

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 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 2011. 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 2011.

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 2011.

A3. COMPARATIVES

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

A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the preceding financial statements for the year ended 31 December 2011 was not qualified by the Auditors of the Company.

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A5. SEGMENTAL INFORMATION

	9 months ended 30.09.2012 RM'000	9 months ended 30.09.2011 RM'000
Segment Revenue		
Revenue from continuing operations:-		
Investment holding	414	576
Timber extraction	42,471	6,849
Property management	2,828	2,852
Property development	-	10,328
Total revenue including inter-segment revenue	45,713	20,605
Elimination of inter-segment revenue	(414)	(576)
Total revenue from continuing operations	45,299	20,029
Revenue from discontinued operations	-	-
Total	45,299	20,029
Segment Results		
Results from continuing operations:-		
Investment holding	(1,928)	(1,094)
Timber extraction	(5,952)	1,362
Property management	(230)	349
Property development	11	(2,447)
	(8,099)	(1,830)
Eliminations	-	-
Total results from continuing operations	(8,099)	(1,830)
Results from discontinued operations	-	-
Total	(8,099)	(1,830)

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 30 September 2012, except for:

- (a) A 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.

Part A – Explanatory Notes Pursuant to FRS 134

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

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:

- I. 10 months from the Effective Date;
- II. Any earlier date to be mutually agreed in writing; or
- III. When superseded by the terms of Definitive Agreement.

Details of the proposed acquisition can be found from the Company’s announcement made on 10 February 2012 and its updates dated 7 March 2012, 10 May 2012, 30 August 2012 and 14 November 2012 respectively.

- (b) The Company’s announcement dated 17 July 2012 for Proposed Private Placement of up to 70,203,000 new Ordinary Shares of RM0.20 each in the Company, representing approximately ten percent (10%) of the Issued and Paid-up share capital of the Company, to independent third party investor(s) to be identified (“Proposed Private Placement”). Details of the Proposed Private Placement can be found from the company’s announcement made on 17 July 2012 and its updates on 2 August 2012 and 27 September 2012.
- (c) The Company’s announcement dated 10 August 2012 for Company had on 9 August 2012 entered into a joint-venture agreement (“JVA”) with Keloil Sdn Bhd (“KSB”) to form an unincorporated joint-venture for the purpose of carrying out the business in the oil and gas industry via Keloil-PTT LPG Sdn Bhd (“KPL”) and Erawan LMW Industries Sdn Bhd (“Erawan”) (“Unincorporated JV”). KPL is an indirect subsidiary of KSB and Erawan is an associated company of KSB. Details of the unincorporated JV can be found from the Company’s announcements dated 10 August 2012 and its updates on 14 August 2012 and 6 September 2012.

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.

Part A – Explanatory Notes Pursuant to FRS 134

A9. DIVIDENDS PAID

No interim ordinary dividend has been paid in the current financial period ended 30 September 2012 (30 September 2011: 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 2011.

A11. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debts and equity securities during the interim financial period, except for as disclosed in Note A16 hereinafter.

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 2011.

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 2011.

A16. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial 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 30 September 2012, the Group's revenue was RM45.30 million compared to RM20.03 million in the preceding financial period ended 30 September 2011. The differences were mainly due to the following: -

- (1) an increase in revenue from timber logging activities of RM35.62 million; and
- (2) a decrease in revenue from property development segment of RM10.33 million.

As a result, the Group recorded a loss before tax of approximately RM8.10 million as compared to a loss before tax of approximately RM1.83 million for the corresponding preceding financial period ended 30 September 2011. The differences were mainly due to the following: -

- (1) an increase in loss of RM0.83 million from investment holding segment mainly due to loss of revenue and recognition of administrative and overhead expenses during the current financial period;
- (2) a decrease in profit from timber logging activities of RM7.31 million during the current financial period; and
- (3) an increase in loss from property management segment of RM0.58 million due to recognition of administrative and overhead expenses during the current financial period.

B2. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's recorded a loss before taxation of approximately RM6.44 million for the current quarter as compared to a loss before taxation of approximately RM0.36 million for the quarter ended 30 June 2012. The difference was mainly due to recognition of administrative and other overhead expense from timber logging segment during the current financial quarter amounting to approximately RM6.07 million.

**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 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). Barring any unforeseen circumstances, the Directors expect that they will be able to achieve better performance of the Group in the remaining periods of the current 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		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	-	-	-
Over/(Under) provision of income tax in prior period	-	-	-	-
Deferred taxation	-	-	-	-
Current provision	-	-	-	-

There was no provision for taxation for the current financial period.

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 A6 herein.

B7. BORROWINGS

	As at 30.09.2012 RM'000
Secured borrowings: -	
Payable within one year	5,267
Payable after one year	12,462
	<u>17,729</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 20 November 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 2011.

B9. DIVIDENDS PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 September 2012 (30 September 2011: Nil).

B10. EARNINGS PER SHARE

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Profit / (Loss) from continuing operations attributable to ordinary equity holders of the parent (RM'000)	(6,440)	(2,208)	(8,099)	(1,830)
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>(6,440)</u>	<u>(2,208)</u>	<u>(8,099)</u>	<u>(1,830)</u>
Weighted average number of Ordinary Shares in issue ('000)	702,034	702,034	702,034	702,034
Basic earnings per share (sen)	(0.92)	(0.31)	(1.15)	(0.26)
Diluted earnings per share (sen)	(0.92)	(0.31)	(1.15)	(0.26)

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

	9 months ended 30.09.2012 RM'000	9 months ended 30.09.2011 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
-Realised	(50,265)	(41,237)
-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	-	-
	<hr/>	<hr/>
Less: Consolidation adjustments	(50,265) (21,333)	(41,237) (23,362)
Total group retained profits / (accumulated losses) as per consolidated accounts	<hr/> (71,598)	<hr/> (64,599)

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**

B12. DISCLOSURE OF ADDITIONAL INFORMATION

	9 months ended 30.09.2012 RM'000	9 months ended 30.09.2011 RM'000
Interest income	7	8
Other income including investment income	-	-
Interest expenses	(912)	(858)
Depreciation and amortisation	(11,008)	(1,276)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain / (Loss) on disposal of quoted, unquoted investments & properties	269	-
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 27 November 2012