



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2011

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
For the quarter and three months ended 31 March 2011				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	120,904	123,353	120,904	123,353
Cost of sales	(98,367)	(99,977)	(98,367)	(99,977)
<b>Gross profit</b>	<b>22,537</b>	<b>23,376</b>	<b>22,537</b>	<b>23,376</b>
Other income	644	1,654	644	1,654
Selling and distribution expenses	(767)	(886)	(767)	(886)
Administration expenses	(14,058)	(8,611)	(14,058)	(8,611)
Other expenses	(234)	(324)	(234)	(324)
<b>Results from operating activities</b>	<b>8,122</b>	<b>15,209</b>	<b>8,122</b>	<b>15,209</b>
Finance income	1,619	391	1,619	391
Finance costs	(2,476)	(1,484)	(2,476)	(1,484)
<b>Net finance costs</b>	<b>(857)</b>	<b>(1,093)</b>	<b>(857)</b>	<b>(1,093)</b>
Share of results of associates	7,460	4,782	7,460	4,782
Share of results of joint ventures	2,219	321	2,219	321
<b>Profit before tax</b>	<b>16,944</b>	<b>19,219</b>	<b>16,944</b>	<b>19,219</b>
Income tax expense	(3,992)	(5,128)	(3,992)	(5,128)
<b>Profit for the period</b>	<b>12,952</b>	<b>14,091</b>	<b>12,952</b>	<b>14,091</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	(297)	382	(297)	382
Fair value changes for available-for-sale financial assets	-	8	-	8
<b>Other comprehensive income for the period, net of tax</b>	<b>(297)</b>	<b>390</b>	<b>(297)</b>	<b>390</b>
<b>Total comprehensive income for the period</b>	<b>12,655</b>	<b>14,481</b>	<b>12,655</b>	<b>14,481</b>
<b>Profit attributable to:</b>				
Owners of the Company	12,226	13,993	12,226	13,993
Non-controlling interests	726	98	726	98
<b>Profit for the period</b>	<b>12,952</b>	<b>14,091</b>	<b>12,952</b>	<b>14,091</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	11,929	14,379	11,929	14,379
Non-controlling interests	726	102	726	102
<b>Total comprehensive income for the period</b>	<b>12,655</b>	<b>14,481</b>	<b>12,655</b>	<b>14,481</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>				
	Note XIII	5.16	5.91	5.16
			5.16	5.91

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.  
The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2011

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
As at 31 March 2011			
<i>(The figures have not been audited)</i>			
	Notes	Unaudited 31 March 2011 RM'000	Audited 31 December 2010 RM'000
<b>ASSETS</b>			
Property, plant and equipment		125,220	123,690
Prepaid lease payments		2,479	2,506
Interests in associates		218,741	168,080
Interests in joint ventures		10,704	8,669
Land held for property development		110,443	110,443
Investment property		28,155	20,871
Intangible assets		9,469	9,639
Deferred tax assets		2,330	2,282
Other investments		48	48
<b>Total non-current assets</b>		<b>507,589</b>	<b>446,228</b>
Inventories		26,721	32,714
Property development costs		210,996	217,182
Trade and other receivables		343,199	308,094
Deposits and prepayments		5,136	4,011
Current tax recoverable		9,716	7,181
Cash and cash equivalents		94,521	39,214
<b>Total current assets</b>		<b>690,289</b>	<b>608,396</b>
<b>Total assets</b>		<b>1,197,878</b>	<b>1,054,624</b>
<b>EQUITY</b>			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		422,405	422,671
<b>Total equity attributable to owners of the Company</b>		<b>723,749</b>	<b>724,015</b>
<b>Non-controlling interests</b>		15,807	15,449
<b>Total equity</b>		<b>739,556</b>	<b>739,464</b>
<b>LIABILITIES</b>			
Loans and borrowings		29,927	20,712
Deferred tax liabilities		47,579	48,495
<b>Total non-current liabilities</b>		<b>77,506</b>	<b>69,207</b>
Loans and borrowings		201,725	104,401
Deferred income		5,201	11,906
Trade and other payables		171,249	125,294
Current tax payable		2,641	4,352
<b>Total current liabilities</b>		<b>380,816</b>	<b>245,953</b>
<b>Total liabilities</b>		<b>458,322</b>	<b>315,160</b>
<b>Total equity and liabilities</b>		<b>1,197,878</b>	<b>1,054,624</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>		<b>2.89</b>	<b>2.90</b>

The notes set out on pages 5 to 20 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 2010.

