

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 financial assets and investment properties which were stated at fair values.

The interim financial statements were unaudited and have been prepared in accordance with requirements of the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market 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 2010. The 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 2010.

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 2010 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2011. The adoption of these standards, amendments and interpretations do not have any material impact on the interim financial information of the Group except for the adoption of the following standard as set out below:

FRS 101 – Presentation of financial statements

The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement.

FRS 139 – Financial Instruments – Recognition and Measurement

The principal effect of the changes in accounting policies arising from adoption of FRS 139 and its related amendments to FRSs and IC Interpretation are as disclosed in Note A6.

A3. COMPARATIVES

There were no changes to the comparatives during the current financial period.

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A4. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the preceding financial statements for the year ended 31 December 2010 was not qualified by the Auditors of the Company.

A5. SEGMENTAL INFORMATION

	12 months ended 31.12.2011 RM'000	12 months ended 31.12.2010 RM'000
Segment Revenue		
Revenue from continuing operations:-		
Investment holding	2,759	9,935
Timber extraction	6,873	517
Property management	3,803	3,740
Property development	3,747	547
Total revenue including inter-segment revenue	17,182	14,739
Elimination of inter-segment revenue	(2,305)	(2,218)
Total revenue from continuing operations	14,877	12,521
Revenue from discontinued operations	-	-
Total	14,877	12,521
Segment Results		
Results from continuing operations:-		
Investment holding	(1,353)	(42,127)
Timber extraction	1,429	(3,397)
Property management	421	(9,068)
Property development	(3,098)	(707)
	(2,601)	(55,299)
Eliminations	2,079	34,213
Total results from continuing operations	(522)	(21,086)
Results from discontinued operations	-	-
Total	(522)	(21,086)

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 December 2011, except for as disclosed in note A16 herein.

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A7. CHANGES IN ESTIMATES

There was no change in estimates that had a material effect on the current quarter results.

A8. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not subject to seasonal or cyclical fluctuations, except for the timber business the extraction works of which 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 financial period ended 31 December 2011 (31 December 2010: 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 2010.

A11. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debts and equity securities during the interim financial period.

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 that can 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 as at 31 December 2010.

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A15. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2010.

A16. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial quarter, except for an announcement made for Heads of Agreement (“HOA”) entered into between the Company and Generasi Cipta Sdn Bhd (“GENCIP”) on 9 February 2012, for the proposed acquisition of 60% in Sagajuta (Sabah) Sdn Bhd (“Sagajuta”) for an indicative price of RM240,000,000.00. The Company also intends to acquire the remaining 40% equity interest in Sagajuta that is not owned by GENCIP on similar terms as agreed between the Company and GENCIP.

The HOA is non-binding and shall be effective from 9 February 2012 (“Effective Date”) and continue to be in full force until the earlier occurrence of the following events: -

- (a) 10 months from the Effective Date;
- (b) any earlier date to be mutually agreed in writing; or
- (c) when superceded by the terms of a Definitive Agreement.

Details of the proposed acquisition can be found from the Company’s announcement made on 10 February 2012 Re: HOA entered into between the Company and GENCIP.

**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 December 2011, the Group's revenue was RM14.88 million compared to RM12.52 million in the preceding financial period ended 31 December 2010. The differences were mainly due to the following: -

- (1) a decrease in revenue contribution from joint venture project held under the investment holding segment of RM7.18 million,
- (2) an increase in revenue from timber logging activities of RM6.36 million and
- (3) an increase in revenue from property development activities of RM3.20 million.

As a result, the Group recorded a loss before tax of approximately RM0.52 million as compared to a loss before tax of approximately RM21.09 million for the corresponding preceding financial period ended 31 December 2010. The differences were mainly due to the following: -

- (1) a decrease in loss of RM9.68 million from investment holding segment mainly due to notional interest expense and allowance for doubtful debts provided for the joint venture project and share of loss from the joint venture project in the preceding financial period,
- (2) an increase in profit from timber logging activities of RM4.83 million due to improved volume of activities,
- (3) an increase in profit from property management segment of RM9.49 million due to impairment loss charged in the preceding financial period,
- (4) an increase of loss from property development segment of RM2.39 million due to recognition of foreseeable loss during the financial period.

