NAIM HOLDINGS BERHAD *(585467-M)*

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter and twelve months ended 31 December 2011

(The figures have not been audited)

		CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 December		*12 months ended 31 December*	
		2011	**2010**	**2011**	**2010**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		90,863	192,401	409,649	612,691
Cost of sales		(72,869)	(139,412)	(346,059)	(448,252)
Gross profit		17,994	52,989	63,590	164,439
Other income		1,114	320	11,974	4,894
Selling and distribution expenses		(2,081)	610	(5,110)	(2,614)
Administration expenses		(15,284)	(26,755)	(46,649)	(56,598)
Other expenses		(1,046)	(287)	(2,126)	(745)
Results from operating activities		697	26,877	21,679	109,376
Finance income		(846)	616	3,799	3,801
Finance costs		(5,104)	(1,898)	(14,016)	(7,596)
Net finance costs		(5,950)	(1,282)	(10,217)	(3,795)
Share of results of associates		6,085	6,721	33,048	26,400
Share of results of joint ventures		5,468	105	12,836	62
Profit before tax		6,300	32,421	57,346	132,043
Income tax expense		158	(9,929)	(8,984)	(32,136)
Profit for the period		6,458	22,492	48,362	99,907
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		126	44	(99)	154
Fair value changes of available-for-sale financial assets		-	-	-	(102)
Share of fair value changes of available-for-sale financial assets of an associate		-	-	962	-
Other comprehensive income for the period, net of tax		126	44	863	52
Total comprehensive income for the period		6,584	22,536	49,225	99,959
Profit attributable to:					
Owners of the Company		5,283	22,454	46,926	97,750
Non-controlling interests		1,175	38	1,436	2,157
Profit for the period		6,458	22,492	48,362	99,907
Total comprehensive income attributable to:					
Owners of the Company		5,409	22,498	47,789	97,852
Non-controlling interests		1,175	38	1,436	2,107
Total comprehensive income for the period		6,584	22,536	49,225	99,959
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)	Note 9	2.23	9.48	19.80	41.25

The notes set out on pages 5 to 24 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 FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011
(The figures have not been audited)

	Notes	Unaudited 31 December 2011 RM'000	Audited 31 December 2010 RM'000
ASSETS			
Property, plant and equipment		118,406	123,690
Prepaid lease payments		2,508	2,506
Interests in associates		216,289	168,080
Interests in joint ventures		13,840	8,669
Land held for property development		110,563	110,443
Investment property		51,839	20,871
Intangible assets		8,953	9,639
Deferred tax assets		5,130	2,282
Other investments		48	48
Total non-current assets		**527,576**	**446,228**
Inventories		26,880	32,714
Property development costs		218,014	217,182
Trade and other receivables		279,955	308,094
Deposits and prepayments		5,676	4,011
Current tax recoverable		19,530	7,181
Cash and cash equivalents		213,456	39,214
Total current assets		**763,511**	**608,396**
Total assets		**1,291,087**	**1,054,624**
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		446,136	422,671
Total equity attributable to owners of the Company		**747,480**	**724,015**
Non-controlling interests		16,233	15,449
Total equity		**763,713**	**739,464**
LIABILITIES			
Loans and borrowings		339,087	20,712
Deferred tax liabilities		46,282	48,495
Total non-current liabilities		**385,369**	**69,207**
Loans and borrowings		7,911	104,401
Trade and other payables		132,798	137,200
Current tax payable		1,296	4,352
Total current liabilities		**142,005**	**245,953**
Total liabilities		**527,374**	**315,160**
Total equity and liabilities		**1,291,087**	**1,054,624**
Net assets per ordinary share attributable to owners of the Company (RM)		**2.99**	**2.90**

The notes set out on pages 5 to 24 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 HOLDINGS BERHAD *(585467-M)*

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the quarter and twelve months ended 31 December 2011
(The figures have not been audited)