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b> For the quarter and three months ended 31 March 2011 <i>(The figures have not been audited)</i>		
	<b>31 March 2011 RM'000</b>	<b>31 March 2010 RM'000</b>
<b>Net cash from operating activities</b>	8,329	122,123
<b>Net cash used in investing activities</b>	(57,010)	(84,394)
<b>Net cash from financing activities</b>	103,959	48,980
<b>Net increase in cash and cash equivalents</b>	55,278	86,709
<b>Cash and cash equivalents at beginning of financial period</b>	38,688	89,700
<b>Cash and cash equivalents at end of financial period</b>	93,966	176,409
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents at end of financial period	93,966	176,409
Add : Fixed deposits pledged	555	396
Deposits, cash and bank balances at end of financial period	94,521	176,805

The notes set out on pages 5 to 20 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.  
 The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>											
For the quarter and three months ended 31 March 2011											
(The figures have not been audited)											
	Note	<b>Total equity attributable to owners of the Company</b>									
		<b>Non Distributable</b>						<b>Distributable</b>		<b>Non-controlling Interests</b>	<b>Total Equity</b>
		<b>Share capital</b>	<b>Share premium</b>	<b>Capital reserve</b>	<b>Treasury shares</b>	<b>Fair value reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Sub-total</b>		
<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>		
<b>3 months ended 31 March 2010</b>											
At 1 January 2010, as previously stated		250,000	86,092	26,370	(34,748)	-	(35)	324,684	652,363	21,961	674,324
Effect of adopting FRS 139		-	-	-	-	102	-	(2,585)	(2,483)	70	(2,413)
At 1 January 2010, as restated		250,000	86,092	26,370	(34,748)	102	(35)	322,099	649,880	22,031	671,911
Foreign currency translation differences of foreign operations		-	-	-	-	-	382	-	382	-	382
Fair value of available-for-sale financial assets		-	-	-	-	8	-	(4)	4	4	8
Total other comprehensive income for the period		-	-	-	-	8	382	(4)	386	4	390
Profit for the period		-	-	-	-	-	-	13,993	13,993	98	14,091
Total comprehensive income for the period		-	-	-	-	8	382	13,989	14,379	102	14,481
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(1,140)	(1,140)
Acquisition of minority interests in an existing subsidiary		-	-	-	-	-	-	-	-	(615)	(615)
At 31 March 2010		250,000	86,092	26,370	(34,748)	110	347	336,088	664,259	20,378	684,637
<b>3 months ended 31 March 2011</b>											
At 1 January 2011		250,000	86,092	26,370	(34,748)	-	119	396,182	724,015	15,449	739,464
Foreign currency translation differences of foreign operations		-	-	-	-	-	(297)	-	(297)	-	(297)
Total other comprehensive income for the period		-	-	-	-	-	(297)	-	(297)	-	(297)
Profit for the period		-	-	-	-	-	-	12,226	12,226	726	12,952
Total comprehensive income for the period		-	-	-	-	-	(297)	12,226	11,929	726	12,655
Dividends paid to:											
- owners of the Company	Note XII	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
- non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
Bonus issue by a subsidiary		-	-	1,530	-	-	-	(1,530)	-	-	-
Share of expenses incurred on bonus issue by an associate		-	-	(348)	-	-	-	-	(348)	-	(348)
At 31 March 2011		250,000	86,092	27,552	(34,748)	-	(178)	395,031	723,749	15,807	739,556

The notes set out on pages 5 to 20 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 2010.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

#### 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 three months ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

#### 1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

#### 2. Significant accounting policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010, except as disclosed below:

During the current quarter 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 2011:

FRS 3, *Business Combinations* (revised)

FRS 127, *Consolidated and Separate Financial Statements* (revised)

Amendments to FRS 138, *Intangible Assets*

Amendments to FRS 1

- *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*

- *Additional Exemptions for First-time Adopters*

Amendments to FRS 7, *Financial Instruments: Improving Disclosures about Financial Instruments*

IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*

Improvements to FRSs 2010

The adoption of the above FRSs, interpretations and amendments does not have any material impact on the financial performance or position of the Group, except as discussed Note 2.1 below.



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011**

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

##### **2.1 Changes in accounting policies (continued)**

###### ***(i) Revised FRS 3 and Revised FRS 127***

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes affect the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transaction will no longer give rise to goodwill, nor will they give rise to a gain or loss. The amendments to FRS 127 further require losses attributable to non-controlling interests (previously known as minority interests) in a subsidiary to be allocated to the non-controlling interests even if doing so causes the non-controlled interests to have a deficit balance.

The above changes in accounting policies are applied prospectively in accordance with the transitional provisions of the standards and do not have any impact on earnings per share.

