



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2011

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
For the quarter and six months ended 30 June 2011				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended 30 June</i>		<i>6 months ended 30 June</i>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	103,492	155,945	224,396	279,298
Cost of sales	(88,598)	(119,446)	(186,965)	(219,423)
<b>Gross profit</b>	<b>14,894</b>	<b>36,499</b>	<b>37,431</b>	<b>59,875</b>
Other income	9,466	942	10,110	2,596
Selling and distribution expenses	(1,456)	(1,074)	(2,223)	(1,960)
Administration expenses	(8,752)	(9,557)	(22,810)	(18,168)
Other expenses	(658)	(127)	(892)	(451)
<b>Results from operating activities</b>	<b>13,494</b>	<b>26,683</b>	<b>21,616</b>	<b>41,892</b>
Finance income	1,603	432	3,222	823
Finance costs	(3,216)	(2,427)	(5,692)	(3,911)
<b>Net finance costs</b>	<b>(1,613)</b>	<b>(1,995)</b>	<b>(2,470)</b>	<b>(3,088)</b>
Share of results of associates	7,334	5,227	14,794	10,009
Share of results of joint ventures	2,331	381	4,550	702
<b>Profit before tax</b>	<b>21,546</b>	<b>30,296</b>	<b>38,490</b>	<b>49,515</b>
Income tax expense	(2,461)	(6,350)	(6,453)	(11,478)
<b>Profit for the period</b>	<b>19,085</b>	<b>23,946</b>	<b>32,037</b>	<b>38,037</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	(260)	63	(557)	445
Fair value changes for available-for-sale financial assets	-	(1)	-	7
<b>Other comprehensive income for the period, net of tax</b>	<b>(260)</b>	<b>62</b>	<b>(557)</b>	<b>452</b>
<b>Total comprehensive income for the period</b>	<b>18,825</b>	<b>24,008</b>	<b>31,480</b>	<b>38,489</b>
<b>Profit attributable to:</b>				
Owners of the Company	19,164	24,362	31,390	38,355
Non-controlling interests	(79)	(416)	647	(318)
<b>Profit for the period</b>	<b>19,085</b>	<b>23,946</b>	<b>32,037</b>	<b>38,037</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	18,904	24,424	30,833	38,804
Non-controlling interests	(79)	(416)	647	(315)
<b>Total comprehensive income for the period</b>	<b>18,825</b>	<b>24,008</b>	<b>31,480</b>	<b>38,489</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>	8.09	10.28	13.25	16.19
	Note XIII			

The notes set out on pages 5 to 21 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 2010.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2011

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
As at 30 June 2011			
<i>(The figures have not been audited)</i>			
	Notes	Unaudited 30 June 2011 RM'000	Audited 31 December 2010 RM'000
<b>ASSETS</b>			
Property, plant and equipment		116,316	123,690
Prepaid lease payments		2,487	2,506
Interests in associates		206,885	168,080
Interests in joint ventures		7,217	8,669
Land held for property development		110,443	110,443
Investment property		37,897	20,871
Intangible assets		9,299	9,639
Deferred tax assets		2,571	2,282
Other investments		48	48
<b>Total non-current assets</b>		<b>493,163</b>	<b>446,228</b>
Inventories		24,288	32,714
Property development costs		216,624	217,182
Trade and other receivables		332,849	308,094
Deposits and prepayments		11,738	4,011
Current tax recoverable		11,567	7,181
Cash and cash equivalents		93,274	39,214
<b>Total current assets</b>		<b>690,340</b>	<b>608,396</b>
<b>Total assets</b>		<b>1,183,503</b>	<b>1,054,624</b>
<b>EQUITY</b>			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		441,251	422,671
<b>Total equity attributable to owners of the Company</b>		<b>742,595</b>	<b>724,015</b>
<b>Non-controlling interests</b>		15,776	15,449
<b>Total equity</b>		<b>758,371</b>	<b>739,464</b>
<b>LIABILITIES</b>			
Loans and borrowings		173,756	20,712
Deferred tax liabilities		47,081	48,495
<b>Total non-current liabilities</b>		<b>220,837</b>	<b>69,207</b>
Loans and borrowings		56,576	104,401
Deferred income		11,637	11,906
Trade and other payables		135,803	125,294
Current tax payable		279	4,352
<b>Total current liabilities</b>		<b>204,295</b>	<b>245,953</b>
<b>Total liabilities</b>		<b>425,132</b>	<b>315,160</b>
<b>Total equity and liabilities</b>		<b>1,183,503</b>	<b>1,054,624</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>		<b>2.97</b>	<b>2.90</b>

The notes set out on pages 5 to 21 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 2010.

