



NAIM CENDERA HOLDINGS BHD (585467-M)

QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2005

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2004.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004.

2. Audit Report

The financial statements of the Company for the year ended 31 December 2004 were not subject to any audit qualification.

3. Seasonality And Cyclicity of Operations

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

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

5. Changes In Estimates

There were no changes in estimates reported in the prior financial year that have a material effect in the current quarter.



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6. Debt And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the current period.

At the AGM held on 24 May 2004, the shareholders of the Company approved the proposed share buy-back resolution.

During the 1st quarter ended 31 March 2005, the Company bought back from the open market, 1,165,600 shares at an average buy-back price of RM3.06. The total consideration paid for the share buy-back including transaction cost, was RM3,564,139 and was financed by internally generated funds.

During the 2nd quarter ended 30 June 2005, the Company bought back from the open market, 1,000 shares at an average buy-back price of RM3.24. The total consideration paid for the share buy-back including transaction cost, was RM3,244.61 and was financed by internally generated funds.

The shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the 2nd quarter ended 30 June 2005. The number of treasury shares held as at 30 June 2005 was 2,666,200 (31.12.2004: 1,499,600)

7 Dividends Paid

A final dividend of 7 sen per share less tax at 28% for the financial year ended 31 December 2004 was paid on 17 June 2005.

12,465
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8. Segmental Reporting

| | Segment Revenue | | Segment Result | |
|--|-----------------|----------|----------------|----------|
| | 6 months ended | | | |
| | 30 June | | | |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property development | 108,334 | 93,331 | 40,550 | 37,798 |
| Construction | 31,517 | 50,540 | 9,240 | 12,362 |
| Sale of goods/services | 32,651 | 26,431 | (1,734) | 152 |
| | 172,502 | 170,302 | 48,056 | 50,312 |
| Inter Segment | (23,009) | (17,862) | - | - |
| | 149,493 | 152,440 | 48,056 | 50,312 |
| Unallocated expenses | | | (584) | (602) |
| Other operating income | | | 1,665 | 1,109 |
| Operating profit | | | 49,137 | 50,819 |
| Income from investment | | | 382 | 647 |
| Reserve on consolidation recognised | | | 3,135 | 3,147 |
| Interest expense | | | (27) | (57) |
| Share of profit of associate | | | 404 | 255 |
| Share of profit of jointly controlled entities | | | 2,056 | 153 |
| Profit before tax | | | 55,087 | 54,964 |
| Tax expense | | | (14,710) | (15,140) |
| Minority interest | | | (6,449) | (6,472) |
| Net profit for the period | | | 33,928 | 33,352 |

9. Valuation of Property, Plant And Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The Group did not revalue any of its property, plant and equipment.



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10. Subsequent Material Events

There is no material event subsequent to the end of the period reported on, that has not been reflected in the financial statements for the said period, made up to the date of this quarterly report.

11. Changes In The Composition Of The Group

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

12. Contingent Liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2004 till the date of this quarterly report.

13. Capital Commitments

| | As At 30 June | |
|--|------------------|----------------|
| | 2005 RM'000 | 2004 RM'000 |
| Authorised and contracted for | | |
| Purchase of Computer Software | 164 | 984 |
| Authorised but not contracted for | | |
| Investment Property | 58,779 | 3,020 |
| Motor Vehicles | 1,736 | 1,753 |
| Furniture, Fittings & Equipments | 787 | 989 |
| Plant and Machinery | 8,071 | 710 |
| Office Renovation | 465 | - |
| Information Technology Systems | 1,796 | - |
| | <u>71,634</u> | <u>6,472</u> |
| | <u>71,798</u> | <u>7,456</u> |
| | ===== | ===== |



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| 14. Significant Related Party Transactions | Note | 6 months ended 30 June 2005 |
|--|--------|--------------------------------|
| | RM'000 | |
| TR Concrete Sdn Bhd | (a) | |
| Sale of cement | | (2,636) |
| Transport charges received | | (3) |
| Purchase of ready mixed concrete | | 1,175 |
| HWS Properties Sdn Bhd | (b) | |
| Rental | | 12 |

Note

- (a) An associate of the Group.
- (b) Company in which William Wei How Sieng has interests. William Wei has resigned as director on 31 May 2005.

These transactions have been entered into in the normal course of business and were transacted at arm-length.



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QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2005

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

(I) Review of Performance

The Group recorded an improvement in performance for the second quarter ended 30 June 2005 as compared to the corresponding period in the preceding year. For the current quarter, the Group recorded revenue and profit after tax and minority interests of RM77.60 million and RM15.54 million respectively, compared to RM55.93 million and RM13.75 million respectively recorded in the corresponding period. This represents an improvement of 38.74% in revenue and 13.02% in profit after tax and minority interests over the corresponding period in 2004.

The improved performance is mainly attributable to the consistent contribution from property sales as well as contribution from its construction division activities especially, the new Dewan Undangan Negeri Complex in Kuching and the Institute Latihan Perindustrian in Miri which are actively in progress during the current quarter.