###### ***(ii) Amendments to FRS 7***

The amendments to FRS 7 require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements based on the fair value measurement hierarchy.

By virtue of the exemption given in paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 is not disclosed/presented.

###### ***(iii) IC Interpretation 4 and Improvements to FRSs (2010)***

IC Interpretation 4 (“ICI 4”) requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. The assessment shall be made at the inception of the arrangement and subsequently reassessed if certain conditions in the Interpretation are met. The adoption of ICI 4 does not have any impact on the financial statements as there are no arrangements dependent on the use of specific assets in the Group.

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation, to provide clarification or guidance thereon or to correct for relatively minor unintended consequences, conflicts or oversights.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

##### 2.2 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 not yet effective for the Group:

- **Effective for annual periods beginning on or after 1 July 2011**  
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*  
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*
- **Effective for annual periods beginning on or after 1 January 2012**  
IC Interpretation 15, *Agreements for the Construction of Real Estate*  
FRS 124, *Related Party Disclosures (revised)*

The Group plans to apply from its annual period beginning on 1 January 2012 those standards, amendments and interpretations as listed above that are effective for annual periods beginning after 1 January 2011, except for Amendments to ICI 14 which is not applicable to the Group.

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.

IC Interpretation 19, which is to be applied retrospectively, provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be “consideration paid” in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss. The adoption of ICI 9 is not expected to have a material impact to the Group.

The Group will apply ICI 15 for its annual periods beginning 1 January 2012. ICI 15 replaces the existing FRS 201<sub>2004</sub>, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from the property development activities will change from the percentage of completion method to the completed method. The profit before tax of the Group for the period/year ended 31 March 2011 and 31 December 2010 are expected to decrease by RM3.3 million and increase by RM913,000 respectively on the initial application of ICI 15.



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011**

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

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

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in the financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 are intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

Following the announcement made by the MASB on 1 August 2008, the Group financial statements for the year ending 31 December 2012 will be prepared in accordance with International Financial Reporting Standards (IFRS) framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group.

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

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

##### **4. Estimates**

The preparation of interim financial statements in conformity with FRSs 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 applied to the financial statements as at and for the year ended 31 December 2010.

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 31 March 2011 are 13,056,000 shares.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

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

###### *a) Additional investment arising from new shares issued by existing subsidiaries*

On 13 January 2011, Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) (“NLSB”) subscribed for its entitlement to the new shares issued by Naim Realty Sdn. Bhd., comprising 14,500,000 ordinary shares of RM1.00 each for a cash consideration of RM14,500,000.

Another wholly-owned subsidiary, Naim Supply & Logistics Sdn. Bhd. (formerly known as Naim Cendera Dua Sdn. Bhd.) increased its issued and paid up capital from RM1,250,000 to RM5,000,000 on 22 February 2011 by way of capitalisation of its retained earnings as bonus shares.

On 25 February 2011, another subsidiary, Total Reliability Sdn. Bhd. effected a bonus issue comprising 3,000,000 new ordinary shares of RM1.00 each, out of which 1,530,000 new ordinary shares was issued to NLSB.

These above changes do not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

###### *b) Bonus issue and rights issue by an associate*

On 10 February 2011, Dayang Enterprise Holdings Bhd. (“DEHB”) effected a bonus issue of 88,000,000 new ordinary shares of RM0.50 each, out of which 31,671,675 shares of RM0.50 each were issued to the Company.

The Company also subscribed for its entitlement of 39,589,593 ordinary shares of RM0.50 each to the rights issued by DEHB for a total cash consideration of RM43,549,000 on 28 February 2011.

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

During the quarter under review, the Group acquired property, plant and equipment costing about RM7.1 million (31.3.2010: RM14.2 million), of which NIL (31.3.2010: RM0.2 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of RM832,000 (31.3.2010: RM40,000) were disposed of during the quarter under review.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

##### 8. 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 works.

Others - Manufacture and sale of buildings and construction materials, 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.