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the quarter and six months ended 30 June 2011		
<i>(The figures have not been audited)</i>		
	<b>30 June 2011 RM'000</b>	<b>30 June 2010 RM'000</b>
<b>Net cash from operating activities</b>	4,943	78,904
<b>Net cash used in investing activities</b>	(42,850)	(34,136)
<b>Net cash from financing activities</b>	91,060	(30,949)
<b>Net increase in cash and cash equivalents</b>	53,153	13,819
<b>Cash and cash equivalents at beginning of financial period</b>	38,688	89,700
<b>Cash and cash equivalents at end of financial period</b>	91,841	103,519
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents at end of financial period	91,841	103,519
Add : Fixed deposits pledged	1,433	396
Deposits, cash and bank balances at end of financial period	93,274	103,915

The notes set out on pages 5 to 21 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 2010.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2011

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the quarter and six months ended 30 June 2011

(The figures have not been audited)

	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable	Sub-total RM' 000	Non-controlling Interests RM' 000	Total Equity RM' 000
		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			
<b>6 months ended 30 June 2010</b>											
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
Foreign currency translation differences of foreign operations		-	-	-	-	-	445	-	445	-	445
Fair value changes of available-for-sale financial assets		-	-	-	-	7	-	(3)	4	3	7
Total other comprehensive income for the period		-	-	-	-	7	445	(3)	449	3	452
Profit for the period		-	-	-	-	-	-	38,355	38,355	(318)	38,037
Total comprehensive income for the period		-	-	-	-	7	445	38,352	38,804	(315)	38,489
Dividends paid to non-controlling interests		-	-	-	-	-	-	(11,847)	(11,847)	(1,140)	(12,987)
Acquisition of minority interests in an existing subsidiary		-	-	-	-	-	-	-	-	(615)	(615)
At 30 June 2010		250,000	86,092	26,370	(34,748)	109	410	348,604	676,837	19,961	696,798
<b>6 months ended 30 June 2011</b>											
At 1 January 2011		250,000	86,092	26,370	(34,748)	-	119	396,182	724,015	15,449	739,464
Foreign currency translation differences of foreign operations		-	-	-	-	-	(557)	-	(557)	-	(557)
Total other comprehensive income for the period		-	-	-	-	-	(557)	-	(557)	-	(557)
Profit for the period		-	-	-	-	-	-	31,390	31,390	647	32,037
Total comprehensive income for the period		-	-	-	-	-	(557)	31,390	30,833	647	31,480
Dividends paid to:											
- owners of the Company	Note XII	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
- non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
Acquisition of non-controlling interests		-	-	-	-	-	-	(48)	(48)	48	-
Bonus issue by a subsidiary		-	-	1,530	-	-	-	(1,530)	-	-	-
Share of expenses incurred on bonus issue by an associate		-	-	(358)	-	-	-	-	(358)	-	(358)
At 30 June 2011		250,000	86,092	27,542	(34,748)	-	(438)	414,147	742,595	15,776	758,371

The notes set out on pages 5 to 21 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 2010.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### 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 six months ended 30 June 2011 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 year ended 31 December 2010 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 2010.

#### 2. Significant accounting policies

The 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 2010, except as disclosed below:

During the current quarter under review, the Group has adopted the following new/revised standards, interpretations and amendments which are effective for annual periods beginning on and before 1 January 2011:

FRS 3, *Business Combinations* (revised)

FRS 127, *Consolidated and Separate Financial Statements* (revised)

Amendments to FRS 138, *Intangible Assets*

Amendments to FRS 1

- *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*

- *Additional Exemptions for First-time Adopters*

Amendments to FRS 7, *Financial Instruments: Improving Disclosures about Financial Instruments*

IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*

Improvements to FRSs 2010

The adoption of the above FRSs, interpretations and amendments does not have any material impact on the financial performance or position of the Group, except as discussed Note 2.1 below.



