



NAIM HOLDINGS BERHAD (585467-M)
(FORMERLY KNOWN AS NAIM CENDERA HOLDINGS BERHAD)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

2. Changes in accounting policies

The significant accounting policies adopted are consistent with those for the year ended 31 December 2008.

The Group has not adopted the following FRSs and Interpretations (including their consequential amendments), which are effective for annual reporting periods beginning on or after 1 January 2010.

FRS/Interpretation

FRS 4	<i>Insurance Contract</i>
FRS 7	<i>Financial Instruments: Disclosures</i>
FRS 8	<i>Operating Segments</i>
FRS 123	<i>Borrowing Costs</i>
FRS 139 and Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
Amendments to FRS1 and FRS 127	<i>First-Time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
Amendments to FRS 2	<i>Share-based Payment: Vesting Conditions and Cancellations</i>
Amendments to FRS 101	<i>Presentation of Financial Statements</i>
Amendments to FRS 132	<i>Financial Instruments: Presentation</i>



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2. Changes in accounting policies (continued)

IC Int. 9	<i>Reassessment of Embedded Derivatives</i>
IC Int. 10	<i>Interim Financial Reporting and Impairment</i>
IC Int. 11	<i>FRS 2 - Group and Treasury Share Transactions</i>
IC Int. 13	<i>Customer Loyalty Programmes</i>
IC Int. 14	<i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction</i>

Amendments to FRS 1 and FRS 127, Amendments to FRS 2, Amendments to FRS 132, FRS 4 and IC Int. 9, 11, 13 and 14 are not applicable to the Group. No further disclosures are required.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*, is not disclosed by virtue of the exemption given in the respective FRSs.

FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. As the Group's operating segments, namely Property Development, Construction and Others, are the same as the business segments on which the Group currently presents segment information (see Note 8), the adoption of FRS 8 is not expected to have a material impact on the Group.

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the Group first applied the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively. The adoption of IC Interpretation 10 does not have any impact to the financial statements.

FRS 101 aims to improve users' ability to analyse and compare the information given in financial statements. It requires information in financial statements to be aggregated on the basis of shared characteristics to enable readers to analyse transactions between the company and shareholders separately from transactions with external parties. FRS 101 also changes the titles of the financial statements to reflect their function more clearly, for example, balance sheet is renamed as statement of financial position, amongst others.



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2. Changes in accounting policies (continued)

FRS 123 requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. Currently, borrowing costs incurred directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Other borrowing costs are recognised as an expense in the period in which they are incurred. The adoption of FRS 123 is thus not expected to have a material impact on the Group.

In addition, MASB has on 19 September 2009 announced that improvements have been made to 21 FRSs. The Group will apply the relevant amendments, which are not expected to have a material impact on the Group's financial statements, as and when they are effective.

3. Seasonality and cyclical nature of operations

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

4. Unusual items

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

5. Changes in estimates

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



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6. Debt and equity securities

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities for the current period.

During the 1st quarter ended 31 March 2009, the Company bought back, from the open market, 1,000,000 ordinary shares of RM 1.00 each at an average price of RM1.28 per share. The total consideration paid for the shares bought back including transaction cost, was RM1,279,552 and was financed by internally generated funds.

The shares bought back mentioned above are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled. The number of treasury shares held as at 30 September 2009 was 13,056,000.

7. Dividend paid

	RM'000
A second interim single-tier dividend of 5 sen per share for the year ended 31 December 2008 was paid on 6 April 2009.	11,847
A first interim single-tier dividend of 3 sen per share for the year ended 31 December 2009 was paid on 15 September 2009.	7,108
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	<u>18,955</u>



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8. Segmental reporting

	Segment revenue		Segment results	
	----- 9 months ended 30 September -----			
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property development	121,679	150,967	29,983	36,176
Construction	214,697	205,349	35,174	20,588
Sale of goods/services	56,616	54,532	8,495	11,223
	392,992	410,848	73,652	67,987
Inter Segment	(18,883)	(30,257)	(3,099)	(9,535)
	<u>374,109</u>	<u>380,591</u>	70,553	58,452
Oil and gas – share of results of associate (net of tax)			13,801	17,229
			<u>84,354</u>	<u>75,681</u>
Unallocated expenses			(1,641)	(1,389)
Income from investments			505	457
Finance costs			(1,745)	(1,256)
Share of results of associates (net of tax)			352	(537)
Share of results of joint ventures (net of tax)			3,435	1,652
Profit before tax			85,260	74,608
Income tax expense			(23,650)	(18,654)
Profit for the year			<u>61,610</u>	<u>55,954</u>
Attributable to:				
Equity holders of the Company			59,898	53,658
Minority Interests			<u>1,712</u>	<u>2,296</u>