B2. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's recorded a profit before taxation of approximately RM1.8 million for the current quarter as compared to a loss before taxation of approximately RM2.21 million for the quarter ended 30 September 2011. The differences were mainly due to following: -

- (1) a reversal impairment losses previously recognized in joint venture project during the current financial period of RM2.29 million,
- (2) a reversal of allowance for doubtful debts of RM0.23 million in timber logging segment.

**PART B – Explanatory Notes Pursuant to Appendix 9B of
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B3. COMMENTARY ON PROSPECTS

The Directors are of the view that the performance of the Group hinges substantially on the performance of its current 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) and the joint venture property development with Creative Springs Sdn. Bhd and Noble Residence Sdn. Bhd. Barring any unforeseen circumstances, the Directors expect that they will be able to achieve better performance of the Group in the coming year.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. INCOME TAX EXPENSE

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(208)	50	(208)	25
Over/(Under) provision of income tax in prior period	-	-	-	-
Deferred taxation	-	2,700	-	2,700
Current provision	<u>(208)</u>	<u>2,750</u>	<u>(208)</u>	<u>2,725</u>

The provision for taxation for the current financial period was mainly contributed by the timber logging segment.

B6. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of issuance of this quarterly report, except for as disclosed in note A16 herein.

B7. BORROWINGS

	As at 31.12.2011 RM'000
Secured borrowings: -	
Payable within one year	5,446
Payable after one year	11,111
	<u>16,557</u>

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

B8. CHANGES IN MATERIAL LITIGATION

As at 21 February 2012, there were no changes in material litigations, including the status of pending material litigations since the last annual balance sheet date at 31 December 2010.

B9. DIVIDENDS PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 December 2011 (31 December 2010: Nil).

B10. EARNINGS PER SHARE

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Profit / (Loss) from continuing operations attributable to ordinary equity holders of the parent (RM'000)	1,100	(14,273)	(730)	(18,361)
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>1,100</u>	<u>(14,273)</u>	<u>(730)</u>	<u>(18,361)</u>
Weighted average number of Ordinary Shares in issue ('000)	702,034	702,034	702,034	702,034
Basic earnings per share (sen)	0.16	(2.03)	(0.10)	(2.62)
Diluted earnings per share (sen)	0.16	(2.03)	(0.10)	(2.62)

**PART B – Explanatory Notes Pursuant to Appendix 9B of
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B11. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES

	12 months ended 31.12.2011 RM'000	12 months ended 31.12.2010 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
-Realised	(42,216)	(39,407)
-Unrealised	-	-
Total share of retained profits / (accumulated losses) from associated companies:		
-Realised	-	-
-Unrealised	-	-
Total share of retained profits / (accumulated losses) from jointly controlled entities:		
-Realised	-	-
-Unrealised	-	-
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Less: Consolidation adjustments	(42,216) (21,283)	(39,407) (23,362)
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Total group retained profits / (accumulated losses) as per consolidated accounts	(63,499)	(62,769)

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

**PART B – Explanatory Notes Pursuant to Appendix 9B of
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B12. DISCLOSURE OF ADDITIONAL INFORMATION

	3 months ended 31.12.2011 RM'000	12 months ended 31.12.2011 RM'000
Interest income	11	19
Other income including investment income	2,300	2,308
Interest expenses	(295)	(1,153)
Depreciation and amortisation	(271)	(1,547)
Provision for and write off of receivables	(82)	(82)
Provision for and write off of inventories	-	-
Gain / (Loss) on disposal of quoted, unquoted investments & properties	-	-
Impairment of assets	-	-
Foreign exchange gain / (loss)	-	-
Gain / (Loss) on derivatives	-	-
Exceptional items (with details) (if any)	-	-

By order of the Board
THAM WAI YING
Company Secretary
MAICSA NO. 7016123

Dated this 29 February 2012