## **NAIM HOLDINGS BERHAD (585467-M)**

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011**

#### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

##### **2.1 Changes in accounting policies (continued)**

###### **(i) Revised FRS 3 and Revised FRS 127**

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes affect the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transaction will no longer give rise to goodwill, nor will they give rise to a gain or loss. The amendments to FRS 127 further require losses attributable to non-controlling interests (previously known as minority interests) in a subsidiary to be allocated to the non-controlling interests even if doing so causes the non-controlled interests to have a deficit balance.

The above changes in accounting policies are applied prospectively in accordance with the transitional provisions of the standards and do not have any impact on earnings per share.

###### **(ii) Amendments to FRS 7**

The amendments to FRS 7 require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements based on the fair value measurement hierarchy.

By virtue of the exemption given in paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 is not disclosed/presented.

###### **(iii) IC Interpretation 4 and Improvements to FRSs (2010)**

IC Interpretation 4 ("ICI 4") requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. The assessment shall be made at the inception of the arrangement and subsequently reassessed if certain conditions in the Interpretation are met. The adoption of ICI 4 does not have any impact on the financial statements as the Group does not have any arrangements dependent on the use of specific assets.

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation, to provide clarification or guidance thereon or to correct for relatively minor unintended consequences, conflicts or oversights.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### 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 accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

- **Effective for annual periods beginning on or after 1 July 2011**  
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*  
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*
- **Effective for annual periods beginning on or after 1 January 2012**  
IC Interpretation 15, *Agreements for the Construction of Real Estate*  
FRS 124, *Related Party Disclosures (revised)*

The Group plans to apply from its annual period beginning on 1 January 2012 those standards, amendments and interpretations as listed above that are effective for annual periods beginning after 1 July 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 its first adoption.

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 201<sub>2004</sub>, *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 profit before tax of the Group for the period/year ended 30 June 2011 and 31 December 2010 are expected to decrease by RM1.9 million and increase by RM913,000 respectively on the initial application of ICI 15.



## **NAIM HOLDINGS BERHAD (585467-M)**

### **QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011**

#### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The revised FRS 124 removes the exemptions to disclose transactions between government-related entities and the government, and all other government-related entities. The new disclosures required for government-related entities include the identity of government, the nature of their relationship as well as the nature and the extent or amounts of each individually or collectively significant transaction.

Following the announcement made by the MASB on 1 August 2008, the Group financial statements for the year ending 31 December 2012 will be prepared in accordance with International Financial Reporting Standards (IFRS) framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group.

##### **3. Seasonality or cyclicity of operations**

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

##### **4. Estimates**

The preparation of interim financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2010.

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

##### **5. 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 30 June 2011 are 13,056,000 shares.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 6. Changes in the composition of the Group

###### **a) *Additional investments arising from new shares issued by existing subsidiaries***

On 13 January 2011, Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) (“NLSB”) subscribed for its entitlement to the new shares issued by Naim Realty Sdn. Bhd., comprising 14,500,000 ordinary shares of RM1.00 each for a cash consideration of RM14,500,000.

Another wholly-owned subsidiary, Naim Supply & Logistics Sdn. Bhd. (formerly known as Naim Cendera Dua Sdn. Bhd.) increased its issued and paid up capital from RM1,250,000 to RM5,000,000 on 22 February 2011 by way of capitalisation of its retained earnings as bonus shares.

On 25 February 2011, another subsidiary, Total Reliability Sdn. Bhd. effected a bonus issue comprising 3,000,000 new ordinary shares of RM1.00 each, out of which 1,530,000 new ordinary shares was issued to NLSB.

These above changes do not have any impact to the Group as there are no changes in the group equity interest in these subsidiaries.