Contribution to performance for the period was mainly from the Group's core activities of property development (72.5%) and construction (21.1%).

(II) Comparison with Preceding Quarter's Results

The revenue and profit before tax for the current quarter are RM77.60 million and RM24.29 million respectively as compared to RM71.90 million and RM30.80 million respectively for the immediate preceding quarter.

(III) Prospect For 2005

The Group expects stronger quarters ahead and is optimistic of registering another robust growth in the year 2005.

The Group expects its construction activities to contribute positively in the remaining quarters in view of its strong construction order book. A number of projects such as the Construction of Police General Operations Force Camp and upgrading of Kuching/Sibu Road are expected to commence in the second quarter of 2005.

(IV) Profit Guarantee

The Group did not issue any profit guarantee.



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(V) Tax Expense

| | 3 months | | 6 months ended | |
|---|--------------|--------------|----------------|---------------|
| | 30 June | | | |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense – Malaysian | 6,266 | 6,598 | 14,654 | 15,030 |
| Deferred taxation - Malaysian | (473) | - | (619) | 16 |
| Tax expense on share of profit of associate | 51 | 21 | 99 | 51 |
| Tax expense on share of profit of jointly controlled entities | 562 | 19 | 576 | 43 |
| Total | 6,406 | 6,638 | 14,710 | 15,140 |

(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) Quoted Investments

| | 3 months | 6 months |
|-------------------------------|--------------|----------|
| | ended | ended |
| | 30 June 2005 | |
| | RM'000 | RM'000 |
| (a) (i) Quoted Shares | | |
| Purchase of quoted securities | - | - |
| (a) (ii) Unit Trust | | |
| Purchase of unit trust | - | 16 |



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(b) Investments in quoted shares and unit trust as at 30 June 2005.

| | Quoted Shares RM'000 | Unit Trust RM'000 | Total RM'000 |
|----------------|----------------------------|-------------------------|-----------------|
| Cost | 637 | 179 | 816 |
| Carrying Value | 324 | 117 | 441 |
| Market Value | 471 | 275 | 746 |

(VIII) (a) **Status of Corporate Proposals**

There was no corporate proposal announced but not completed at the date of this quarterly report.



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

(b) Status of Utilisation of Proceeds

As at the date of this report, the proceeds raised from the Public Issue pursuant to the listing of the Company on the Main Board of the Bursa Malaysia in 2003 amounting to RM 60.548 million were utilised as follows:

| | As Approved By Securities Commission RM '000 | Utilised As At Date of Report RM '000 | Variation RM '000 | Unutilised As At Date of Report RM '000 |
|--|---|--|----------------------|--|
| Acquisition of land for property development and property investment | 25,000 | - | - | 25,000 |
| Purchase of machinery | 7,400 | - | - | 7,400 |
| Purchase of information technology systems | 3,082 | 1,556 | - | 1,526 |
| Repayment of bank borrowings | 7,430 | 6,184 | - | 1,246 |
| Listing expenses | 4,600 | 4,523 | (77)* | - |
| Working capital | 13,036 | 6,120 | 77* | 6,993 |
| | 60,548 | 18,383 | - | 42,165 |

* Unutilised listing expenses of RM77,000 are re-allocated to working capital during the first quarter of 2005.

(IX) Group Borrowings And Debt Securities

Group borrowings at the end of this quarter were as follows:

| | 30 June 2005 RM'000 |
|-------------------------|------------------------|
| Current | |
| Secured - Hire Purchase | 215 |
| Non-Current | |
| Secured - Hire Purchase | 118 |
| | <hr/> 333 |
| | ===== |

All borrowings are denominated in Ringgit Malaysia.



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QUARTERLY REPORT – SECOND QUARTER ENDED 30 JUNE 2005

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

(X) Off Balance Sheet Financial Instruments

The Group did not enter into any financial instruments with off balance sheet risk during the quarter.

(XI) Changes In Material Litigations

In March 2005, Naim Cendera Tujuh Sdn. Bhd. (“NC7”), a wholly owned subsidiary, received a Writ of Summons from 5 persons suing on behalf of themselves and 79 others, claiming to have native customary rights over part of NC7’s leasehold land known as Lot 23, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 1,000 acres of the land are claimed by the plaintiffs.

The said land was previously alienated by the 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. The suit therefore does not have any material impact to the Group as the affected land area does not fall within the Group’s development plans for the next five years.

(XII) Dividend

The Board approved an interim dividend of 7 sen per share less income tax of 28% in respect of the financial year ending 31 December 2005 payable in October 2005.

(XIII) Earnings Per Share

Basic Earning Per Share

The calculation of the basic earnings per share was based on the Group net profit for the quarter divided by the weighted average number of ordinary shares in issue during the quarter.

| | 3 months ended 30 June 2005 | 6 months ended 30 June 2005 |
|--|--|--|
| Net Profit (RM’000) | 15,537 | 33,928 |
| Weighted average number of ordinary share in issue (’000) | 247,334 | 247,529 |
| Basic earnings per ordinary shares (sen) | 6.28 | 13.71 |