

Part A – Explanatory Notes Pursuant to FRS 134

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention except for the assets and liabilities which were stated at fair values: financial assets at fair value through profit or loss and investment properties.

The interim financial statements were unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that were significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted were consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group will adopt the following FRSs in future financial periods depending on their relevant effective dates:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

Part A – Explanatory Notes Pursuant to FRS 134

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

The adoption of FRS 108, 110, 116, 127, 131, 132 and 133 does not have significant financial impact on the Group. The Principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are shown below:

**FRS 3: Business Combinations;
FRS 136: Impairments of Assets; and
FRS 138: Intangible assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill carried at cost less accumulated impairment losses is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 10 years. This change in accounting policy was effected retrospectively for business combinations where the agreements dates were on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM271,884 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM634,395 ceased to be amortised. This has the effect of reducing the amortisation charges by RM22,657 in the current financial period ended [31 March 2006](#).

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current period's presentation of the Group's financial statements was based on the revised requirements of FRS 101. However, no comparatives were restated as there was no minority interest in the Group.

Part A – Explanatory Notes Pursuant to FRS 134

A2. ACCOUNTING POLICIES (Cont'd)

FRS 140: Investments Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties were previously stated at cost less impairment loss. Investment properties are now stated at fair value, representing open-market value determined by external professional valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise. The investment properties were last revalued by external professional valuers in year 2005 at RM82 million. In accordance with the transitional provision of FRS 140, this change in accounting policy was applied retrospectively and the comparatives as at 31 December 2005 were not restated.

A3. COMPARATIVES

There were no changes to the comparatives as the FRSs adopted for the Group were applied retrospectively.

A4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the preceding financial statements for the year ended [31 December 2005](#) was not qualified by the Auditors of the Company.

Part A – Explanatory Notes Pursuant to FRS 134

A5. SEGMENTAL INFORMATION

	3 months ended 31.3.2006 RM'000	3 months ended 31.3.2005 RM'000
Segment Revenue		
Revenue from continuing operations:-		
Investment holding	225	2,012
Timber extraction	263	-
Property management	959	1,009
Property development	58	1,133
Total revenue including inter-segment revenue	<hr/>	4,154
Elimination of inter-segment revenue	(225)	(2,012)
Total revenue from continuing operations	<hr/>	2,142
Revenue from discontinued operations	-	-
Total	<hr/>	2,142
Segment Results		
Results from continuing operations:-		
Investment holding	(644)	1,024
Timber extraction	(31)	(1,344)
Property management	315	(66)
Property development	(704)	309
Net gain / (losses) from fair value adjustment	961	-
Others	(1)	-
	<hr/>	(77)
Eliminations	-	(268)
Total results from continuing operations	<hr/>	(345)
Results from discontinued operations	-	-
Total	<hr/>	(345)

A6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2006 except as disclosed in Note A2 above.

A7. CHANGES IN ESTIMATES

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group will review the residual value and useful lives of its entire motor vehicles in the coming financial quarter.

There were no changes in estimates that have had a material effect in the current quarter results.

Part A – Explanatory Notes Pursuant to FRS 134

A8. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not subject to seasonal or cyclical fluctuations, except for the timber extraction business where the extraction works are dependent upon the weather conditions at the place where the forest is located.

A9. DIVIDENDS PAID

No interim ordinary dividend has been paid in the current the financial period ended [31 March 2006](#) ([31 March 2005](#): Nil).

A10. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2005.

A11. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the interim financial period except that during the period, a total nominal value of RM0.08 million of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") were converted into an additional total nominal value of RM0.08 million share capital of the Company.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current financial quarter.

A13. DISCONTINUED OPERATION

There were no existing business segments to be categorised as discontinued in the current financial quarter.

A14. CAPITAL COMMITMENTS

There were no material changes in capital commitments for the Group since the last annual balance sheet date at [31 December 2005](#).

Part A – Explanatory Notes Pursuant to FRS 134

A15. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at [31 December 2005](#).

