



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
For the quarter and twelve months ended 31 December 2010				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	195,082	192,811	615,372	566,920
Cost of sales	(142,462)	(152,186)	(451,302)	(437,395)
Gross profit	52,620	40,625	164,070	129,525
Other income	704	(109)	5,278	5,028
Selling and distribution expenses	273	(470)	(2,951)	(3,764)
Administration expenses	(26,460)	(10,465)	(56,303)	(31,747)
Other expenses	(278)	(425)	(736)	(889)
Results from operating activities	26,859	29,156	109,358	98,153
Finance income	905	274	4,090	694
Finance costs	(1,874)	(1,073)	(7,572)	(2,818)
Net finance costs	(969)	(799)	(3,482)	(2,124)
Share of results of associates	6,830	1,744	26,509	15,897
Share of results of joint ventures	111	171	68	3,606
Profit before tax	32,831	30,272	132,453	115,532
Income tax expense	(11,006)	(6,892)	(33,213)	(30,542)
Profit for the year	21,825	23,380	99,240	84,990
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	44	-	154	-
Fair value changes for available-for-sale financial assets	-	-	(102)	-
Other comprehensive income for the year, net of tax	44	-	52	-
Total comprehensive income for the year	21,869	23,380	99,292	84,990
Profit attributable to:				
Owners of the Company	21,815	25,083	97,111	84,981
Minority interests	10	(1,703)	2,129	9
Profit for the year	21,825	23,380	99,240	84,990
Total comprehensive income attributable to:				
Owners of the Company	21,859	25,083	97,213	84,981
Minority interests	10	(1,703)	2,079	9
Total comprehensive income for the year	21,869	23,380	99,292	84,990
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note XIII	9.21	10.58	40.98
				35.85

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed interim financial statements. The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 31 December 2010			
<i>(The figures have not been audited)</i>			
	Notes	Unaudited 31 December 2010 RM'000	Audited 31 December 2009 (restated) RM'000
ASSETS			
Property, plant and equipment		123,621	100,813
Land held for property development		110,443	110,492
Investment property		20,871	11,000
Prepaid lease payments		2,507	2,618
Intangible assets		9,639	2
Interest in associates		168,189	149,363
Interest in joint ventures		8,675	10,957
Other investments		48	476
Deferred tax assets		2,282	1,414
Total non-current assets		446,275	387,135
Property development costs		205,806	241,336
Inventories		32,674	27,136
Trade and other receivables		325,860	302,897
Current tax assets		7,090	8,562
Cash and bank balances		39,296	90,096
Total current assets		610,726	670,027
Total assets		1,057,001	1,057,162
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		422,904	351,019
Total equity attributable to owners of the Company		724,248	652,363
Minority interests		15,438	21,961
Total equity		739,686	674,324
LIABILITIES			
Loans and borrowings		20,711	10,078
Deferred tax liabilities		48,661	51,646
Total non-current liabilities		69,372	61,724
Loans and borrowings		104,401	130,921
Deferred income		11,930	25,053
Trade and other payables		127,274	158,070
Current tax liabilities		4,338	7,070
Total current liabilities		247,943	321,114
Total liabilities		317,315	382,838
Total equity and liabilities		1,057,001	1,057,162
Net assets per ordinary share attributable to owners of the Company (RM)		2.90	2.61

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed interim financial statements. The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
For the quarter and twelve months ended 31 December 2010		
<i>(The figures have not been audited)</i>		
	31 December 2010 RM'000	31 December 2009 RM'000
Net cash from/(used in) operating activities	54,916	(1,564)
Net cash used in investing activities	(53,159)	(13,833)
Net cash (used in)/from financing activities	(52,867)	47,976
Net (decrease)/increase in cash and cash equivalents	<u>(51,110)</u>	<u>32,579</u>
Cash and cash equivalents at beginning of financial year	89,700	57,121
Cash and cash equivalents at end of financial year	<u>38,590</u>	<u>89,700</u>
	RM'000	RM'000
Cash and cash equivalents at end of financial year	38,590	89,700
Add : Fixed deposits pledged	<u>706</u>	<u>-</u>
Deposits, cash and bank balances at end of financial year	<u>39,296</u>	<u>89,700</u>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.
 The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