		Total equity attributable to owners of the Company									
		Non Distributable						Distributable			
	Note	Share capital RM' 000	Share premium RM' 000	Capital reserve RM' 000	Translation reserve RM' 000	Fair value reserve RM' 000	Treasury shares RM' 000	Retained earnings RM' 000	Sub-total RM' 000	Non-controlling Interests RM' 000	Total Equity RM' 000
12 months ended 31 December 2010											
At 1 January 2010, as previously stated		250,000	86,092	26,370	(35)	-	(34,748)	324,684	652,363	21,961	674,324
Effect of adopting FRS 139		-	-	-	-	102	-	(3,457)	(3,355)	58	(3,297)
At 1 January 2010, as restated		250,000	86,092	26,370	(35)	102	(34,748)	321,227	649,008	22,019	671,027
Foreign currency translation differences of foreign operations		-	-	-	154	-	-	-	154	-	154
Fair value changes of available-for-sale financial assets		-	-	-	-	(102)	-	50	(52)	(50)	(102)
Total other comprehensive income for the period		-	-	-	154	(102)	-	50	102	(50)	52
Profit for the period		-	-	-	-	-	-	97,750	97,750	2,157	99,907
Total comprehensive income for the period		-	-	-	154	(102)	-	97,800	97,852	2,107	99,959
Dividends to owners of the Company		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Total distributions to owners		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	-	(834)	(834)
Gain arising from changes in group composition		-	-	-	-	-	-	849	849	-	849
Total transactions with owners of the Company		-	-	-	-	-	-	(22,845)	(22,845)	(834)	(23,679)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(6,154)	(6,154)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(1,689)	(1,689)
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	(7,843)	(7,843)
At 31 December 2010		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
12 months ended 31 December 2011											
At 1 January 2011		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
Foreign currency translation differences of foreign operations		-	-	-	(99)	-	-	-	(99)	-	(99)
Share of fair value changes of available-for-sale financial assets of associates		-	-	-	-	-	-	962	962	-	962
Total other comprehensive income for the period		-	-	-	(99)	-	-	962	863	-	863
Profit for the period		-	-	-	-	-	-	46,926	46,926	1,436	48,362
Total comprehensive income for the period		-	-	-	(99)	-	-	47,888	47,789	1,436	49,225
Dividends to owners of the Company	Note 10	-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Total distributions to owners		-	-	-	-	-	-	(23,694)	(23,694)	-	(23,694)
Bonus issue by a subsidiary		-	-	1,530	-	-	-	(1,530)	-	-	-
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	(16)	(16)	(284)	(300)
Total transactions with owners of the Company		-	-	1,530	-	-	-	(25,240)	(23,710)	(284)	(23,994)
Share of expenses incurred on bonus issue by an associate		-	-	(614)	-	-	-	-	(614)	-	(614)
Transactions with non-controlling interests - Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 December 2011		250,000	86,092	27,286	20	-	(34,748)	418,830	747,480	16,233	763,713

The notes set out on pages 5 to 24 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 FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter and twelve months ended 31 December 2011

(The figures have not been audited)

	31 December 2011 RM'000	31 December 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	57,346	132,043
Adjustments for:		
Amortisation		
- intangible assets	686	569
- investment property	229	130
- prepaid lease payments	62	112
Depreciation of property, plant and equipment	16,312	13,070
Dividend income	(2)	(6)
Finance income	(3,799)	(3,801)
Finance costs	14,016	7,596
(Gain)/Loss on disposal of:		
- property, plant and equipment	1,302	(126)
- quoted shares	-	(512)
- associate	(10,005)	-
- subsidiaries	1,305	2,384
Property, plant and equipment written off	457	98
Share of results of:		
- associates	(33,048)	(26,400)
- joint ventures	(12,836)	(62)
Negative goodwill recognised	-	(18)
Unrealised foreign exchange gain	(3,709)	(201)
Operating profit before changes in working capital	28,316	124,876
Changes in working capital :		
Inventories	7,054	8,593
Land held for property development	(120)	49
Property development costs	(852)	10,383
Trade and other receivables	26,007	(7,494)
Trade and other payables	5,179	(48,196)
Cash generated from operations	65,584	88,211
Net income taxes paid	(29,578)	(38,735)
Net cash from operating activities	36,006	49,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(31,434)	(34,840)
- minority interest in existing subsidiaries	(300)	(816)
- intangible assets	-	(10,206)
- investment property	(30,108)	(17,122)
Additions in prepaid lease payments	(63)	
Increase in investment in an associate	(43,549)	-
Proceeds from disposal of:		
- property, plant and equipment	988	409
- other investments	-	940
- associates	20,743	-
- subsidiary (including cash disposed of)	(405)	-
Increase in deposits pledged to licensed banks	(57)	(130)
Distribution of profit from joint ventures	10,037	2,350
Dividends received	19,232	7,390
Interest received	2,898	1,401
Net cash used in investing activities	(52,018)	(50,624)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from/(repayments of) borrowings	224,516	(13,449)
Repayment of finance lease liabilities	(2,747)	(1,201)
Dividends paid to:		
- owners of the Company Note 10	(23,694)	(23,694)
- non-controlling interests	(368)	(6,154)
Interest paid	(7,502)	(5,366)
Net cash from/(used in) financing activities	190,205	(49,864)
Net increase/(decrease) in cash and cash equivalents	174,193	(51,012)
Effects of exchange rate changes on cash and cash equivalents	(8)	-
Cash and cash equivalents at beginning of year	38,688	89,700
CASH AND CASH EQUIVALENTS AT END OF YEAR	212,873	38,688
CASH AND CASH EQUIVALENTS COMPRISE :		
Deposits with licensed banks	161,758	15,536
Short term cash funds	13,000	11,900
Cash and bank balances	38,698	11,778
Less: Deposits pledged	(583)	(526)
	212,873	38,688

