

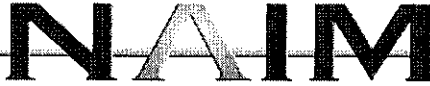
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NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30 September		30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
For the quarter and nine months ended 30 September 2011				
<i>(The figures have not been audited)</i>				
Revenue	94,390	140,992	318,786	420,290
Cost of sales	(86,225)	(89,417)	(273,190)	(308,840)
Gross profit	8,165	51,575	45,596	111,450
Other income	750	1,978	10,860	4,574
Selling and distribution expenses	(806)	(1,264)	(3,029)	(3,224)
Administration expenses	(8,555)	(11,675)	(31,365)	(29,843)
Other expenses	(188)	(7)	(1,080)	(458)
Results from operating activities	(634)	40,607	20,982	82,499
Finance income	1,423	2,362	4,645	3,185
Finance costs	(3,220)	(1,787)	(8,912)	(5,698)
Net finance costs	(1,797)	575	(4,267)	(2,513)
Share of results of associates	12,169	9,670	26,963	19,679
Share of results of joint ventures	2,818	(745)	7,368	(43)
Profit before tax	12,556	50,107	51,046	99,622
Income tax expense	(2,689)	(10,729)	(9,142)	(22,207)
Profit for the period	9,867	39,378	41,904	77,415
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	332	(335)	(225)	110
Fair value changes for available-for-sale financial assets	-	(109)	-	(102)
Other comprehensive income for the period, net of tax	332	(444)	(225)	8
Total comprehensive income for the period	10,199	38,934	41,679	77,423
Profit attributable to:				
Owners of the Company	10,253	36,941	41,643	75,296
Non-controlling interests	(386)	2,437	261	2,119
Profit for the period	9,867	39,378	41,904	77,415
Total comprehensive income attributable to:				
Owners of the Company	10,585	36,550	41,418	75,354
Non-controlling interests	(386)	2,384	261	2,069
Total comprehensive income for the period	10,199	38,934	41,679	77,423
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note XIII	4.33	15.59	17.58
				31.78

The notes set out on pages 5 to 20 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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 30 September 2011			
<i>(The figures have not been audited)</i>			
	Notes	Unaudited 30 September 2011 RM'000	Audited 31 December 2010 RM'000
ASSETS			
Property, plant and equipment		114,047	123,690
Prepaid lease payments		2,513	2,506
Interests in associates		209,502	168,080
Interests in joint ventures		9,384	8,669
Land held for property development		110,471	110,443
Investment property		46,039	20,871
Intangible assets		9,129	9,639
Deferred tax assets		2,145	2,282
Other investments		48	48
Total non-current assets		503,278	446,228
Inventories		26,751	32,714
Property development costs		216,745	217,182
Trade and other receivables		305,088	308,094
Deposits and prepayments		6,851	4,011
Current tax recoverable		17,637	7,181
Cash and cash equivalents		213,580	39,214
Total current assets		786,652	608,396
Total assets		1,289,930	1,054,624
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		439,832	422,671
Total equity attributable to owners of the Company		741,176	724,015
Non-controlling interests		15,390	15,449
Total equity		756,566	739,464
LIABILITIES			
Loans and borrowings		336,375	20,712
Deferred tax liabilities		46,240	48,495
Total non-current liabilities		382,615	69,207
Loans and borrowings		7,178	104,401
Trade and other payables		143,168	137,200
Current tax payable		403	4,352
Total current liabilities		150,749	245,953
Total liabilities		533,364	315,160
Total equity and liabilities		1,289,930	1,054,624
Net assets per ordinary share attributable to owners of the Company (RM)		2.96	2.90

The notes set out on pages 5 to 20 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.

NAIM
NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
For the quarter and nine months ended 30 September 2011		
<i>(The figures have not been audited)</i>		
	30 September 2011 RM'000	30 September 2010 RM'000
Net cash from operating activities	16,995	74,365
Net cash used in investing activities	(43,217)	(39,741)
Net cash from/(used in) financing activities	200,100	(54,532)
Net increase/(decrease) in cash and cash equivalents	173,878	(19,908)
Cash and cash equivalents at beginning of financial period	38,688	89,700
Cash and cash equivalents at end of financial period	<u>212,566</u>	<u>69,792</u>
	RM'000	RM'000
Cash and cash equivalents at end of financial period	212,566	69,792
Add : Fixed deposits pledged	1,014	706
Deposits, cash and bank balances at end of financial period	<u>213,580</u>	<u>70,498</u>