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QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY										
For the quarter and twelve months ended 31 December 2010										
<i>(The figures have not been audited)</i>										
	Total equity attributable to owners of the Company									
	Non Distributable						Distributable			
	Share capital RM' 000	Share premium RM' 000	Capital reserve RM' 000	Treasury shares RM' 000	Fair value reserve RM' 000	Translation reserve RM' 000	Retained earnings RM' 000	Sub-total RM' 000	Minority Interests RM' 000	Total Equity RM' 000
<u>12 months ended 31 December 2009</u>										
At 1 January 2009	250,000	86,092	26,370	(33,469)	-	-	258,658	587,651	24,228	611,879
Share issued by subsidiaries	-	-	-	-	-	-	-	-	290	290
Total comprehensive income for the year	-	-	-	-	-	-	84,981	84,981	9	84,990
Dividends paid	-	-	-	-	-	-	(18,955)	(18,955)	(2,566)	(21,521)
Treasury shares purchased	-	-	-	(1,279)	-	-	-	(1,279)	-	(1,279)
Foreign currency translation differences	-	-	-	-	-	(35)	-	(35)	-	(35)
At 31 December 2009	250,000	86,092	26,370	(34,748)	-	(35)	324,684	652,363	21,961	674,324
<u>12 months ended 31 December 2010</u>										
At 1 January 2010, as previously stated	250,000	86,092	26,370	(34,748)	-	(35)	324,684	652,363	21,961	674,324
Effect of adopting FRS 139	-	-	-	-	102	-	(2,585)	(2,483)	70	(2,413)
At 1 January 2010, as restated	250,000	86,092	26,370	(34,748)	102	(35)	322,099	649,880	22,031	671,911
Total comprehensive income for the year	-	-	-	-	(102)	154	97,161	97,213	2,079	99,292
Dividends paid	-	-	-	-	-	-	(23,694)	(23,694)	(6,154)	(29,848)
Acquisition of minority interests in an existing subsidiary	-	-	-	-	-	-	-	-	(829)	(829)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,689)	(1,689)
Gain arising from changes in group composition	-	-	-	-	-	-	849	849	-	849
At 31 December 2010	250,000	86,092	26,370	(34,748)	-	119	396,415	724,248	15,438	739,686

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the quarter and year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

The consolidated financial statements of the Group as at and for the quarter ended 31 December 2009 are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

A limited review on this Quarterly Report has been undertaken by the Company's External Auditors.

2. Significant accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009, except for the adoption of the following standards, amendments and interpretations which are effective for annual periods beginning on 1 January 2010:

FRS 7, *Financial Instruments: Disclosures*

FRS 8, *Operating Segments*

FRS 101, *Presentation of Financial Statements (revised)*

FRS 123, *Borrowing Costs (revised)*

FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 7, *Financial Instruments: Disclosures*

Amendments to FRS 127, *Consolidated and Separate Financial Statements, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*

Amendments to FRS 101, *Presentation of Financial Statements*

Improvements to FRSs (2009)

IC Interpretation 10, *Interim Financial Reporting and Impairment*



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies

The principal effects of the changes in presentation, changes or methods of computations and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and amendments are set out below:

(i) ***FRS 139, Financial Instruments: Recognition and Measurement***

The adoption of FRS 139 has resulted in several changes in accounting policies relating to recognition and measurement of financial instruments and the significant changes in accounting policies are as follows:

- ***Investments in equity securities***

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates, were stated at cost less allowance for diminution in value which was other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates, are now categorised and measured as available-for sale investments.

- ***Loans and receivables***

Prior to the adoption of FRS 139, loans and receivables (including inter-company loans/advances) were recorded at cost. With the adoption of FRS 139, loans and receivables are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. They are stated at amortised cost on subsequent recognition. Finance income and/or costs are recognised in profit or loss using the effective interest method.

