



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
For the quarter and three months ended 31 March 2012				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	94,155	120,904	94,155	120,904
Cost of sales	(71,712)	(98,367)	(71,712)	(98,367)
Gross profit	22,443	22,537	22,443	22,537
Other income	743	644	743	644
Selling and distribution expenses	(963)	(767)	(963)	(767)
Administration expenses	(10,279)	(14,058)	(10,279)	(14,058)
Other expenses	(57)	(234)	(57)	(234)
Results from operating activities	11,887	8,122	11,887	8,122
Finance income	1,855	1,619	1,855	1,619
Finance costs	(4,212)	(2,476)	(4,212)	(2,476)
Net finance costs	(2,357)	(857)	(2,357)	(857)
Share of results of associates	8,119	7,460	8,119	7,460
Share of results of joint ventures	5,334	2,219	5,334	2,219
Profit before tax	22,983	16,944	22,983	16,944
	Note 20			
Income tax expense	(6,125)	(3,992)	(6,125)	(3,992)
	Note 19			
Profit for the period	16,858	12,952	16,858	12,952
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(44)	(297)	(44)	(297)
Share of fair value changes of available-for-sale financial assets of an associate	(3,024)	-	(3,024)	-
Other comprehensive income for the period, net of tax	(3,068)	(297)	(3,068)	(297)
Total comprehensive income for the period	13,790	12,655	13,790	12,655
Profit attributable to:				
Owners of the Company	16,078	12,226	16,078	12,226
Non-controlling interests	780	726	780	726
Profit for the period	16,858	12,952	16,858	12,952
Total comprehensive income attributable to:				
Owners of the Company	13,010	11,929	13,010	11,929
Non-controlling interests	780	726	780	726
Total comprehensive income for the period	13,790	12,655	13,790	12,655
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)	6.79	5.16	6.79	5.16
	Note 9			

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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 31 March 2012		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 March	31 December
	2012	2011
	RM'000	RM'000
ASSETS		
Property, plant and equipment	120,333	118,430
Prepaid lease payments	2,502	2,508
Interests in associates	211,649	215,950
Interests in joint ventures	13,738	13,840
Land held for property development	111,549	110,563
Investment property	51,585	51,840
Intangible assets	8,789	8,959
Deferred tax assets	4,384	5,130
Other investments	48	48
Total non-current assets	524,577	527,268
Inventories	32,022	26,847
Property development costs	208,562	216,133
Trade and other receivables	298,309	280,112
Deposits and prepayments	5,889	6,032
Current tax recoverable	20,096	19,212
Cash and bank balances	229,600	213,456
Total current assets	794,478	761,792
Total assets	1,319,055	1,289,060
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	451,740	445,838
Total equity attributable to owners of the Company	753,084	747,182
Non-controlling interests	16,728	16,316
Total equity	769,812	763,498
LIABILITIES		
Loans and borrowings	351,023	339,087
Deferred tax liabilities	45,794	46,268
Total non-current liabilities	396,817	385,355
Loans and borrowings	5,050	7,911
Trade and other payables	145,990	131,276
Current tax payable	1,386	1,020
Total current liabilities	152,426	140,207
Total liabilities	549,243	525,562
Total equity and liabilities	1,319,055	1,289,060
Net assets per ordinary share attributable to owners of the Company (RM)	3.01	2.99

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 2011.

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
For the quarter and three months ended 31 March 2012											
(The figures have not been audited)											
	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable		Non-controlling Interests	Total Equity
		Share capital	Share premium	Capital reserve	Translation reserve	Fair value reserve	Treasury shares	Retained earnings	Sub-total		
RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	
3 months ended 31 March 2011 (Unaudited)											
At 1 January 2011											
		250,000	86,092	26,370	119	-	(34,748)	396,182	724,015	15,449	739,464
Total other comprehensive income for the period											
- Foreign currency translation differences for foreign operations		-	-	-	(297)	-	-	-	(297)	-	(297)
Profit for the period		-	-	-	-	-	-	12,226	12,226	726	12,952
Total comprehensive income for the period		-	-	-	(297)	-	-	12,226	11,929	726	12,655
Total distributions to owners											
- Dividends to owners of the Company		-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
Total transactions with owners of the Company		-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
Share of expenses incurred for bonus issue by an associate		-	-	(348)	-	-	-	-	(348)	-	(348)
Total transactions with non-controlling interests											
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 March 2011		250,000	86,092	26,022	(178)	-	(34,748)	396,561	723,749	15,807	739,556
3 months ended 31 March 2012 (Unaudited)											
At 1 January 2012											
		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
Foreign currency translation differences for foreign operations		-	-	-	(44)	-	-	-	(44)	-	(44)
Share of fair value changes of available-for-sale financial assets of an associate		-	-	-	-	-	-	(3,024)	(3,024)	-	(3,024)
Total other comprehensive income for the period		-	-	-	(44)	-	-	(3,024)	(3,068)	-	(3,068)
Profit for the period		-	-	-	-	-	-	16,078	16,078	780	16,858
Total comprehensive income for the period		-	-	-	(44)	-	-	13,054	13,010	780	13,790
Total distributions to owners											
- Dividends to owners of the Company		-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
Total transactions with owners of the Company		-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
Transactions with non-controlling interests											
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 March 2012		250,000	86,092	25,756	(24)	-	(34,748)	426,008	753,084	16,728	769,812

