFRS 15.

##### 3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclicity fluctuations during the year under review.

##### 4. Estimates

The preparation of these 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.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

#### 4. Estimates (continued)

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 2013.

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

#### 5. Debt and equity securities

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

There was no share buy-back during the year under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2014 is 13,056,000 shares.

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

During the current year, the Group acquired property, plant and equipment costing about RM9.4 million (31.12.2013: RM15.0 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM5.4 million (31.12.2013: RM4.0 million) were disposed of and/or written off during the year under review.

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

##### a) *Decrease in equity interest in an existing associate, Dayang Enterprise Holdings Bhd. ("DEHB")*

In January 2014, the Company disposed approximately 2.73% of its equity interest in DEHB for a total cash consideration of about RM82.1 million (net of transaction costs). Upon the disposal, the resultant equity interest in DEHB decreased from 33.63% to 30.90%. The Group recognised a gain of about RM61.8 million as a result.

In October 2014, DEHB effected a special issue of 52,100,000 new ordinary shares of RM0.50 via a private placement to certain eligible investor for cash consideration of about RM175.6 million. The resultant shareholding in DEHB had further decreased to 29.06% from 30.90%, following the private placement by DEHB. A gain of RM34.9 million is recognised after the private placement.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

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

##### b) *Disposal of a subsidiary/associate*

Following the Group's commitment to a plan to sell Total Reliability Sdn. Bhd. ("TRSB") towards end of year 2013, on 21 January 2014, a direct subsidiary, Naim Land Sdn. Bhd. ("NLSB") entered into a share sale agreement with one of non-controlling shareholders of TRSB to dispose of its entire 51% equity interest held in TRSB for a cash consideration of RM6.5 million. The disposal was completed in July 2014 and thereafter TRSB ceased to be the subsidiary of the Group.

In conjunction with the disposal of TRSB, the Group's interest in TR Concrete Sdn. Bhd. (previously held through TRSB and NLSB) has then been reclassified as available-for-sale (AFS) investment and remeasured to its fair value.

Upon the disposal, the Group recognised a loss of RM0.7 million and a decrease in non-controlling interest of RM10.7 million.

##### c) *Additional investments arising from new shares issued by existing subsidiaries*

On 17 January 2014, Naim Capital Sdn. Bhd. subscribed for additional 999,998 ordinary shares of RM1.00 each in Naim Capital Port Sdn. Bhd. ("NCPSB"), settled in cash.

On 12 December 2014, Vista Megalink Sdn. Bhd. increased its issued and paid up capital from RM2 to RM1,000,000 for cash.

The above subscription of shares did not have any impact to the Group as there were no changes in the group equity interest in NCPSB and VMSB.

On the other hand, Unique Composite Sdn. Bhd. ("UCSB") which was previously a 100% owned subsidiary, issued 499,998 new ordinary shares to Naim Engineering Sdn. Bhd. ("NESB") and third parties, where 399,998 shares of RM1.00 each was subscribed by NESB in cash. The resultant equity interests held by NESB in UCSB decreased from 100% to 80%. As a consequence, the Group recognised an increase in non-controlling interests of RM124,000.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

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

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

**d) Acquisition of new subsidiaries**

The Group acquired the entire interest of the following subsidiaries for total cash consideration of RM12.

<i>Date of Acquisition</i>	<i>Company Name</i>	<i>Total consideration RM</i>
17 April 2014	Exclusive Paragon Sdn. Bhd.	2
7 May 2014	Bina Hartamas Sdn. Bhd.	2
18 September 2014	Platinum Amber Sdn. Bhd.	2
30 September 2014	Solid Greenland Sdn. Bhd.	2
5 November 2014	Vista Megalink Sdn. Bhd.	2
9 December 2014	Bright Sungreen Sdn. Bhd.	2
		12
		=====

The acquisition of the subsidiaries has no material impact on the results of the Group due to dormancy.