###### **b) *Bonus issue and rights issue by an associate***

On 10 February 2011, Dayang Enterprise Holdings Bhd. (“DEHB”) effected a bonus issue of 88,000,000 new ordinary shares of RM0.50 each, out of which 31,671,675 shares of RM0.50 each were issued to the Company.

The Company also subscribed for its entitlement of 39,589,593 ordinary shares of RM0.50 each to the rights shares issued by DEHB for a total cash consideration of RM43,549,000 on 28 February 2011.

###### **c) *Increase in investment in non-wholly owned subsidiary***

On 1 April 2011, Naim Engineering Sdn. Bhd. (formerly known as NCSB Engineering Sdn. Bhd.) acquired the remaining equity interest of 30% in Naim Binaan Sdn. Bhd. (“NBSB”) from a minority shareholder for a cash consideration of RM1. Upon the acquisition, NBSB become a wholly owned subsidiary of the Group (31.12.2010: being 70% owned subsidiary).

###### **d) *Deemed disposal of investments in subsidiary and associate***

In April 2011, the Company disposed of 10,000,000 ordinary shares of RM0.50 each in its associate, DEHB for a total cash consideration of RM20,743,000, net of transaction costs. The resultant group interest in DEHB has consequently reduced from 35.9% to 34.17%.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 6. Changes in the composition of the Group (continued)

###### *d) Deemed disposal of investments in subsidiary and associate (continued)*

In June 2011, Samalaju Property Development Sdn. Bhd. (“SPDSB”), which was previously a 100% owned subsidiary, issued new ordinary shares to NLSB and third parties, where 389,998 shares of RM1.00 each was subscribed by NLSB in cash. The resultant equity interest held by NLSB in SPDSB has decreased from 100% to 39%. SPDSB is now regarded as an associate of the Group.

##### 7. Operating segments

The Group has three reportable segments, as described below, which are the Group’s strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group’s reportable segments.

- Property development - Development and construction of residential and commercial properties (including sale of vacant land)
- Construction - Construction of buildings, roads, bridges and other infrastructure works.
- Others - Manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment holdings as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

The Group Managing Director reviews the statements of financial position of subsidiaries for decision making and resources allocation, instead of a summary of total consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 7. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>For the quarter ended 30 June 2011</b>										
Revenue from										
external customers	57,030	99,862	147,860	161,852	19,506	17,584	-	-	224,396	279,298
Inter segment revenue	-	-	-	-	19,362	11,420	( 19,362)	( 11,420)	-	-
<b>Total segment revenue</b>	<u>57,030</u>	<u>99,862</u>	<u>147,860</u>	<u>161,852</u>	<u>38,868</u>	<u>29,004</u>	<u>( 19,362)</u>	<u>( 11,420)</u>	<u>224,396</u>	<u>279,298</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	11,366	31,256	2,204	10,363	( 2,329)	( 509)	1,533	( 1,827)	12,774	39,283
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	37	492	98	-	-	492	135
- joint ventures	-	-	4,550	702	-	-	-	-	4,550	702
	<u>11,366</u>	<u>31,256</u>	<u>6,754</u>	<u>11,102</u>	<u>( 1,837)</u>	<u>( 411)</u>	<u>1,533</u>	<u>( 1,827)</u>	<u>17,816</u>	<u>40,120</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated expenses									6,372	( 479)
Share of results of an associate, DEHB (in oil and gas segment)									14,302	9,874
Income tax expense									( 6,453)	( 11,478)
<b>Profit for the year</b>									<u>32,037</u>	<u>38,037</u>
Other comprehensive income									( 557)	452
<b>Total comprehensive income for the year</b>									<u>31,480</u>	<u>38,489</u>
Non-controlling interests									( 647)	315
<b>Total comprehensive income attributable to the owners of the Company</b>									<u>30,833</u>	<u>38,804</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 8. Property, plant and equipment – *acquisitions and disposals*

During the quarter under review, the Group acquired property, plant and equipment costing about RM8.3 million (30.6.2010: RM25.2 million), of which NIL (30.6.2010: RM0.4 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of RM2.27 million (30.6.2010: RM1.0 million) were disposed of during the quarter under review.