The notes set out on pages 5 to 24 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 HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 DECEMBER 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 twelve months ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

1. Basis of preparation

These 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.

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.

2. Significant accounting policies

The accounting policies adopted by the Group in preparing these condensed consolidated interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2010, except as disclosed below:

During the current year 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.

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 of the Group as it 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.

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***
  FRS 124, *Related Party Disclosures (revised)*
  Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
  Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
  Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

- ***Effective for annual periods beginning on or after 1 July 2012***
  Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

- ***Effective for annual periods beginning on or after 1 January 2013***
  FRS 9, *Financial Instruments (2009)*
  FRS 9, *Financial Instruments (2010)*
  FRS 10, *Consolidated Financial Statements*
  FRS 11, *Joint Arrangements*
  FRS 12, *Disclosure of Interests in Other Entities*
  FRS 13, *Fair Value Measurement*
  FRS 119, *Employee Benefits (2011)*
  FRS 127, *Separate Financial Statements (2011)*
  FRS 128, *Investments in Associates and Joint Ventures (2011)*
  IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mining*

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 on or before 1 January 2012, except for Amendments to ICI 14, Amendments to FRS 1 and Amendments to FRS 112, which are 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.

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

IC Interpretation 19, which is to be applied retrospectively, provides guidance on accounting for debt-to-equity swap. 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 19 is not expected to have a material impact to the Group.

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.

MASB, 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 (“MFRSs”). Entities other than private entities shall apply the MFRSs 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 (“FRSs”) as its financial reporting framework for annual reporting periods beginning on or after 1 January 2012. This transition period has been further extended to the parent company that either consolidates or equity accounts or proportionately consolidates an entity that has chosen to apply FRSs as its financial reporting framework as the former 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 after the one year transition period.

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 beginning 1 January 2013. As a result, the Company will not be adopting the FRS standards, amendments and interpretations that are effective for annual periods beginning after 1 January 2012.

3. Seasonality or cyclicality of operations

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

4. Estimates

The preparation of interim financial statements 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 disclosed in 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 year.

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 31 December 2011 are 13,056,000 shares.

6. Property, plant and equipment – *acquisitions and disposals*

During the financial year, the Group acquired property, plant and equipment costing about RM31.4 million (31.12.2010: RM35.6 million), of which NIL (31.12.2010: RM0.7 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of RM2.7 million (31.12.2010: RM1.1 million) were disposed of during the year under review.

7. Changes in the composition of the Group

a) Acquisition of new subsidiary

Naim Overseas Sdn. Bhd. ("NOSB") acquired 1 ordinary share of FJD1.00 each in Naim Vanua Levu (Fiji) Limited ("NVFL") representing 50% of the equity thereof, for a consideration of FJD1 during October 2011.

Later on 31 January 2012, NOSB subscribed for additional 9,998 ordinary shares of F$1.00 each in NVFL, settled in cash. NVFL has then become a 99.99% owned subsidiary of the Group. The acquisition does not have material impact to the Group as the subsidiary has been dormant since incorporation.

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

b) 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.

c) Increase in investment in non-wholly owned subsidiaries

On 1 April 2011, Naim Engineering Sdn. Bhd. (formerly known as NCSB Engineering Sdn. Bhd.) ("NESB") 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).

NESB, later in November 2011, acquired the remaining equity interest of 10% in Naim Premix Sdn. Bhd. ("NPSB") from a minority shareholder for a cash consideration of RM300,000. Upon the acquisition, NPSB become a wholly owned subsidiary of the Group (31.12.2010: being 90% owned subsidiary).

d) 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.