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

##### 8. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>For the quarter ended 31 March 2011</b>										
Revenue from external customers	32,609	49,591	77,744	67,919	10,551	5,843	-	-	120,904	123,353
Inter segment revenue	-	-	-	-	9,188	4,169	( 9,188)	( 4,169)	-	-
<b>Total segment revenue</b>	<u>32,609</u>	<u>49,591</u>	<u>77,744</u>	<u>67,919</u>	<u>19,739</u>	<u>10,012</u>	<u>( 9,188)</u>	<u>( 4,169)</u>	<u>120,904</u>	<u>123,353</u>
Segment profit/(loss)	7,700	19,726	2,363	( 3,660)	( 15)	( 449)	( 2,565)	( 99)	7,483	15,518
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	35	1,470	60	-	-	1,470	95
- joint ventures	-	-	2,219	321	-	-	-	-	2,219	321
	<u>7,700</u>	<u>19,726</u>	<u>4,582</u>	<u>( 3,304)</u>	<u>1,455</u>	<u>( 389)</u>	<u>( 2,565)</u>	<u>( 99)</u>	<u>11,172</u>	<u>15,934</u>
Unallocated expenses									( 218)	( 1,402)
Share of results of an associate, DEHB (in oil and gas segment)									5,990	4,687
Income tax expense									( 3,992)	( 5,128)
<b>Profit for the year</b>									<u>12,952</u>	<u>14,091</u>
Other comprehensive income									( 297)	390
<b>Total comprehensive income for the year</b>									<u>12,655</u>	<u>14,481</u>
Non-controlling interests									( 726)	( 102)
<b>Total comprehensive income attributable to the owners of the Company</b>									<u>11,929</u>	<u>14,379</u>



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

##### 9. Subsequent events

In April 2011, Naim Engineering Sdn. Bhd. (formerly known as NCSB Engineering Sdn. Bhd.) acquired the remaining equity interest of 30% in Naim Binaan Sdn. Bhd. (“NBSB”) from a minority shareholder for a cash consideration of RM1. Upon the acquisition, NBSB become a wholly owned subsidiary of the Group (31.12.2010: being 70% owned subsidiary).

In the same month, the Company also disposed of 10,000,000 ordinary shares of RM0.50 each in its associate, DEHB for a total cash consideration of RM20,743,000, net of transaction costs. The resultant group interest in DEHB has decreased from 35.9% to 34.17% as at the date of this quarterly report.

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 interim financial statements for the said period, made up to the date of this quarterly report.

##### 10. Contingent liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2010 till the date of this quarterly report.

##### 11. Capital commitments

	As at 31 March	
	2011	2010
	RM'000	RM'000
<b><i>Contracted for but not provided for</i></b>		
Property, plant and equipment	-	22,868
Investment property	14,920	-
	14,920	22,868
<b><i>Authorised but not contracted for</i></b>		
Property, plant and equipment	4,309	49,910
Investment property	5,321	24,629
	9,630	74,539
	24,550	97,407



## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 12. Related parties

##### *Transactions with key management personnel*

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

	3 months ended 31 March	
	2011 RM'000	2010 RM'000
Directors of the Company	1,477	1,451
Other key management personnel	1,588	1,403
	3,065	2,854

##### *Other related party transactions*

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<u>Transactions with associates</u>				
Sale of construction materials	-	-	-	17
Purchase of raw materials	-	188	6	315
Construction costs payable	-	563	( 1,192)	( 1,682)
<u>Transaction with joint venture</u>				
Construction contract revenue	-	(7,752)	( 6,349)	( 5,637)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advertisement charges	-	-	( 14)	( 14)
Advisory fee payable	15	15	-	-
Construction costs payable	-	74	-	( 403)
Donation to Tabung Amanah Naim	-	-	640	33
Purchase of construction materials	-	4	-	( 108)
Rental of premises expenses	5	5	-	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

##### (I) Review of Group performance

The Group recorded slightly lower revenue of RM121 million for the period under review, as compared to RM123 million recorded in the corresponding quarter in 2010.

Group profit before tax for the period was RM17 million against RM19 million achieved in the same period in 2010 under review. The decrease was mainly contributed by lower number of properties units sold and lower stages of completion achieved for construction projects during the quarter under review.

Its oil and gas associate, Dayang Enterprise Holdings Bhd., continues to contribute positively to the earnings of the Group for the period.

##### (II) Variance of results against preceding quarter

Group revenue decreased from RM192 million to RM121 million compared to the immediate preceding quarter.

Group profit before tax for the period was RM17 million against RM32 million achieved in the immediate preceding quarter. This was mainly due to recognition of variation orders for certain projects during the immediate preceding quarter.

##### (III) Current year prospects

Barring any unforeseen circumstances, the Group is confident of delivering another positive result in year 2011.

##### (IV) Profit guarantee

The Group did not issue any profit guarantee.