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9. Investment property

	As at 30 September	
	2009	2008
	RM'000	RM'000
Building, stated at carrying amount	454	467
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Indicative fair value	863	863
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10. Subsequent material events

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

11. Changes in the composition of the Group

NCSB Engineering Sdn Bhd (“NESB”), a wholly owned subsidiary of the Company, incorporated a company under the Companies Act, Chapter 39 of Negara Brunei Darussalam under the name NaimCendera Engineering & Construction Sendirian Berhad (“NECSB”) to carry on the business of engineering works, builders, contractors for construction of properties and trading of building materials. NECSB is 50% owned by NESB and 50% owned by a director of NESB, Tuan Haji Radzali Bin Haji Alision.

Naim Overseas Sdn Bhd (“NOSB”) (formerly known as Peranan Prima Sdn Bhd), another wholly owned subsidiary of the Company, acquired Naim Cendera Engineering Construction Limited (“NCECL”), a company incorporated under the Companies Act of Fiji. NCECL is 99.9999% owned by NOSB and 0.0001% by Mr Chong Lipe Hwat, a director of Aktif Majusama Sdn Bhd, a subsidiary of NESB.



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12. Contingent liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2008 till the date of this quarterly report.

13. Capital commitments

	As at 30 September	
	2009	2008
	RM'000	RM'000
Authorised and contracted for		
Property, plant and equipment	11,991	-
Authorised but not contracted for		
Acquisition of land bank	128,450*	190,810*
Investment property	60,364	61,348
Property, plant and equipment	5,761	8,572
	<u>206,566</u>	<u>260,730</u>

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

14. Key Management Personnel compensation

Total compensations to directors of the Company and other members of key management during the quarter under review are as follows:

	9 months ended	
	30 September	
	2009	2008
	RM'000	RM'000
Directors of the Company	4,728	5,863
Other key management personnel	<u>4,969</u>	<u>5,209</u>
	<u>9,697</u>	<u>11,072</u>



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NOTES TO THE INTERIM FINANCIAL REPORT

15. Significant related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000

Transactions with associates

Sales of construction materials	(105)	(2,195)	18	75
Purchase of raw materials	1,095	833	490	305
Construction costs paid	16,238	11,404	(1,124)	(4,798)
Machinery rental income	-	(42)	-	-

Transactions with unincorporated joint venture

Construction contract revenue	9,850	18,973	(8,660)	10,567
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Transactions with Directors of the Company and its subsidiaries and with companies connected to them

Procurement of IT services	-	309	(13)	(20)
Sales of properties	-	-	-	13
Donation to Tabung Amanah Naim	-	-	287	441
Rental expenses of premises	48	59	5	(1)
Advertisement charges	-	-	(14)	(11)
Construction costs paid	-	131	(814)	(398)
Sales of construction material	-	-	39	-
Advisory fee paid	115	110	-	10



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

(I) Review of performance

The Group recorded revenue of RM374 million in the period under review as against RM381 million recorded in the corresponding period in 2008.

Profit before tax for the period was RM85 million against RM75 million achieved in the same period in 2008.

The Group's continuing efforts in controlling costs during the period had resulted in significant savings, reflected in its overall gross margin of 24% for the quarter, against the 22% achieved in the corresponding quarter of 2008.

Its associate, Dayang Enterprise Holdings Berhad, contributed 20% to the earnings of the Group for the period.

(II) Comparison with preceding quarter's results

The revenue and profit before tax for the current quarter were RM144 million and RM33 million respectively compared to RM134 million and RM30 million respectively in the immediate preceding quarter.

(III) Prospect for 2009

Barring any unforeseen circumstances, the Group is confident of achieving another year of favourable results in 2009.

(IV) Profit guarantee

The Group did not issue any profit guarantee.