The notes set out on pages 5 to 20 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
NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
For the quarter and nine months ended 30 September 2011											
(The figures have not been audited)											
	Note	Total equity attributable to owners of the Company									
		Non-Distributable					Distributable		Sub-total	Non-controlling Interests	Total Equity
		Share capital	Share premium	Capital reserve	Treasury shares	Fair value reserve	Translation reserve	Retained earnings			
RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	
9 months ended 30 September 2010											
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		-	-	-	-	-	110	-	110	-	110
Fair value changes of available-for-sale financial assets		-	-	-	-	(102)	-	50	(52)	(50)	(102)
Total other comprehensive income for the period		-	-	-	-	(102)	110	50	58	(50)	8
Profit for the period		-	-	-	-	-	-	75,296	75,296	2,119	77,415
Total comprehensive income for the period		-	-	-	-	(102)	110	75,346	75,354	2,069	77,423
Dividends paid to:											
- owners of the Company		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
- non-controlling interests		-	-	-	-	-	-	-	-	(6,154)	(6,154)
Acquisition of minority interests in an existing subsidiary		-	-	-	-	-	-	-	-	(615)	(615)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(1,689)	(1,689)
Gain arising from changes in group composition		-	-	-	-	-	-	849	849	-	849
At 30 September 2010		250,000	86,092	26,370	(34,748)	-	75	374,600	702,389	15,642	718,031
9 months ended 30 September 2011											
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		-	-	-	-	-	(225)	-	(225)	-	(225)
Total other comprehensive income for the period		-	-	-	-	-	(225)	-	(225)	-	(225)
Profit for the period		-	-	-	-	-	-	41,643	41,643	261	41,904
Total comprehensive income for the period		-	-	-	-	-	(225)	41,643	41,418	261	41,679
Dividends paid to:											
- owners of the Company		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
- 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		-	-	(515)	-	-	-	-	(515)	-	(515)
At 30 September 2011		250,000	86,092	27,385	(34,748)	-	(106)	412,553	741,176	15,390	756,566

The notes set out on pages 5 to 20 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 SEPTEMBER 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 nine months ended 30 September 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 period 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 SEPTEMBER 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 SEPTEMBER 2011

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.2 Standards, amendments and interpretations yet to be effective

The Malaysian Accounting Standards Board, in furtherance of its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (“MFRS”). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreement for the Construction of Real Estate*.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 may continue to apply Financial Reporting Standards (“FRS”) as its financial reporting framework for annual reporting periods beginning on or after 1 January 2012. This has further extended to their parent company that either consolidates or equity accounts or proportionately consolidates the entity that has chosen to apply FRSs as its financial reporting framework may itself choose to apply FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. All of these entities shall comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

The Company is currently assessing the impact of MFRSs, in particular MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, on the financial statements of the Group and of its components. With the exemption given to the entity subject to the application of IC Interpretation 15, the Company will adopt MFRSs to prepare consolidated financial statements from the financial year ending 31 December 2013.

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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 September 2011 are 13,056,000 shares.

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 were 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).



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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

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%.

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, hiring of equipment, 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 SEPTEMBER 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
For the quarter ended 30 September										
Revenue from										
external customers	81,647	130,467	209,921	267,116	27,218	22,707	-	-	318,786	420,290
Inter segment revenue	-	-	-	-	31,267	25,576	(31,267)	(25,576)	-	-
Total segment revenue	<u>81,647</u>	<u>130,467</u>	<u>209,921</u>	<u>267,116</u>	<u>58,485</u>	<u>48,283</u>	<u>(31,267)</u>	<u>(25,576)</u>	<u>318,786</u>	<u>420,290</u>
Segment profit	13,938	56,988	1,747	27,193	182	1,230	(3,448)	(4,337)	12,419	81,074
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	13	-	2,278	1,661	-	-	2,291	1,661
- joint ventures	-	-	7,368	(43)	-	-	-	-	7,368	(43)
	<u>13,938</u>	<u>56,988</u>	<u>9,128</u>	<u>27,150</u>	<u>2,460</u>	<u>2,891</u>	<u>(3,448)</u>	<u>(4,337)</u>	<u>22,078</u>	<u>82,692</u>
Unallocated income/(expenses)									4,296	(1,088)
Share of results of an associate, DEHB (in oil and gas segment)									24,672	18,018
Income tax expense									(9,142)	(22,207)
Profit for the year									<u>41,904</u>	<u>77,415</u>
Other comprehensive income									(225)	8
Total comprehensive income for the year									<u>41,679</u>	<u>77,423</u>
Non-controlling interests									(261)	(2,069)
Total comprehensive income attributable to the owners of the Company									<u>41,418</u>	<u>75,354</u>



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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 RM21.4 million (30.9.2010: RM39.0 million), of which NIL (30.9.2010: RM1.44 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of RM2.5 million (30.9.2010: 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 September	
	2011	2010
	RM'000	RM'000
<i>Contracted for but not provided for</i>		
Property, plant and equipment	-	-
Investment property	6,993	-
	6,993	-
<i>Authorised but not contracted for</i>		
Acquisition of land bank	-	*174,299
Property, plant and equipment	3,033	24,629
Investment property	5,321	49,910
	8,354	248,838
	<u>15,347</u>	<u>248,838</u>

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



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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:

	9 months ended 30 September	
	2011	2010
	RM'000	RM'000
Directors of the Company	4,726	5,491
Other key management personnel	6,545	5,330
	11,271	10,821

Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with associates</u>				
Sale of construction materials	-	(31)	-	29
Purchase of raw materials	1	339	-	485
Construction costs payable	-	563	(1,188)	(1,587)
<u>Transaction with joint venture</u>				
Construction contract revenue	-	16,042	(6,351)	(6,595)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advisory fee payable	40	45	-	-
Advertisement charges	-	-	(14)	(14)
Construction costs payable	-	(6)	-	-
Donation to Tabung Amanah Naim	-	-	642	45
Purchase of construction materials	-	4	-	7
Purchase of plant and equipment	-	-	-	(98)
Rental income on premises	(33)	-	-	-
Rental expense on premises	27	14	-	-
	=====	=====	=====	=====



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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 RM319 million for the period under review, as compared to RM420 million recorded in the corresponding period in 2010. Group profit before tax for the period was RM51 million against RM100 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. A majority of the existing construction projects was substantially completed and contributed minimal profit to 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 RM103 million to RM94 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 RM13 million against RM22 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 reported in the preceding quarter.

(III) Current year prospects

We are disappointed with the current results. This is due in part to the sluggish demand for properties in Sarawak over the past two years amidst fears of overheating in the property sector affected by uncertainties over increasing cost of commodities, rising interest rates and decreasing purchasing power. Our inability to secure major construction contracts was also a contributing factor. The results were therefore not entirely unexpected.

Over the last two years, we have put in place finalised plans to enable us to aggressively launch new products. We have invested in people development, put in place systems, engaged consultants, planned for an increase in our land bank and introduced new property models, amongst other initiatives.

We are preparing to make in-roads into the upcoming Bintulu property market leveraging our land bank in the prime location of the old Bintulu Airport as well as setting up our office in Kota Kinabalu to pave the way for our expansion to Sabah.

At the same time, we have submitted tenders for a number of sizeable construction projects and have been short-listed for some of them.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

(III) Current year prospects (continued)

Our plans have started to fruit. As early as June this year when we launched Phase 7 of our Riveria Project in Kuching, the demand for our houses there exceeded our expectations. In fact, the value of our properties sold up to 3Q2011 of RM170 million exceeded our sales of RM145 million achieved in the whole of the previous year. This will translate into property revenue from 2012.

Barring any unforeseen circumstances, we are confident of achieving favourable results going forward.

(IV) Profit guarantee

The Group did not issue any profit guarantee.

(V) Income tax expense

	9 months ended 30 September	
	2011 RM'000	2010 RM'000
Current tax expense		
Malaysian - current year	10,450	22,500
- prior years	1,161	2,822
	11,611	25,322
Deferred tax income		
Malaysian - current year	(2,416)	(1,056)
- prior years	(53)	(2,059)
	(2,469)	(3,115)
Total	<u>9,142</u>	<u>22,207</u>

The Group's effective tax rate for the period under review was lower than the prima facie tax rate of 25%, mainly due to certain non-taxable income derived in the period.

(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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

(VII) Other investments

Investments in quoted shares and unit trusts

	As at 30 September					
	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	-	-	48	48
Market Value	48	48	-	-	48	48

(VIII) Status of corporate proposals

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

(IX) Loans and borrowings

			As at 30 September		
			2011 RM'000	2010 RM'000	
			Currency		
Current					
Secured	-	Finance leases	RM	1,373	2,361
	-	Term loan	RM	-	-
Unsecured	-	Revolving credits	RM	-	41,250
	-	Term loan	USD	5,805	9,154
	-	Islamic Bonds	RM	-	45,000
				7,178	97,765
Non-current					
Secured	-	Finance leases	RM	6,310	7,841
	-	Term loan	RM	30,065	-
Unsecured	-	Term loan	USD	-	16,019
	-	Islamic Bonds	RM	300,000	-
				336,375	23,860
Total				343,553	121,625

(X) Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 18 November 2011, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

(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 adjourned the matter for further mention on 3 January 2012.

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 rescheduled the dates for continuation of trial to 23 and 24 February 2012.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

(XI) Material litigations (continued)

Suit over land (continued)

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 adjourned the trial dates to 6 to 10 February 2012.

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 adjourned the matter to 30 November 2011 to hear the NLSB's Summons in Chambers.

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 7 December 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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 2011

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

(XII) Dividends

The following dividends were declared and/or paid by the Company during the period 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
First interim single-tier dividend	5.0	31 December 2011	12 October 2011	11,847
				23,694
				=====

No dividend was paid during the current quarter.

(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.

	9 months ended 30 September	
	2011	2010
Profit attributable to owners of the Company (RM'000)	41,643	75,296
	-----	-----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
	-----	-----
Basic/Diluted EPS (sen)	17.58	31.78
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(XIV) Other disclosures

(i) *Financial derivatives*

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



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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:

	Unaudited For the quarter ended 30 September 2011 RM'000	Audited For the year ended 31 December 2010 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	463,946	457,100
- unrealised	4,046	1,616
	467,992	458,716
The share of retained earnings from associates		
- realised	45,463	41,751
- unrealised	(394)	(414)
	45,069	41,337
The share of retained earnings from joint ventures		
- realised	9,819	8,702
	522,880	508,755
Less: Consolidation adjustments	(110,327)	(112,573)
Total group retained earnings as per consolidated accounts	412,553	396,182



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 SEPTEMBER 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 24 November 2011.