#### 9. Subsequent events

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

#### 10. 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.

#### 11. Capital commitments

	As at 30 June	
	2011 RM'000	2010 RM'000
<b><i>Contracted for but not provided for</i></b>		
Property, plant and equipment	-	24,895
Investment property	7,750	-
	7,750	24,895
<b><i>Authorised but not contracted for</i></b>		
Acquisition of land bank	-	*174,299
Property, plant and equipment	3,806	22,602
Investment property	5,321	49,910
	9,127	246,811
	16,877	271,706

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



## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 12. Related parties

##### *Transactions with key management personnel*

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

	6 months ended 30 June	
	2011 RM'000	2010 RM'000
Directors of the Company	3,007	2,952
Other key management personnel	3,821	2,919
	6,828	5,871

##### *Other related party transactions*

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<u>Transactions with associates</u>				
Sale of construction materials	-	( 12)	-	21
Purchase of raw materials	-	336	-	367
Construction costs payable	-	563	( 1,188)	( 1,602)
<u>Transaction with joint venture</u>				
Construction contract revenue	-	9,078	( 6,351)	( 4,309)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advisory fee payable	35	30	-	-
Construction costs payable	-	( 6)	-	( 389)
Donation to Tabung Amanah Naim	-	-	674	44
Purchase of construction materials	-	4	-	( 108)
Rental income on premises	( 33)	-	-	-
Rental expense on premises	16	9	-	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

##### (I) Review of Group performance

The Group recorded lower revenue of RM224 million for the period under review, as compared to RM279 million recorded in the corresponding period in 2010.

Group profit before tax for the period was RM38 million against RM50 million achieved in the same period in 2010 under review. The decrease was mainly contributed by lower stages of completion achieved for the housing and construction projects during the period under review.

Its oil and gas associate, Dayang Enterprise Holdings Bhd. (“DEHB”), continues to contribute positively to the earnings of the Group for the period.

##### (II) Variance of results against preceding quarter

Group revenue decreased from RM121 million to RM103 million compared to the immediate preceding quarter, mainly due to lower stages of completion achieved for projects.

Group profit before tax for the period was RM22 million against RM17 million achieved in the immediate preceding quarter. This was mainly due to the gain on partial disposal of equity interest in DEHB of about RM10 million during the current quarter.

##### (III) Current year prospects

Barring any unforeseen circumstances, the Group is confident of delivering positive results for the year 2011.

##### (IV) Profit guarantee

The Group did not issue any profit guarantee.

##### (V) Income tax expense

	6 months ended 30 June	
	2011 RM'000	2010 RM'000
<b><i>Current tax expense</i></b>		
Malaysian - current year	8,485	11,957
- prior years	( 134)	2,737
	8,351	14,694
<b><i>Deferred tax income</i></b>		
Malaysian - current year	( 1,844)	( 1,506)
- prior years	( 54)	( 1,710)
	( 1,898)	( 3,216)
Total	6,453	11,478



## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

**(V) Income tax expense (continued)**

Lower effective tax rate, when compared to the statutory tax rate of 25%, was mainly due to certain non-taxable income derived during the period under review.

**(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 30 June					
	Quoted shares		Unit trusts		Total	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Available-for-sale financial assets, at fair value	48	48	-	295	48	343
Market Value	48	48	-	295	48	343

**(VIII) Status of corporate proposals**

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

#### (IX) Loans and borrowings

			As at 30 June		
			2011	2010	
			RM'000	RM'000	
			Currency		
<b>Current</b>					
Secured	-	Finance leases	RM	1,839	2,408
	-	Term loan	RM	-	24
Unsecured	-	Revolving credits	RM	47,000	30,000
	-	Term loan	USD	7,737	14,403
	-	Islamic Bonds	RM	-	55,000
				56,576	101,835
<b>Non-current</b>					
Secured	-	Finance leases	RM	6,537	8,517
	-	Term loan	RM	17,219	869
Unsecured	-	Term loan	USD	-	14,402
	-	Islamic Bonds	RM	150,000	-
				173,756	23,788
Total				230,332	125,623

#### (X) Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 19 August 2011, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

#### (XI) Material litigations

##### *Suit over land*

In March 2005, Naim Cendera Tujuh Sdn. Bhd. ("NC7"), an indirect 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 State 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 High Court has fixed 27 October 2011 for further mention.