##### (V) Income tax expense

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Current tax expense</i></b>		
Malaysian - current year	5,302	5,939
- prior years	( 6)	-
	5,308	5,939
<b><i>Deferred tax income</i></b>		
Malaysian - current year	( 1,316)	( 811)
- prior years	-	-
	( 1,316)	( 811)
Total	3,992	5,128



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

#### (VI) Unquoted investments and/or properties

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

#### (VII) Other investments

##### *Investments in quoted shares and unit trusts*

	As at 31 March					
	Quoted shares		Unit trusts		Total	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Available-for-sale financial assets, at fair value	48	55	-	296	48	351
Market Value	48	55	-	296	48	351

#### (VIII) Status of corporate proposals

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

#### (IX) Loans and borrowings

	Currency	As at 31 March		
		2011 RM'000	2010 RM'000	
<b>Current</b>				
Secured	- Finance leases	RM	2,297	2,427
	- Term loan	RM	-	36
Unsecured	- Revolving credits	RM	42,000	112,385
	- Term loan	USD	7,428	13,084
	- Islamic Bonds	RM	150,000	55,000
			201,725	182,932
<b>Non-current</b>				
Secured	- Finance leases	RM	6,761	8,966
	- Term loan	RM	13,881	869
Unsecured	- Term loan	USD	9,285	-
			29,927	9,835
Total			231,652	192,767



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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011**

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

**(X) Off balance sheet financial instruments**

The Group does not have any financial instruments with off balance sheet risk as at 19 May 2011, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

**(XI) Material litigations**

***Suit over land***

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. 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 State 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. NC7’s application to strike out the Plaintiff’s claim has been adjourned to a date which has yet to be fixed by the High Court pending the decision of the 1st to 3rd Defendants’ appeals at the Court of Appeal. While the High Court has fixed the trial date from 28 to 29 July 2011, it has yet to fix a date to hear NC7’s application to strike out the Plaintiffs’ case.

On 24 June 2008, another indirect subsidiary, Khidmat Mantap Sdn. Bhd. (“KMSB”) received a Writ of Summon 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 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, who had filed a Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court, have decided to withdraw their appeal and will submit necessary documents for the withdrawal of appeal in the Court of Appeal.





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

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011**

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

##### **(XI) Material litigations (continued)**

###### ***Suit over land (continued)***

On 27 June 2008, another indirect 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 it had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court’s dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. The High Court has fixed the matter for mention on 10 June 2011.

On 20 March 2009, Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) (“NLSB”) received two Writ of Summons and Statement 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 3247, Block 11 Kuala Baram Land District, Miri Sarawak, which is within NLSB’s existing township areas of over 2,700 acres. NLSB’s solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. NLSB’s application to strike out the Plaintiffs’ action was dismissed by the High Court and NLSB has filed a Notice of Appeal on 13 May 2011 to the Court of Appeal on the High Court’s decision. In the meanwhile, the High Court has yet to fix trial date for the matter.

On 26 October 2009, NLSB received another 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. NLSB has filed its Statement of Defence on 19 January 2010 and the High Court has fixed the trial dates on 27 June 2011 to 1 July 2011.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

#### (XI) Material litigations (continued)

##### *Suit over land (continued)*

On 5 August 2010, KMSB received another Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of 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. KMSB has filed a Statement of Defence on 16 August 2010. The High Court has fixed the matter for further mention on 6 June 2011 to monitor the status of KMSB's appeal on its application to strike out the Plaintiff's action.

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. NLSB had filed its Statement of Defence and Counterclaim on 26 January 2011. No date has been fixed for the hearing by the High Court as at the date of this quarterly report.

#### (XII) Dividends

The following dividend was declared by the Group during the current quarter under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	5.0	31 December 2010	8 April 2011	11,847 =====

No dividend was paid during the current quarter.

#### (XIII) 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.

	3 months ended 31 March	
	2011	2010
Profit attributable to owners of the Company (RM'000)	12,226 -----	13,993 -----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944 -----	236,944 -----
Basic/Diluted EPS (sen)	5.16 -----	5.91 -----



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011

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

#### (XIV) Other disclosures

##### (i) *Financial derivatives*

The Group does not have any outstanding financial derivatives as at 31 March 2011.

##### (ii) *Supplementary information on the 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 the directive of Bursa Malaysia Securities Berhad issued in 2010, is as follows:

	<b>Unaudited For the quarter ended 31 March 2011 RM'000</b>	<b>Audited For the year ended 31 December 2010 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- realised	447,686	457,100
- unrealised	( 1,135)	1,616
	446,551	458,716
The share of retained earnings from associates		
- realised	47,908	41,751
- unrealised	( 414)	( 414)
	47,494	41,337
The share of retained earnings from joint ventures		
- realised	10,951	8,702
	504,996	508,755
Less: Consolidation adjustments	( 109,965)	( 112,573)
Total group retained earnings as per consolidated accounts	<u>395,031</u>	<u>396,182</u>



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

**QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2011**

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

**(XV) Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2010 was not qualified.

**(XVI) Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 May 2011.