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

e) 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. The Group has recognised a loss of RM1.3 million from the disposal.

8. Loans and borrowings

				As at 31 December 2011 RM'000	2010 RM'000
			Currency		
Current					
Secured	-	Finance leases	RM	2,894	2,748
	-	Term loan	RM	1,600	-
Unsecured	-	Revolving credits	RM	-	47,500
	-	Term loan	USD	3,417	9,153
	-	Islamic Bonds	RM	-	45,000
				7,911	104,401
Non-current					
Secured	-	Finance leases	RM	4,087	6,981
	-	Term loan	RM	35,000	-
Unsecured	-	Term loan	USD	-	13,731
	-	Islamic Bonds	RM	300,000	-
				339,087	20,712
Total				346,998	125,113

9. 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.

	12 months ended 31 December	
	2011	**2010**
Profit attributable to owners of the Company (RM'000)	46,926	97,750
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	19.80	41.25

10. Dividends

The following dividends were declared and/or paid by the Company during the year 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

The Board has after the year end declared a second interim single-tier tax exempt dividend of 3.0 sen per ordinary share totalling RM7.108 million in respect of the financial year ended 31 December 2011, payable to shareholders on 16 April 2012. The dividend entitlement date has been fixed to be 19 March 2012.

11. 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 and engineering works (including oil & gas related construction projects).
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.

For decision making and resources allocation, the Group Managing Director reviews the statements of financial position of respective subsidiaries

11. 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 31 December										
Revenue from external customers	114,730	162,938	259,766	418,776	35,153	30,977	-	-	409,649	612,691
Inter segment revenue	-	-	-	-	49,388	41,248	(49,388)	(41,248)	-	-
Total segment revenue	114,730	162,938	259,766	418,776	84,541	72,225	(49,388)	(41,248)	409,649	612,691
Segment profit/(loss)	13,678	67,785	883	42,712	796	(2,045)	(7,803)	(2,174)	7,554	106,278
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	158	-	3,911	2,023	-	-	4,069	2,023
- joint ventures	-	-	12,836	62	-	-		-	12,836	62
	13,678	67,785	13,877	42,774	4,707	(22)	(7,803)	(2,174)	24,459	108,363
Unallocated income/(expenses)									3,908	(697)
Share of results of an associate, DEHB (in oil and gas segment)									28,979	24,377
Income tax expense									(8,984)	(32,136)
Profit for the year									48,362	99,907
Other comprehensive income									863	52
Total comprehensive income for the year									49,225	99,959
Non-controlling interests									(1,436)	(2,107)
Total comprehensive income attributable to the owners of the Company									47,789	97,852

12. 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, other than those disclosed in Notes 7(a) and 21(g).

13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2011 till the date of this quarterly report.

14. Capital commitments

	As at 31 December	
	2011	**2010**
	RM'000	**RM'000**
Contracted for but not provided for		
Investment property	-	20,846
Authorised but not contracted for		
Property, plant and equipment	5,296	6,342
Investment property	-	5,321
	5,296	11,663
	5,296	32,509

15. Financial risk management

The Group's financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

16. 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 2011 RM'000	12 months ended 31 December 2010 RM'000
Directors of the Company	6,858	6,987
Other key management personnel	9,043	13,469
	15,901	20,456

Other related party transactions

	Transaction value 12 months ended 31 December 2011 RM'000	Transaction value 12 months ended 31 December 2010 RM'000	Balance outstanding as at 31 December 2011 RM'000	Balance outstanding as at 31 December 2010 RM'000
<u>Transactions with associates</u>				
Dividend income	(19,231)	(6,334)		
Sale of construction materials	-	(31)	-	-
Purchase of raw materials	1	339	-	2
Construction costs payable	-	180	(1,190)	(1,192)
<u>Transaction with joint venture</u>				
Construction contract revenue	(13,915)	(28,968)	6,481	6,348
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Consultant fee payable	60	60	-	-
Purchase of construction materials	-	4	-	-
Rental income on premises	(33)	(11)	-	-
Rental expense on premises	32	18	-	(2)
	======	======	======	======

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17. Review of Group performance

The Group recorded lower revenue of RM91 million for the current quarter, compared to that reported in the corresponding quarter in 2010 of RM192 million. The group profit before tax for the current quarter was RM6.3 million against RM32 million achieved in the same period in 2010. The decrease is mainly attributable to the property and construction divisions, which recorded lower revenue and profit in the quarter under review [see Note 17.1(a) and 17.1(b) for further details].