**8. Loans and borrowings**

		<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Non-current</b>			
Secured	- Term loans	123,982	48,245
Unsecured	- Islamic Bonds	-	150,000
		123,982	198,245
<b>Current</b>			
Unsecured	- Revolving credit	130,000	-
Secured	- Term loans	4,263	4,262
Secured	- Finance leases	-	37
Unsecured	- Islamic Bonds	-	150,000
		134,263	154,299
Total		258,245	352,544

\* On 31 March 2014, the Company redeemed its outstanding Islamic Bonds (including coupon expense accrued thereon) amounting to RM153,477,000 in full prior to the respective maturity dates (which were to be due in 2016 and 2021) and subsequently cancelled the Islamic Securities Programmes.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

**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 calculated as follows:

	<b>12 months ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the Company (RM'000)	220,337	235,725
	-----	-----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
	-----	-----
Basic/Diluted EPS (sen)	92.99	99.49
	-----	-----

**10. Dividend**

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

<b>Type of dividend</b>	<b>Rate (sen)</b>	<b>For the year end</b>	<b>Payment date</b>	<b>RM'000</b>
Final interim single-tier dividend	3.0	31 December 2013	8 January 2014	7,108
				=====

On 26 February 2015, the Board has declared an interim single-tier tax exempt dividend of 3.5 sen per ordinary share totalling about RM8.29 million in respect of the financial year ended 31 December 2014, payable to shareholders on 24 April 2015. The dividend entitlement date has been fixed to be 25 March 2015.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

##### 11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business 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 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.

##### ***Segment assets and liabilities***

The Group Managing Director reviews the statements of financial position of respective subsidiaries for decision making and resources allocation instead of a summary of consolidated assets and liabilities segments. As such, information on segment assets and segment liabilities is not presented.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

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

**11. Operating segments (continued)**

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the 12 months ended</b>										
<b>31 December</b>										
Revenue from external customers	247,157	297,990	353,368	372,612	55,968	40,859	-	-	656,493	711,461
Inter segment revenue	-	-	-	-	52,762	84,721	( 52,762)	( 84,721)	-	-
<b>Total segment revenue</b>	<u>247,157</u>	<u>297,990</u>	<u>353,368</u>	<u>372,612</u>	<u>108,730</u>	<u>125,580</u>	<u>( 52,762)</u>	<u>( 84,721)</u>	<u>656,493</u>	<u>711,461</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	75,940	86,444	( 27,106)	( 84,293)	( 363)	( 3,764)	1,035	( 4,370)	49,506	( 5,983)
Share of results of:										
- associates, other than										
Dayang Enterprise										
Holdings Bhd. ("DEHB")	-	-	4,451	-	35	6,671	-	-	4,486	6,671
- joint ventures	-	-	2,027	15,402	-	-	-	-	2,027	15,402
Gain arising from land										
exchange exercise	25,485	185,982	-	-	-	-	-	-	25,485	185,982
	<u>101,425</u>	<u>272,426</u>	<u>( 20,628)</u>	<u>( 68,891)</u>	<u>( 328)</u>	<u>2,907</u>	<u>1,035</u>	<u>( 4,370)</u>	<u>81,504</u>	<u>202,072</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expense)/income									( 6,144)	752
Gain on disposal of interests in associates									97,649	-
Share of results of an associate, DEHB (in oil and gas segment)									54,709	49,787
Tax expense									( 7,099)	( 14,344)
<b>Profit for the year</b>									<u>220,619</u>	<u>238,267</u>
Other comprehensive income/(loss), net of tax									688	( 9,422)
<b>Total comprehensive income for the year</b>									<u>221,307</u>	<u>228,845</u>
Non-controlling interests									( 282)	( 2,542)
<b>Total comprehensive income attributable to the owners of the Company</b>									<u>221,025</u>	<u>226,303</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

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

**12. Subsequent events**

On 5 January 2015, a subsidiary, Naimcendera Engineering & Construction Sendirian Berhad is struck off from the register of the Company.

Saved as disclosed, 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 2013 till the date of this quarterly report.

**14. Capital commitments**

	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Authorised but not contracted for</i></b>		
Property, plant and equipment	14,535	19,098
	=====	=====

**15. Financial risk management**

The Group's financial risk management objectives, policies and processes and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.