- ***Impairment of trade and other receivables***

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable was considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

- ***Financial liabilities***

Prior to the adoption of FRS 139, payables were stated initially and subsequently at cost. With the adoption of FRS139, all payables are measured at fair value on initial recognition. Other than financial liabilities at fair value through profit or loss, payables are now measured subsequently at amortised cost.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies (continued)

(i) *FRS 139, Financial Instruments: Recognition and Measurement (continued)*

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. For first-time adoption of the standards, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings. Comparatives are not adjusted.

Effect of adoption of FRS 139

The effect of adopting FRS 139 to the Group is summarised as follows:

Group	Fair value reserve RM'000	Retained earnings RM'000
At 1 January 2010, as previously stated	-	324,684
Adjustments arising from adoption of FRS 139 (net of tax):		
- <i>Fair value of equity securities classified as available-for-sale</i>	102	-
- <i>Remeasurement of trade and other receivables</i>	-	(5,746)
- <i>Remeasurement of trade payables</i>	-	3,161
	102	(2,585)
At 1 January 2010, as restated	<u>102</u>	<u>322,099</u>

(ii) *FRS 7, FRS 8, FRS 101, FRS 123, ICI 10 and Improvement to FRSs (2009)*

FRS 7, FRS 8 and FRS 101 only impact presentation and disclosure aspects of the financial statements.

FRS 123 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. The adoption of FRS 123 (revised) does not have a material impact on the Group.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Changes in accounting policies (continued)

(ii) *FRS 7, FRS 8, FRS 101, FRS 123, ICI 10 and Improvement to FRSs (2009) (continued)*

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during a financial year in respect of goodwill, an investment in equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively were first applied. The adoption of IC Interpretation 10 does not have any impact to the financial statements of the Group as no reversal of such impairment loss has been made in the current or previous periods.

Improvements to FRSs (2009) contain various amendments that result in changes to presentation, recognition, measurement and/or disclosure. Among the amendments is one that allows the reclassification of leasehold land which in substance is a finance lease, presently treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively.

The Group has reassessed and determined that certain leasehold land is in substance a finance lease and has reclassified the leasehold land to property, plant and equipment in accordance with the Amendments to FRS 117.

The above reclassification has been made retrospectively in accordance with the transitional provisions of the Amendments to FRS 117. Certain comparatives have been re-presented for that purpose.

	As at 31 December 2009	
	As restated RM'000	As previously stated RM'000
Property, plant and equipment	100,813	63,397
Prepaid lease payments	2,618	51,034
Investment property	<u>11,000</u>	<u>-</u>

The adoption of the above standards and interpretations does not affect the basic and diluted earning per ordinary share for prior periods.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective

The Group has not applied the following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are only effective for annual periods beginning on or after the respective dates indicated herein:

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 132, <i>Financial Instruments: Presentation on Clarification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1	1 January 2011
- <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	
- <i>Additional Exemptions for First-time Adopters</i>	
Amendments to FRS 2, <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 7, <i>Financial Instruments: Improving Disclosures about Financial Instruments</i>	1 January 2011
IC Interpretation 4, <i>Determining Whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011
Improvements to FRSs 2010	1 January 2011
IC Interpretation 19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
Amendments to IC Interpretation 14, <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 January 2012
FRS 124, <i>Related Party Disclosures</i> (revised)	1 January 2012



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective (continued)

The Group plans to apply:

- from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or before 1 January 2011, except for Amendments to FRS 132, FRS 1 (revised), Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 5, Amendments to IC Interpretation (“ICI”) 9, ICI 12, ICI 16, ICI 17 and ICI 18 which are not applicable to the Group; and
- from the annual period beginning on 1 January 2012 those standards, amendments and interpretations as listed above that are effective for annual periods beginning after 1 January 2011, except for Amendments to ICI 14 which is not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the financial statements for the current and prior periods upon their first adoption.

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. The amendments for FRS 127 further require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group’s interest. Currently, such losses are charged against the Group’s interest. The changes in FRS 127 are not expected to have material impacts to the Group.