Group revenue for the financial year to date decreased by about 33% from RM613 million in 2010 to RM410 million in 2011. Group profit before tax for the financial year to date also declined from RM132 million in 2010 to RM57 million. This was mainly due to the lower performance reported from the property and construction divisions. Detailed review of the performance and current year prospects of each operating segment (as shown in Note 11) are discussed in Section 17.1.

The income from its investments in associates and joint ventures contributed significantly to the overall group profit before tax for 2011.

17.1 Review of performance of operating segments and current year prospects

a) Property

Current vs preceding quarter review	For the current quarter under review, the Property segment registered a slight improvement in its revenue, resulting from improved sales towards the last quarter of 2011. The return arising from the increase in sales will only be progressively reflected in the results of this segment within the next two years.
Yearly performance review	The decrease in Property segment revenue, from RM162 million in 2010 to RM115 million in 2011, was due mainly to the effect of lower sales of property in 2010, resulting in lower revenue being recognised progressively from the sales in the year under review. Other factors include the delay in obtaining approvals from the relevant authorites and the studies of designs to cater for changing market. However, the Group managed to achieve higher sales for the year under review with value exceeding RM180 million (2010: RM140 million). These sales are expected to contribute positively to the group performance within the next two years.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17.1 Review of performance of operating segments (continued)

a) Property (continued)

Prospects

Despite improving market demand for properties in Sarawak over the last twelve months, the Board remains cautious going forward in view of uncertainties over increasing costs of materials and labour, interest rate fluctuations, competition from other developers and decreasing purchasing power of property buyers arising in part from stricter bank lending limit.

Over the last two years, we have put in place finalised plans to enable us to aggressively launch new products at the right time and at competitive prices. We have invested in people development, put in place right systems and processes, planned for an increase in our land bank and introduced new property models to better suit customer preferences and demands, 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.

Our launching of new housing projects in Miri and Kuching since the third quarter of 2011 has been well received by the local market and we are confident that this trend will continue in the year ahead.

b) Construction

Current vs preceding quarter review

The construction segment did not perform to expectation in 2011. This was mainly due to lower stage of completion achieved on the existing on-going projects resulting from weather issues and additional design modification works for certain contracts.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17.1 Review of performance of operating segments (continued)

b) Construction (continued)

Yearly performance review	For the year under review, the Construction segment recorded lower revenue of RM260 million (2010: RM419 million). The profit of the Construction segment declined from RM42 million in 2010 to RM883,000 in 2011. This was due mainly to substantial completion of high-margin projects during 2010. Lack of major new construction contracts secured in the past twelve months, competition from other contractors and pressure of cost increase leading to lower margins were also contributing factors to the decline in the results of the Construction segment. In 2011, the Group secured one overseas project with a total value of about RM12 million, for which works are at the initial stage.
Prospects	We have submitted tenders for a number of sizeable construction projects with an estimated value of more than RM2 billion and are short-listed for some of them. We expect the segment to perform better in the year ahead.

c) Other segment

Performance review	Our Other segment performed reasonably well in the year under review, registering a 13% growth in revenue, from RM31 million in 2010 to RM35 million in 2011. The increase was mainly derived from the rental of property completed during 2011, including our newly completed Permy Hypermall with net lettable area of about 153,000 sq. ft, which is over 90% tenanted with GIANT as our anchor tenant. This segment managed to generate modest profit of RM796,000 for the current year, a turnaround from the loss of RM 2 million reported in 2010.
Prospects	With the average occupancy rate of more than 75% achieved in 2011 from the committed rental contracts, we expect the performance trends to remain at the same level or higher in the year ahead.

In addition, our associate, Dayang Enterprise Holdings Berhad, performed very well in the year under review, registering a profit after tax of RM84 million, an increase of 24% over the RM68 million achieved in 2010. With its on-going contracts exceeding RM1.4 billion to last at least until 2016, we expect this investment to contribute positively to our group results in near future.

NAIM

NAIM HOLDINGS BERHAD (585467-M)

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Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

17.1 Review of performance of operating segments (continued)

Our initial inroad into the oil and gas construction projects via alliance contract with Samsung and Petronas in 2010 is expected to continue to contribute positively in the year ahead, with about 30% completion achieved as at 31 December 2011.