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**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 year under review are as follows:

	<b>12 months ended 31 December</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Directors of the Company	9,644	10,918
Other key management personnel	6,298	5,651
	15,942	16,569

***Other related party transactions***

	<b>Transaction value 12 months ended 31 December</b>		<b>Balance outstanding as at 31 December</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<u>Transactions with associates</u>				
Construction contract cost	21,865	25,577	( 7,401)	( 3,196)
Sale of property, plant and equipment	262	-	-	-
Dividend income receivable	( 17,845)	( 19,178)	-	-
Purchase of construction raw materials	5,742	6,029	-	( 1,316)
Rental expense on machinery	8,677	8,299	( 646)	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

#### 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 revenue of RM656.5 million for the year under review, as compared to RM711.5 million reported in the corresponding period of 2013. Lower revenue was mainly contributed by lower sales achieved during the year as well as declining contributions from substantially completed housing and construction projects [see Note 17.1 for further details].

Profit before tax of RM227.7 million was achieved for the current year, against RM252.6 million achieved in the corresponding period of 2013, mainly due to the following:

- (a) a substantial gain of RM96.7 million arising from the decrease in equity interests of an associate during the year (see Note 7(a) for details);
- (b) one off non-cash accounting gain of RM25.5 million arising from the land exchange for future development;

and being impacted by:

- (c) increase in operational costs for certain delayed construction projects (including allowance made for potential liquidated and ascertained damages (LAD) and doubtful receivables); and
- (d) lower contribution from the joint ventures due to the completion of the projects.

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 12-month vs  
corresponding  
preceding  
12-month review  
(December 2014 vs  
December 2013)*

The Property segment recorded a drop of 17% in revenue, from RM298.0 million reported in the year 2013 to RM247.2 million for the year under review. At the same time, the Property profit also showed a decline from RM86.4 million in 2013 to RM75.9 million in 2014. The drop was partly due to lower contributions from substantially completed projects. The Group also reported lower level of new sales for 2014 of about RM200 million, compared to that achieved in 2013 of about RM331 million. These new sales are expected to progressively contribute positive result to this segment within next two years.





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### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

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

#### 17. Review of Group performance (continued)

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

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

*Current 3-month vs immediate preceding 3-month review (December 2014 vs September 2014)*

Compared to the immediate preceding quarter, Property revenue increased by 36% from RM50.6 million to RM68.6 million. The Property segment profit also increased from RM19.9 million to RM20.7 million, mainly due to higher progress of development works achieved during the current quarter. The Property segment also achieved additional new sales of about RM64 million (July to September 2014: RM36 million) in the current quarter.

##### *Prospects*



*Bandar Baru Permyjaya  
– Steady contributor to  
Naim*

Our sales performance is still sustained by good market support for our property products. However, we experience slower take-up in some of our projects, namely high-rise condominium and high-end commercial units in Kuching and Bintulu. Aggressive marketing, competitive pricing and attractive product packages are put in place to improve the take-up rates of these projects.



*Proposed Bintulu Paragon –  
future contributor to Naim*

Property market is expected to slow down in 2015, coupled with weaker buyers' sentiment and the effect of the various property cooling measures initiated by the government since 2013. The introduction of GST of 6% in April 2015 may further affect the property market performance as the buyers are likely to adopt a 'wait and see' attitude.



*Proposed Kuching Paragon –  
future contributor to Naim*

We will adopt a cautious attitude/approach in the year to come 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.



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

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

#### 17. Review of Group performance (continued)

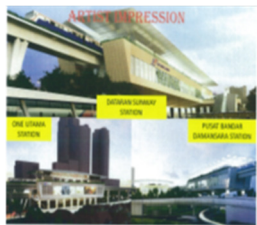
##### 17.1 Review of performance of operating segments and current year prospects (continued)

##### b) Construction

*Current 12-month vs corresponding preceding 12-month review (December 2014 vs December 2013)*



LNG Train 9 with JGC



MRT projects

*Current 3-month vs immediate preceding 3-month review (December 2014 vs September 2014)*

The Construction segment recorded lower revenue of RM353.4 million against RM372.6 million achieved in the corresponding period of 2013. However, the Segment showed an improvement in its performance, reporting a lower level of loss from RM84.3 million in 2013 to RM27.1 million in 2014, mainly due to higher progress of construction works from existing on-going projects, especially from those contracts secured in 2013, offset against increased operation costs. Included in the segment loss for 2014 is substantial amount of provisions of about RM33.4 million (2013: RM40.9 million) made for potential LAD charges and doubtful debts.