The amendments to FRS 138, to be applied retrospectively, clarify, *inter alia*, that other amortisation methods, apart from the straight line method, may be used for intangible assets with finite useful lives. The adoption of the amendments to FRS 138 is not expected to have a material impact to the Group.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective (continued)

IC Interpretation 4, which is to be applied retrospectively, provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease. The adoption of ICI 4 is not expected to have a material impact to the Group.

Improvements to FRSs (2010) include amendments to ten FRSs and one Interpretation which clarify guidance and wordings or to correct for relatively minor unintended consequence, conflicts or oversights.

IC Interpretation 19, which is to be applied retrospectively, provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be “consideration paid” in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss. The adoption of ICI 9 is not expected to have a material impact to the Group.

The Group will apply ICI 15 for its annual periods beginning 1 January 2012. ICI 15 replaces the existing FRS 201₂₀₀₄, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of ICI 15, which is to be applied retrospectively, will result in a change in accounting policy in that the recognition of revenue from the property development activities will change from the percentage of completion method to the completed method. The Group is currently assessing the impact of the adoption of this interpretation.

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in the financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 are intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective (continued)

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by MASB as are necessary to effectuate the full convergence.

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 the estimates reported in the prior financial year that have a material effect in the current quarter.

6. Debt and equity securities

There were no issuances, cancellations, repurchases, re-sales and repayments of debt and equity securities for the current quarter under review.

There was no share buy-back during the quarter. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2010 are 13,056,000 shares.

7. Changes in the composition of the Group

a) Acquisition of new subsidiaries

On 11 February 2010, Naim Overseas Sdn Bhd (“NOSB”) acquired 999,999 ordinary shares of FJD1.00 each in Naim Quarry (Fiji) Limited (“NQFL”), representing 99.99% of the equity thereof, for a consideration of FJD999,999 which were fully paid as at 30 September 2010.

On 17 March 2010, NOSB also subscribed for 999,999 ordinary shares of FJD1.00 each in Naim Premix (Fiji) Limited (“NPFL”), representing 99.99% of the equity interest thereof, for a consideration of FJD999,999, which was fully paid on 19 August 2010.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group (continued)

a) *Acquisition of new subsidiaries (continued)*

On 29 November 2010, Naim Cendera Sdn. Bhd. (“NCSB”) subscribed for the entire issued and paid-up capital of a newly incorporated subsidiary, Permyjaya Sino Education Sdn. Bhd. (“PSESB”), comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.

b) *Increase in investment in existing subsidiaries*

Naim Engineering Sdn Bhd (“NESB”) (formerly known as NCSB Engineering Sdn. Bhd.) acquired an additional 450,000 ordinary shares of RM1.00 each in Plus Viable Sdn. Bhd. (“PVSB”) from a minority shareholder on 1 March 2010 for a cash consideration of RM585,000. On 16 November 2010, NESB further increased its equity stake in PVSB by acquiring an additional 150,000 ordinary shares of RM1.00 each therein for a consideration of RM231,000. The resultant group equity interest in PVSB has increased from 70% to 90% following the acquisitions.

In July 2010, Naimcendera Engineering & Construction Sendirian Berhad (“NECSB”) effected a special issue of 998 new ordinary shares of BND1.00 each to NOSB for a cash consideration of BND998 (equivalent to RM2,330). The resultant group equity interest in NECSB has increased from 50% to 99.99%.

c) *Decrease in investment in existing subsidiaries*

On 26 July 2010, NCSB and Total Reliability Sdn Bhd (“TRSB”) entered into share swap agreements with TR Concrete Sdn. Bhd. (“TRC”), an associate of the Group, to transfer all of the Group’s interests in TR Smart Piles Sdn. Bhd. (“TRSP”) and TR Bricks Sdn. Bhd. (“TRB”) to TRC in exchange for 376,672 new ordinary shares of RM1.00 each in TRC. Following the share swaps, TRSP and TRB have now become wholly-owned subsidiaries of TRC.