A16. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

**PART B – Explanatory Notes Pursuant to Appendix 9B of
the Listing Requirements of Bursa Malaysia Securities Berhad**

B1. PERFORMANCE REVIEW

For the current financial period ended [31 March 2006](#), the Group's revenue was RM1.28 million compared to RM2.14 in the preceding financial period ended [31 December 2005](#). The decrease in revenue was mainly due to the reduced progress billings recognised from property development segment during the current financial period ended [31 March 2006](#).

However, the Group recorded a loss before tax of approximately RM0.10 million compared to a loss before tax of approximately RM0.34 million for the corresponding financial period ended [31 March 2005](#) mainly due to the recognition of gain from fair value adjustment with the adoption of FRS 140.

B2. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's recorded loss before taxation of approximately RM0.10 million for the current quarter as compared to a profit before taxation of approximately RM2.73 million for the quarter ended [31 December 2005](#) was mainly due to the reduction in revenue from the timber extraction segment.

B3. COMMENTARY ON PROSPECTS

The Directors are of the view that the performance of the Group hinges substantially on the performance of its subsidiaries namely Jernih Makmur Sdn Bhd (Principal activity – logging and selling of round end timber logs) and Consistent Harvest Sdn Bhd (Principal activity – renting of shopping spaces in its shopping complex). Due to the positive economic outlook, and barring any unforeseen circumstances, the Directors are confident that the performance of the Group will improve for the remaining period of the financial year.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**PART B – Explanatory Notes Pursuant to Appendix 9B of
the Listing Requirements of Bursa Malaysia Securities Berhad**

B5. INCOME TAX EXPENSE

	3 months ended		3 months ended	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	63	-	63	-
Overprovision in prior year	-	-	-	-
Current provision	63	-	63	-

There income tax expense of the current quarter was mainly contributed by the property management segment, subject to utilisation and set off against current year losses incurred by the related companies within the Group.

There was no provision for taxation for the previous financial period under review, as the Group was in a tax loss position.

B6. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

There were no sales of unquoted investment and properties for the current financial period under review.

B7. QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current financial period under review.

B8. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of issuance of this quarterly report.

B9. BORROWINGS

	As at 31.03.2006 RM'000
Secured borrowings: -	
Payable within one year	1,925
Payable after one year	-
	<u>1,925</u>

**PART B – Explanatory Notes Pursuant to Appendix 9B of
the Listing Requirements of Bursa Malaysia Securities Berhad**

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk issued during the current financial period under review.

B11. CHANGES IN MATERIAL LITIGATION

As at 24 May 2006, there were no changes in material litigations, including the status of pending material litigation since the last annual balance sheet date of [31 December 2005](#).

B12. DIVIDENDS PAYABLE

No interim ordinary dividend has been declared for the financial period ended [31 March 2006](#) ([31 March 2005](#): Nil).

B13. EARNINGS PER SHARE

	3 months ended		3 months ended	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Profit / (Loss) from continuing operations attributable to ordinary equity holders of the parent (RM'000)	(167)	(345)	(167)	(345)
Profit / (Loss) from discontinued operations attributable to ordinary equity holders of the parent (RM'000)	-	-	-	-
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	<u>(167)</u>	<u>(345)</u>	<u>(167)</u>	<u>(345)</u>
No. of Ordinary Shares ('000)	546,590	546,190	546,590	546,190
Basic (sen)	0.03	0.08	0.03	0.08
Diluted (sen)				
Based on the assumption that the RM30.99 million (2005: RM31.17 million) nominal value of 3-Year 0.5% ICULS were fully converted upon maturity.	0.02	0.05	0.02	0.05

NAIM INDAH CORPORATION BERHAD (19727-P)
(Incorporated in Malaysia)

**PART B - Explanatory Notes Pursuant to Appendix 9B of
the Listing Requirements of Bursa Malaysia Securities Berhad**

B14. AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on [30 May 2006](#).

By order of the Board
YEAP KOK LEONG
Company Secretary
MAICSA NO. 0862549
[Dated this 30 May 2006](#)