Although the Directors remains positive of the future prospects of the Group, the year ahead poses a challenge amid the unsettled global economic climate. The Directors will continue to exercise due care to sustain and enhance the shareholders' values of the Company.

18. Profit guarantee

The Group did not issue any profit guarantee.

19. Income tax expense

	12 months ended 31 December 2011 RM'000	12 months ended 31 December 2010 RM'000
Current tax expense		
Malaysian - current year	13,315	34,281
- prior years	1,542	2,696
	14,857	36,977
Deferred tax income		
Malaysian - current year	(5,456)	(2,174)
- prior years	(417)	(2,667)
	(5,873)	(4,841)
Total income tax expense recognised in statements of comprehensive income	8,984	32,136
Share of tax of associates and joint ventures	14,488	5,686
Pro-forma group tax expense	23,472	37,822
Profit before tax	57,346	132,043
Add: Share of tax of associates and joint ventures	14,488	5,686
	71,834	137,729
Effective tax rate (%)	32.7	27.5

19. Income tax expense (continued)

The Group's effective tax rate for the year under review as reconciled in preceding page is higher than the prima facie tax rate of 25%, mainly due to higher non-deductible expenses incurred during the year as well as the effect of final closure of completed projects.

20. Status of corporate proposals

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

21. Material litigations

Update of Legal Suit

a. 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. The High Court has adjourned the matter for further mention on 2 April 2012.

b. 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 parcel of land situated at Gunung Rumbang, Padawan which is adjacent to the earlier-mentioned land. The High Court has rescheduled the dates for continuation of trial to 24 to 25 May 2012.

c. 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. The High Court has adjourned the trial date to 25 to 29 June 2012 pending NLSB's appeal on its application to strike out the Plaintiffs' action.

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

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

21. Material litigations (continued)

Update of Legal Suit (continued)

d. 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. The High Court has fixed the matter for ruling on 9 March 2012.

e. 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. The High Court has fixed the matter for further mention on 19 April 2012 to monitor the status of KMSB's appeal on its application to strike out the Plaintiff's action.

f. 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. The High Court has rescheduled the trial date to 23 to 27 July 2012.

g. On 10 January 2012, NLSB received a Writ of Summons and Statement of Claim from a contractor seeking for, *inter alia*, a refund of Liquidated Ascertained Damages of RM55,849 and additional cost allegedly incurred by the contractor for additional work in the sum of RM963,411 arising for the execution and completion of the proposed site clearance and earthworks for a new housing project in Kuching. The High Court has fixed the matter for hearing on 19 March 2012.

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

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

22. Profit for the year

	12 months ended 31 December	
	2011 RM'000	2010 RM'000
Profit for the year is arrived at after crediting:		
Dividend income from quoted investment	2	6
Foreign exchange gain		
- realised	5,455	145
- unrealised	-	201
Gain on disposal of:		
- associates	10,005	-
- other investments	-	512
- property, plant and equipment		126
Interest income from fixed deposits and cash funds	2,986	1,401
Reversal of allowance for impairment losses on doubtful receivables	9	1,276
and after charging:		
Amortisation of:		
- intangible assets	686	569
- investment property	229	130
- prepaid lease payments	62	112
Bad debts written off	57	13
Depreciation of property, plant and equipment	16,312	13,070
Foreign exchange loss - unrealised	3,709	-
Loss on disposal of:		
- subsidiaries	1,305	2,384
- property, plant and equipment	1,302	-
Interest expense on loans and borrowings	11,112	5,367
Property, plant and equipment written off	457	98

No impairment of assets, provision for and write off of inventories, gain or loss arising from disposal of quoted investments or financial derivatives or other material exceptional items are included in the profit of the Group for the year under review.

23. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2011.

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

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

24. 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 31 December 2011 RM'000	Audited For the year ended 31 December 2010 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	453,659	457,100
- unrealised	8,321	1,616
	461,980	458,716
The share of retained earnings from associates		
- realised	49,995	41,751
- unrealised	(394)	(414)
	49,601	41,337
The share of retained earnings from joint ventures		
- realised	14,835	8,702
	526,416	508,755
Less: Consolidation adjustments	(107,586)	(112,573)
Total group retained earnings as per consolidated accounts	418,830	396,182

25. 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.

26. 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 29 February 2012.