8. Dividends

Type of dividend	Rate	For the year end	Payment date	RM’000
Second interim single-tier dividend	5.0	31 December 2009	14 April 2010	11,847
First interim single-tier dividend	5.0	31 December 2010	11 October 2010	11,847
				23,694



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Operating segment

	Segment revenue		Segment profit	
	----- 12 months ended 31 December -----			
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property development	162,717	180,987	67,562	44,182
Construction	421,708	347,963	41,608	55,440
Others *	72,195	68,819	(458)	6,956
	656,620	597,769	108,712	106,578
Inter Segment	(41,248)	(30,849)	(2,075)	(9,659)
	615,372	566,920	106,637	96,919
Oil and gas – share of results of associate			24,470	16,119
			131,107	113,038
Unallocated expenses			(2,161)	(890)
Income from investments			1,400	-
Share of results of non oil-and-gas associates			2,039	(222)
Share of results of joint ventures			68	3,606
Profit before tax			132,453	115,532
Income tax expense			(33,213)	(30,542)
Profit for the year			99,240	84,990
Other comprehensive income			52	-
Total comprehensive income for the year			99,292	84,990

* *Comprising manufacture and sale of construction materials, provision of sand extractions and land filling services, property investment as well as quarry operations.*

10. Property, plant and equipment and prepaid lease payments – major acquisitions and disposals

During the financial year, the Group acquired property, plant and equipment costing about RM35.5 million (31.12.2009: RM40.6 million), of which RM830,000 (31.12.2009: RM10.2 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of RM1.0 million (31.12.2009: RM668,000) were disposed of during the year under review.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Subsequent material events

Dayang Enterprise Holdings Berhad (“DEHB”), an associate of the Group, effected a bonus issue of 88,000,000 new ordinary shares of RM0.50 each on 24 January 2011, where 31,671,675 shares of RM0.50 each were issued to the Company.

The Company has subscribed for its entitlement to the rights issues by DEHB for a total cash consideration of RM43,548,552, comprising 39,589,593 ordinary shares of RM0.50 each therein. The last date for payment for the rights shares is 28 February 2011.

Save as disclosed, there are no material events subsequent to the end of the year reported on, that has not been reflected in the financial statements for the said period, made up to the date of this quarterly report.

12. Contingent liabilities

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2010 till the date of this quarterly report.

13. Capital expenditure commitments

	As at 31 December	
	2010	2009
	RM'000	RM'000
<i>Contracted for and expected to be payable within one year</i>		
Property, plant and equipment	-	5,868
Business combination	-	17,000
<i>Authorised but not contracted for</i>		
Acquisition of land bank	174,299 *	-
Investment property	49,910	-
Property, plant and equipment	24,629	24,629
	<u>248,838</u>	<u>47,497</u>

* Proposed to be financed by cash/debt/equity or a combination thereof.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. Related parties

Transactions with key management personnel

Total compensations payable/paid to key management personnel during the year under review are as follows:

	12 months ended 31 December	
	2010 RM'000	2009 RM'000
Directors of the Company	6,877	6,985
Other key management personnel	<u>12,934</u>	<u>7,041</u>
	<u>19,811</u>	<u>14,026</u>

Other related party transactions

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Transactions with associates</u>				
Sale of construction materials	(31)	(12,607)	-	(385)
Purchase of raw materials	339	1,225	(483)	(396)
Construction costs payable	180	-	(1,192)	-
Transportation charges	1	3	(5)	(3)
<u>Transaction with joint venture</u>				
Construction contract revenue	(28,968)	(16,514)	6,348	2,590

Transactions with Directors of the Company and its subsidiaries and with companies connected to them

Advertisement charges	-	7	(14)	(14)
Advisory fee paid	60	-	-	-
Construction costs payable	(6)	135	-	(947)
Donation to Tabung Amanah Naim	-	-	78	-
Overdue interest income	-	(1)	-	(157)
Procurement of IT services	3	-	-	-
Purchase of construction materials	4	22	-	-
Purchase of plant and equipment	-	974	(70)	(157)
Rental of machinery and equipment	-	5	-	(157)
Rental income	(11)	-	-	-
Rental of premises expenses	18	74	(2)	(160)
Sale of construction materials	-	(171)	-	(153)



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

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

(I) Review of Group performance

The Group recorded higher revenue of RM615 million for the year under review, as compared to RM567 million recorded in the preceding year 2009. On a cumulative basis, Group profit before tax was RM132 million against RM116 million achieved in 2009. The increase was mainly contributed by higher sales of properties as well as substantial completion of certain construction projects.

