

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 2016. 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 2016.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the following Amendments and Annual improvements to Standards:

Effective for financial periods beginning on or after 1 January 2017:

Annual Improvements to FRSs 2014 - 2016 Cycle
Amendments to FRS 107: Statement of Cash Flows - Disclosure Initiative
Amendments to FRS 112: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above standards, amendments and annual improvement do not have any significant financial impact to the Group's financial statements.

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 2016 was not qualified by the Auditors of the Company.

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

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A5. SEGMENTAL INFORMATION

Year ended 30 September 2017	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
<u>Revenue</u>					
External Revenue	6,970	162	-	-	7,132
Inter Segment Revenue	10	-	-	(10)	-
Total Segment Revenue	6,980	162	-	(10)	7,132
<u>Results</u>					
Segment Results	5,747	(1,830)	(4,151)	11	(223)
Finance Costs					(1,250)
Share of associate's result					-
Profit/ (Loss) before taxation					(1,473)
Taxation					(255)
Net profit/ (loss) after taxation					(1,728)

Year ended 30 September 2016	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
<u>Revenue</u>					
External Revenue	8,010	88	-	-	8,098
Inter Segment Revenue	-	-	-	-	-
Total Segment Revenue	8,010	88	-	-	8,098
<u>Results</u>					
Segment Results	7,079	30,668	(5,071)	812	33,488
Finance Costs					(1,126)
Share of associate's result					(12)
Profit/ (Loss) before taxation					32,350
Taxation					(1,589)
Net profit/ (loss) after taxation					30,761

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A5. SEGMENTAL INFORMATION (Continued)

As at 30 September 2017	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
Total segment assets	5,777	121,057	82,653	(83,293)	126,194
Unallocated asset:					
- Deferred tax assets	-	-	-	-	-
Total assets	5,777	121,057	82,653	(83,293)	126,194
Total Segment liabilities	1,045	52,054	8,104	(33,342)	27,861
Unallocated liabilities:					
- Hire purchase	-	-	-	-	349
- Term loans	-	-	-	-	17,974
- Bank overdraft	-	-	-	-	3,018
- Deferred tax liabilities	-	-	-	-	2,251
- Current tax liabilities	-	-	-	-	-
Total liabilities	1,045	52,054	8,104	(33,342)	51,453
As at 30 September 2016	Project Management Consultancy RM'000	Investment Property RM'000	Investment Holding And Others RM'000	Eliminations RM'000	Group RM'000
Total segment assets	4,057	141,383	76,336	(76,754)	145,022
Unallocated asset:					
- Deferred tax assets	-	-	-	-	316
Total assets	4,057	141,383	76,336	(76,754)	145,338
Total Segment liabilities	935	47,777	5,426	(26,715)	27,423
Unallocated liabilities:					
- Hire purchase	-	-	-	-	553
- Term loans	-	-	-	-	17,344
- Bank overdraft	-	-	-	-	2,911
- Deferred tax liabilities	-	-	-	-	-
- Current tax liabilities	-	-	-	-	110
Total liabilities	935	47,777	5,426	(26,715)	48,341

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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 2017.

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 affected by any seasonal or cyclical factors during the quarter under review.

A9. DIVIDENDS PAID

No interim dividend has been paid in the current financial period ended 30 September 2017 (30 September 2016: 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 2016.

A11. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debts and equity securities for the current quarter ended 30 June 2017.

A12. CHANGES IN COMPOSITION OF THE GROUP

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

A13. DISCONTINUED OPERATION

There were no existing business segments that can be categorised as discontinued in the current financial period.

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A14. CAPITAL COMMITMENTS

There were no material changes in capital commitments since the previous quarter.

A15. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the previous quarter.

A16. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

A17. RELATED PARTY TRANSACTIONS

Except as disclosed below, there was no other related party transaction during the financial quarter ended 30 September 2017.

	3 months ended 30.09.2017 RM'000	9 months ended 30.09.2017 RM'000
Project Management Consultancy services rendered to related parties	360	6,870
Marketing Project Management Consultancy services rendered to related parties	-	100

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

B1. PERFORMANCE REVIEW

	Individual Period (3 rd Quarter)		Changes (%)	Cumulative Period (3 rd Quarter)		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30.09.17	30.09.16		30.09.17	30.09.16	
	RM'000	RM'000		RM'000	RM'000	
Revenue	429	2,833	(85)	7,132	8,098	(12)
Profit / (Loss) Before Interest and Tax ("LBIT or PBIT")	(1,540)	32,072	(105)	(223)	33,488	(101)
Profit Before Tax ("LBT or PBT")	(1,961)	31,636	(106)	(1,473)	32,350	(105)
Profit After Tax ("LAT or PAT")	(1,966)	30,536	(107)	(1,728)	30,761	(106)
Profit/ (Loss) attributable to Ordinary Equity Holders of the Parent	(1,965)	30,536	(107)	(1,726)	30,765	(106)

Review of results for the current quarter

For the current quarter financial period ended 30 September 2017, the Group's registered a revenue of RM0.42 million, LBIT of RM 1.54 million and LBT of RM 1.96 million as compared to a revenue of RM2.83 million, PBIT of RM 32.07 million and PBT of RM 31.64 million in the preceding quarter financial period ended 30 September 2016. Higher PBIT and PBT for financial period ended 30 Sep 2016 was mainly due to fair value gain from investment property of RM31.55 million and lower project management consultancy revenue and profit.

Commentary on revenue

The lower revenue for the current quarter was mainly due to lesser revenue contributed from project management consultancy activities as the site activities of the clients were minimal compared to the preceding quarter financial period ended 30 September 2016.