As for the current three months period, slightly higher Construction revenue of RM95.4 million was achieved compared against RM93.7 million achieved in the immediate preceding quarter of 2014. The Segment yet reported a loss of RM39.4 million in the current quarter, against a profit of RM3.4 million in the immediate preceding quarter, mainly due to increased operational costs (including LAD and doubtful debts provisions) as explained above.



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

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

#### 17. Review of Group performance (continued)

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

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

###### *Prospects*

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. This is to ensure that the progress of projects is under close monitoring and on schedule while sustaining the profitability of projects. At the same time, we are 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 12-month vs corresponding preceding 12-month review (December 2014 vs December 2013)*

Higher revenue of RM56.0 million reported for the current year as compared to RM40.9 million in year 2013. However, the Other segment performance reported a lower level of loss from RM3.8 million in 2013 to RM363,000 in 2014. The improvement was contributed by higher trading sales with improved margin.

###### *Current 3-month vs immediate preceding 3-month review (December 2014 vs September 2014)*

Other segment attained an increase in revenue from RM13.4 million in the immediate preceding quarter to RM22.6 million in the current quarter. The Other segment also reported a profit of RM1.0 million (July to September 2014: a loss of RM1.8 million), mainly due to lower operational cost.



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

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

#### 17. Review of Group performance (continued)

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

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

###### *Prospects*



*Permy Mall, Miri –  
recurring income*

For 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 RM178.6 million, an increase of 20% over the RM149.3 million achieved in the corresponding period in 2013.

Based on the share price of DEHB of RM2.83 as at 25 February 2015 (closing price), the estimated market value of the Group’s investment in DEHB, based on current shareholding of 29.06%, is approximately RM721 million.



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

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

**18. Profit guarantee**

The Group did not issue any profit guarantee.

**19. Tax expense**

	<b>12 months ended 31 December</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Current tax expense/(income)		
Malaysian - current year	32,517	19,209
- prior years	908	( 836)
	33,425	18,373
Deferred tax (income)/expense		
Malaysian - current year	( 24,168)	( 4,157)
- prior years	( 2,158)	128
	( 26,326)	( 4,029)
Total tax expense recognised in statement of profit or loss and other comprehensive income	7,099	14,344
Share of tax of associates and joint ventures	14,546	19,083
Pro-forma group tax expense	21,645	33,427
Profit excluding tax	227,718	252,611
Add: Share of tax of associates and joint ventures	14,546	19,083
	242,264	271,694
Effective tax rate (%)	8.93	12.30

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



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

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

**20. Profit before tax**

	<b>12 months ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
(Gain)/Loss on disposal of:		
- property, plant and equipment	( 4,060)	(934)
- investment properties	(25,485)	(185,982)
- other investment	-	(21)
- a subsidiary	1,615	-
- associates	(97,649)	-
Interest income from fixed deposits and cash funds	( 4,574)	( 5,001)
Other interest income	( 2,754)	-
Amortisation of:		
- intangible assets	680	680
- investment property	2,482	1,907
- prepaid lease payments	28	28
Depreciation of property, plant and equipment	11,039	13,117
Provision for liquidated and ascertained damages	12,538	38,380
Allowance for impairment loss on doubtful receivables	20,851	2,218
Unrealised foreign exchange gain	( 798)	(1,287)
Interest expense on loans and borrowings	16,241	16,884
Property, plant and equipment written off	221	135

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 31 December 2014.

**22. Status of corporate proposals**

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

**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 for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. Full trial has been completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB is currently appealing against the High Court’s decision. To date, no appeal date has yet been fixed.



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

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

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

	12 months ended 31 December	
	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	874,234	755,167
- unrealised	22,782	6,619
	897,016	761,786
The share of retained earnings (realised) from:		
- associates	137,137	118,880
- joint ventures	17,062	44,192
	1,051,215	924,858
Less: Consolidation adjustments	( 93,241)	( 213,714)
Total group retained earnings as stated in consolidated statement of changes in equity	957,974	711,144

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 2013 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 26 February 2015.