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

##### (XI) Material litigations (continued)

###### *Suit over land (continued)*

On 24 June 2008, another indirect 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, who had filed a Notice of Appeal on 12 March 2009 to the Court of Appeal against the aforesaid decision of the High Court, have decided to withdraw their appeal.

On 27 June 2008, another indirect 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 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 parcels 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 it 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. The High Court has fixed the matter for continuation of trial on 21 to 23 November 2011.

On 20 March 2009, Naim Land Sdn. Bhd. (formerly known as Naim Cendera Sdn. Bhd.) (“NLSB”) received two Writs of Summons and Statements of Claim from 4 persons collectively claiming against NLSB, 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 NLSB’s existing township areas of over 2,700 acres. NLSB’s solicitors have filed an Appearance on 27 March 2009 and Statement of Defence and Counterclaim/Set-Off on 4 May 2009, respectively. NLSB’s application to strike out the Plaintiffs’ action was dismissed by the High Court and NLSB has filed a Notice of Appeal on 13 May 2011 to the Court of Appeal on the High Court’s decision. In the meanwhile, the High Court has fixed the matter for further mention on 22 September 2011 and the trial on 19 to 21 October 2011.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

##### (XI) Material litigations (continued)

###### *Suit over land (continued)*

On 26 October 2009, NLSB received another Writ of Summons and Statement of Claim from 6 persons suing on behalf of themselves and 25 other families against NLSB, 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 NLSB has been awarded a contract to design and construct the proposed Bengoh Dam. NLSB had filed its Statement of Defence on 19 January 2010 and the High Court has fixed the trial dates on 29 to 30 September 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, the title to which has been issued to KMSB 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 matter for further mention on 13 September 2011 to monitor the status of KMSB's appeal on its application to strike out the Plaintiff's action.

On 21 December 2010, NLSB received a Writ of Summons and Statement of Claim from a supplier, seeking for, *inter alia*, payment of an alleged outstanding balance of RM499,244 for the supply and delivery of construction materials for a project. NLSB had filed its Statement of Defence and Counterclaim on 26 January 2011. The High Court has fixed the matter for trial on 5 to 8 December 2011.

##### (XII) Dividends

The following dividend was paid by the Group during the current quarter under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	5.0	31 December 2010	8 April 2011	11,847 =====

The Board has declared a first interim single-tier tax exempt dividend of 5.0 sen per ordinary share totalling RM11.847 million in respect of the financial year ending 31 December 2011, payable to shareholders on 12 October 2011. The dividend entitlement date has been fixed to be 15 September 2011.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

#### (XIII) Earnings per ordinary 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.

	6 months ended 30 June	
	2011	2010
Profit attributable to owners of the Company (RM'000)	31,390	38,355
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	13.25	16.19

#### (XIV) Other disclosures

##### (i) *Financial derivatives*

The Group does not have any outstanding financial derivatives as at 30 June 2011.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011

#### NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

#### (XIV) Other disclosures (continued)

##### (ii) *Supplementary information on the breakdown of realised and unrealised profits or losses*

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive of Bursa Malaysia Securities Berhad issued in 2010, is as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>For the</b>	<b>For the</b>
	<b>quarter</b>	<b>year ended</b>
	<b>ended 30</b>	<b>31</b>
	<b>June 2011</b>	<b>December</b>
	<b>RM'000</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- realised	472,047	457,100
- unrealised	3,664	1,616
	475,711	458,716
The share of retained earnings from associates		
- realised	44,341	41,751
- unrealised	( 394)	( 414)
	43,947	41,337
The share of retained earnings from joint ventures		
- realised	8,839	8,702
	528,497	508,755
Less: Consolidation adjustments	( 114,350)	( 112,573)
Total group retained earnings as per consolidated accounts	414,147	396,182



## **NAIM HOLDINGS BERHAD (585467-M)**

**QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2011**

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

**(XV) Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2010 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 25 August 2011.