In addition, its oil and gas associate, Dayang Enterprise Holdings Berhad, continues to contribute positively to the earnings of the Group for the year.

(II) Variance of results against preceding quarter

Group revenue increased from RM141 million to RM195 million compared to the immediate preceding quarter. Group profit before tax decreased substantially to RM33 million as compared to RM50 million in the immediate preceding quarter, mainly due to recognition of variation orders for and closure of certain projects during the quarter under review

(III) Prospect for 2011

Barring any unforeseen circumstances, the Group is confident of achieving favourable results in year 2011.

(IV) Profit guarantee

The Group did not issue any profit guarantee.

(V) Income tax expense

	12 months ended 31 December	
	2010	2009
	RM'000	RM'000
<i>Current tax expense</i>		
Malaysian - current year	34,191	31,542
- prior years	2,863	1,695
	37,054	33,237
<i>Deferred tax income</i>		
Malaysian - current year	(2,002)	(2,514)
- prior years	(1,839)	(181)
	(3,841)	(2,695)
Total	33,213	30,542



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

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

(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) Other investments

Investments in quoted shares and unit trusts

	As at 31 December					
	Quoted shares		Unit trusts		Total	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	246	603	-	249	246	852
Carrying Value	48	290	-	186	48	476
Market Value	48	691	-	283	48	974

Movement in other investments

	Current quarter 3 months ended 31 December 2010 RM'000	Cumulative quarter 12 months ended 31 December 2010 RM'000
Total disposals		
- quoted shares	-	(347)
- unit trusts	(295)	(295)
	<u>(295)</u>	<u>(642)</u>

(VIII) Status of corporate proposals

There are no corporate proposals announced at the date of this quarterly report.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

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

(IX) Group loans and borrowings

Group loans and borrowings as at 31 December 2010 were as follows:

			As at 31 December		
			2010	2009	
			RM'000	RM'000	
Current					
Secured	-	Finance leases	RM	2,747	2,427
	-	Term loan	RM	-	49
Unsecured	-	Revolving credits	RM	47,500	114,885
	-	Term loan	USD	9,154	13,560
	-	Islamic Bonds	RM	45,000	-
				104,401	130,921
Non-Current					
Secured	-	Finance leases	RM	6,981	9,209
	-	Term loan	RM	-	869
Unsecured	-	Term loan	USD	13,730	-
				20,711	10,078
Total				125,112	140,999

(X) Off balance sheet financial instruments

With the adoption of FRS 139, the Group does not have any financial instruments with off balance sheet risk.

(XI) Changes in status of material litigations

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), the Company's 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 ("NCR") over part of NC7's leasehold land known as Lot 30, Block 34, Kemena Land District, Bintulu. Approximately 100 acres out of a total of 700 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. In the mean time, NC7's application to strike out the Plaintiff's claim has been adjourned to 8 March 2011 for mention to monitor the status of the 1st to 3rd Defendants' appeals which is still pending in the Court of Appeal.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

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

(XI) Changes in material litigations (continued)

On 24 June 2008, a wholly owned subsidiary, Khidmat Mantap Sdn Bhd (“KMSB”), received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land described as Lot 533, Block 14, Muara Tuang Land District situated at Merdang Limau, Samarahan, Sarawak which has been alienated to KMSB. KMSB’s solicitors filed an Appearance on 2 July 2008 and Statement of Defence on 28 July 2008 on behalf of KMSB, which was named as the first of the three defendants in the suit. On 23 February 2009, the High Court ruled to allow KMSB’s application to strike out the action with costs to be taxed unless agreed. The Plaintiffs then filed a Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court. The High Court has now fixed the trial dates on 24 to 25 March 2011.