(V) Tax expense

	9 months ended 30 September	
	2009 RM'000	2008 RM'000
Current tax expense		
Malaysian - current	24,567	16,914
- prior year	898	-
Deferred tax expense		
Malaysian - current	(1,815)	1,740
Total	<u>23,650</u>	<u>18,654</u>



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

(VI) Unquoted investments and/or properties

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

There was a disposal by a subsidiary, Total Reliability Sdn Bhd, of a building at the carrying amount of RM 54,000 included in the property, plant and equipment during the quarter under review.

(VII) Other investments

Investments in quoted shares and unit trusts:

	As at 30 September					
	Quoted shares		Unit trusts		Total	
	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	603	594	232	217	835	811
Carrying Value	288	280	170	155	458	435
Market Value	663	588	263	310	926	898

Movement in quoted shares and unit trusts:

	Current quarter 9 months ended 30 September 2009 RM'000	Cumulative quarter 9 months ended 30 September 2008 RM'000
Total purchases	29	1
Total disposals	(5)	-



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

(VIII) (a) Status of corporate proposals

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

(b) Status of utilisation of proceeds

As at the date of this report, the proceeds raised from the Public Issue pursuant to the listing of the Company on the Main Board (now known as “Main Market”) of Bursa Malaysia in 2003 amounting to RM60.547 million were fully utilised.

(IX) Group borrowings and debt securities

Group borrowings at the end of this quarter were as follows:

		As at 30 September	
		2009	2008
		RM'000	RM'000
Current			
Secured	- Finance Leases	974	214
Unsecured	- Revolving Credits	92,385	38,175
		<hr/>	<hr/>
		93,359	38,389
Non-Current			
Secured	- Finance Leases	7,054	615
		<hr/>	<hr/>
		100,413	39,004

All borrowings are denominated in Ringgit Malaysia.

(X) Off balance sheet financial instruments

The Group did not enter into any financial instruments with off balance sheet risk during the quarter.



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

(XI) Changes in material litigations

In March 2005, Naim Cendera Tujuh Sdn. Bhd. (“NC7”), the Company’s wholly owned subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have Native Customary Rights (“NCR”) over part of NC7’s leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 acres of the land are claimed by the Plaintiffs. The said land was previously alienated by the Government of Sarawak and due land premium had been settled in prior years. Should the matter not be satisfactorily resolved or should the Court rule in favour of the Plaintiffs, NC7 will approach the State authorities for substitution of the land.

On 24 June 2008, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak which has been alienated to KMSB. KMSB’s solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB, which was named as the first of the three defendants in the suit. On 23 February 2009, the High Court ruled to allow KMSB’s application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed the Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. No date has been fixed for hearing of the appeal to date. The Directors, in consultation with KMSB’s solicitors, are of the opinion that KMSB has a strong defence in the case.

On 27 June 2008, a wholly owned subsidiary, Naim Cendera Lapan Sdn Bhd (“NC8”) was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged Sarawak over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its defence on 22 July 2008 stating, inter alia, that NC8 had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court’s dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. The Trial is fixed on 18 November 2009.



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

(XI) Changes in material litigations (continued)

On 20 March 2009, NCSB received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 4281, Block 10 Kuala Baram Land District, Miri Sarawak, which is within NCSB's existing township areas of over 2,700 acres. NCSB's solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. The Pre-Trial Case Management is fixed on 18 November 2009.

On 26 October 2009, NCSB received a Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NCSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have NCR over an area over which NCSB has been awarded a contract to design and construct the proposed Bengoh Dam. At present, the construction of the said dam is on schedule. NCSB is seeking advice from its solicitors and has instructed the said solicitors to take all necessary steps to vigorously defend NCSB's interest and position. The date of hearing of the suit has yet to be fixed by the Court.

(XII) Dividend

RM'000

Total dividend paid in 2009 for the financial year ended 31
December 2008 and 31 December 2009 to date (see also note
7)

18,955



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

(XIII) Earnings per share

Basic earnings per share (“EPS”)

The calculation of the basic EPS was based on the Group profit for the period divided by the weighted average number of ordinary shares in issue.

	9 months ended 30 September	
	2009	2008
Net profit attributable to shareholders of the Company (RM'000)	59,898	53,658
	-----	-----
Weighted average number of ordinary shares in issue (‘000)	237,087	243,464
	-----	-----
Basic earnings per ordinary shares (sen)	25.26	22.04
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(XIV) Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2008 was unqualified.

(XV) Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 17 November 2009.