Commentary on LBIT/ LBT

The Group recorded a LBIT and LBT for the current quarter financial period compared to the PBIT and PBT of preceding quarter financial period. This was mainly due to lower revenue and operating profit contributed from project

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B1. PERFORMANCE REVIEW (Continued)

management consultancy activities and higher operating cost of the investment property. Furthermore, there was a fair value gain from the investment property of RM31.55 million in the preceding quarter financial period ended 30 September 2016.

Review of results for the financial period ended 30 September 2017

The Group's registered a revenue of RM7.13 million, LBIT of RM 0.22 million and LBT of RM 1.47 million for the financial period ended 30 September 2017 as compared to a revenue of RM8.10 million, PBIT of RM 33.49 million and PBT of RM 32.35 million in the preceding financial period ended 30 September 2016. Higher PBIT and PBT for financial period ended 30 Sep 2016 was mainly due to fair value gain from investment property of RM31.55 million and lower project management consultancy revenue and profit.

Commentary on revenue

The Group recorded a lower revenue mainly due to lower revenue from project management consultancy activities as the site activities of the clients were slower compared to the preceding financial period ended 30 September 2016.

Commentary on LBIT/ LBT

The Group recorded a LBIT and LBT for the financial period compared to the PBIT and PBT of the preceding financial period. This was mainly due to lower revenue and operating profit contributed from project management consultancy activities and higher operating cost of the investment property. Furthermore, there was a fair value gain from the investment property of RM31.55 million in the preceding financial period ended 30 September 2016.

B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter	Immediate	Changes (%)
	30.09.17	Preceding Quarter	
	RM'000	30.06.17	
Revenue	429	3,646	(88)
Loss or Profit Before Tax	(1,961)	382	(613)

The Group's recorded a revenue of approximately RM0.42 million for the current quarter as compared to RM3.65 million for the preceding quarter financial period ended 30 June 2017. The decrease in revenue was mainly due to lesser revenue

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**B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION
(Continued)**

contributed from project management consultancy activities as the site activities of the clients were minimal compared to the preceding quarter financial period ended 30 June 2017.

The loss before taxation is approximately RM1.96 million for the current quarter as compared to a profit before taxation approximately RM0.38 million for the preceding quarter financial period ended 31 June 2017. The loss before taxation in current quarter mainly due to decrease in revenue.

B3. COMMENTARY ON PROSPECTS

The property market is expected to remain modest in the remaining 2017. However, the Group will continue to look for more Project Management Consultancy contracts to remain profitable.

The remaining 2017 and forthcoming 2018, the retail market is expected to be challenging. Furthermore, filling up the investment property (Mall) remaining vacancies remain a challenge as many options available in the market and attractive rent offer by competitor to seize potential tenants. Therefore, more marketing effort would be held to attract more potential tenants. The Management will continue to seek improvement in occupancy rate and manage its operational cost effectively.

Meanwhile, the Group is persistently identifying suitable business opportunities to venture into property investment, construction and other feasible development project, where these businesses are expected to contribute positively to the Group performance.

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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(5)	-	(5)	(378)
Deferred taxation	-	(1,100)	(250)	(1,211)
	<u>(5)</u>	<u>(1,100)</u>	<u>(255)</u>	<u>(1,589)</u>

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

B6. CORPORATE PROPOSALS

There were no corporate proposals in the current quarter under review.

B7. BORROWINGS

	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Denominated in Ringgit Malaysia:-		
Short-term borrowings:-		
<u>-Secured</u>		
- Bank overdraft	3,018	2,911
- Hire purchase	109	136
- Term loans	5,485	881
	8,612	3,928
 Long-term borrowings:-		
<u>-Secured</u>		
- Hire purchase	240	417
- Term loans	12,489	12,439
 <u>-Unsecured</u>		
- Term loans	-	4,000
	12,729	16,856
 Total Borrowings	21,341	20,784
 Denominated in Ringgit Malaysia:-		
	As at 30.09.2017 RM'000	As at 30.09.2016 RM'000
Bank overdraft	3,018	2,911
Hire purchase	349	553
Term loans	17,974	17,320
Total	21,341	20,784

- Unsecured term loans are loan from a financial institution related to a Director

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B8. CHANGES IN MATERIAL LITIGATION

There was no material litigation for the current financial period under review.

B9. DIVIDENDS PAYABLE

No interim dividend has been declared for the financial period ended 30 September 2017 (30 September 2016: Nil).

B10. EARNINGS PER SHARE

Basic EPS	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit / (Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,965)	30,356	(1,726)	30,761
Weighted average number of Ordinary Shares in issue ('000)	876,460	863,460	876,460	863,460
Basic earnings per share (sen)	(0.23)	3.52	(0.20)	3.56

The effect of potential ordinary shares arising from the conversion of SIS is anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary shares is the same as basic earnings per share.

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B11. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES

	9 months ended 30.09.2017	9 months ended 30.09.2016
Total retained profits / (accumulated losses) of the Company and its subsidiaries:		
-Realised	1,695	6,373
-Unrealised	(2,251)	316
Total share of loss from associate		
-Realised	-	(12)
-Unrealised	-	-
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	(556)	6,677
Less: Consolidation adjustments	(15,785)	812
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Total group retained profits / (accumulated losses) as per consolidated accounts	(16,341)	7,490

B12. DISCLOSURE OF ADDITIONAL INFORMATION

	9 months ended 30.09.2017 RM'000	9 months ended 30.09.2016 RM'000
Interest income	5	5
Interest expenses	(1,250)	(1,126)
Gain on disposal of motor vehicles	63	-
Depreciation and amortization	(414)	(404)
Realised loss on foreign exchange	-	(3,484)
Bad debt recovered	-	10
Gain on disposal of associate	-	96
Gain on fair value adjustment on investment property	-	31,549

By order of the Board
Dated This 04 November 2017