On 27 June 2008, a wholly owned subsidiary, Naim Cendera Lapan Sdn Bhd (“NC8”) was served with an Order of Interim Injunction by the High Court upon application made by 7 persons claiming that NC8 had encroached into parcels of land known locally as Derod Mawah and Tana Spunged, Sarawak (“the disputed land”) over which they claimed to have NCR. The relevant authorities had issued to NC8 a licence to operate a quarry on and remove stones from all the parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. On 11 July 2008, the Interim Injunction was discharged by mutual agreement and upon an undertaking given by NC8 to the Court. NC8 is allowed to enter and work in the undisputed area but is not permitted to commence blasting (save for blasting to obtain a 2 cubic meter rock for testing as decided by the Court on 9 September 2008) until the next inter-partite hearing, set for 5 November 2008. NC8 filed its defence on 22 July 2008 stating, *inter alia*, that NC8 had lawfully entered the quarry area with the consent of the affected residents and that the licensed area is substantially outside the area claimed by the Plaintiffs. On 24 November 2008, the High Court ruled that the Interim Injunction be dismissed with costs. On 23 December 2008, the Plaintiffs filed an appeal against the High Court’s dismissal, which appeal was subsequently withdrawn by consent on 25 March 2009. No date has been fixed for the hearing by the High Court as at the date of this report.

On 20 March 2009, NCSB received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NCSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have NCR over an area of approximately 38 acres within the land described as Lot 4281, Block 10 Kuala Baram Land District, Miri Sarawak, which is within NCSB’s existing township areas of over 2,700 acres. NCSB’s solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. The Court has adjourned the case to 18 May 2011 to hear and decide on NCSB’s application to strike out the Plaintiffs’ action.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 2010

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

(XI) Changes in material litigations (continued)

On 26 October 2009, NCSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NCSB, the Superintendent of Lands & Surveys Kuching Division, the State Government of Sarawak and the Government of Malaysia claiming to have NCR over an area over which NCSB has been awarded a contract to design and construct the proposed Bengoh Dam. NCSB had filed its Statement of Defence on 19 January 2010. The High Court has fixed the next mention date on 26 April 2011 and the trial dates on 27 June 2011 to 1 July 2011.

On 5 August 2010, KMSB received another Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel land measuring approximately 12.141 hectares on part of Lot 533, Block 14, Muara Tuang Land District situate at Merdang Limau, Samarahan, Sarawak. KMSB is in possession of a valid document of title issued pursuant to the provisions of the Sarawak Land Code Chapter 81. KMSB has filed Statement of Defence on 16 August 2010. The High Court has fixed the mention date on 24 March 2011 pending KMSB's appeal on its application to strike out the Plaintiff's action.

On 21 December 2010, NCSB received a Writ of Summons and Statement of Claim from Cinepile Sdn. Bhd. seeking for, *inter alia*, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials. NCSB had filed its Statement of Defence & Counterclaim on 26 January 2011. No date has been fixed for the hearing by the High Court as at the date of this report.

(XII) Other disclosures

(i) *Financial derivatives*

The Group does not have any outstanding financial derivatives as at 31 December 2010.

(ii) *Realised and unrealised profit/losses*

The retained earnings as at 31 December 2010 comprise the following:

	12 months ended 31 December	
	2010 RM'000	2009 RM'000
<i>Retained earnings</i>		
- realised	441,929	375,221
- unrealised	(45,514)	(50,537)
	<u>396,415</u>	<u>324,684</u>



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

(XIII) Dividends

RM'000

Total dividends paid during the year 2010 to date (see Note 8 for details)

23,694

The Board has declared a second interim single-tier tax exempt dividend of 5.0 sen per ordinary share totalling RM11.847 million in respect of the financial year ended 31 December 2010, payable to shareholders on 8 April 2011. The dividend entitlement date has been fixed to be 18 March 2011.

(XIV) Earnings per share (“EPS”)

Basic/Diluted EPS

The calculation of the basic/diluted EPS was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

	12 months ended 31 December	
	2010	2009
Profit attributable to owners of the Company (RM'000)	97,111	84,981
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	237,043
Basic/Diluted EPS (sen)	40.98	35.85

(XV) Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2009 was not qualified.

(XVI) Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2011.