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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter and three months ended 31 March 2012
(The figures have not been audited)

	31 March 2012 RM'000	31 March 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,983	16,944
<i>Adjustments for:</i>		
Amortisation		
- intangible assets	170	170
- investment property	328	175
- prepaid lease payments	6	28
Depreciation of property, plant and equipment	3,157	2,430
Finance income	(1,855)	(1,619)
Finance costs	4,212	2,476
Gain on disposal of property, plant and equipment	(38)	(28)
Property, plant and equipment written off	24	27
Share of results of:		
- associates	(8,119)	(7,460)
- joint ventures	(5,334)	(2,219)
Unrealised foreign exchange (gain)/loss	(552)	2,718
Operating profit before changes in working capital	14,982	13,642
Changes in working capital :		
Inventories	2,281	6,570
Land held for property development	(986)	-
Property development costs	176	5,897
Trade and other receivables, deposits and prepayments	(15,988)	(35,764)
Trade and other payables	7,487	27,102
Cash generated from operations	7,952	17,447
Net income taxes paid	(6,365)	(9,553)
Net cash from operating activities	1,587	7,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(6,632)	(7,121)
- investment property	(74)	(7,154)
Increase in investment in an associate	-	(43,551)
Proceeds from disposal of property, plant and equipment	41	658
Decrease/(Increase) in deposits pledged to licensed banks	169	(28)
Distribution of profit received from joint ventures	5,955	185
Dividends received from associates	9,397	-
Interest received	1,242	437
Net cash from/(used in) investing activities	10,098	(56,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loans and borrowings	9,820	107,210
Repayment of finance lease liabilities	(708)	(709)
Dividends paid to:		
- owners of the Company	-	-
- non-controlling interests	(368)	(368)
Interest paid	(4,093)	(2,175)
Net cash from financing activities	4,651	103,958
Net increase in cash and cash equivalents	16,336	55,278
Effects of exchange rate changes on cash and cash equivalents	(24)	-
Cash and cash equivalents at beginning of period	212,776	38,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	229,088	93,966
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	173,117	16,809
Short term cash funds	22,500	10,650
Cash in hand and at banks	33,471	66,507
Total cash and cash equivalents as shown in statement of cash flows	229,088	93,966

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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

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 three months ended 31 March 2012 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

The Group has applied the Financial Reporting Standards (FRSs) as its financial reporting framework in preparing the condensed consolidated interim financial statements for the current period under review.

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 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 2011.

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 2012:

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
FRS 124, *Related Party Disclosures* (revised)
Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*

The adoption of the above FRS standards, interpretations and amendments does not have any material impact on the financial performance or position of the Group.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 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 only effective for annual periods beginning on or after the respective dates indicated herein:

- **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 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*
Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- **Effective for annual periods beginning on or after 1 January 2014**
Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- **Effective for annual periods beginning on or after 1 January 2015**
FRS 9, *Financial Instruments (2009 and 2010)*
Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

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.

The Group will however not adopt any of the above FRS standards, interpretations and amendments from the financial year beginning 1 January 2013 for the reasons explained below:

MASB, in furtherance with 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, *Agreements for the Construction of Real Estate*.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

An entity subject to the application of MFRS 141 and/or IC Interpretation 15, and the entity that consolidates or equity accounts or proportionately consolidates the transitioning entity, may continue to apply FRS as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities shall however comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

In view of the foregoing, the Group will migrate to the MFRS framework from the financial year beginning on 1 January 2013 and will not adopt the FRS standards, interpretations and amendments as listed in the preceding page which are effective for the annual periods beginning after 1 January 2012.

3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclicity fluctuations during the quarter 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 2011.

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 31 March 2012 is 13,056,000 shares.

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

During the current quarter, the Group acquired property, plant and equipment costing about RM6.6 million (31.03.2011: RM7.1 million), satisfied in cash.

Property, plant and equipment with a carrying amount of RM27,000 (31.03.2011: RM0.8 million) were disposed of and/or written off during the quarter under review.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group

- ***Increase in investment in a non-wholly owned subsidiary***

On 31 January 2012, Naim Overseas Sdn. Bhd. subscribed for additional 9,998 ordinary shares of F\$1.00 each in Naim Vanua Levu (Fiji) Limited (“NVLFL”), settled in cash. NVLFL has then become a 99.99% owned subsidiary of the Group (31.12.2011: being 50% owned subsidiary). The acquisition does not have material impact to the Group as the subsidiary is presently dormant.

8. Loans and borrowings

			As at 31 March		
			2012	2011	
			RM'000	RM'000	
			Currency		
<i>Current</i>					
Secured	-	Finance leases	RM	2,419	2,297
	-	Term loan	RM	1,600	-
Unsecured	-	Revolving credits	RM	-	42,000
	-	Term loan	USD	1,031	7,428
				5,050	51,725
<i>Non-current</i>					
Secured	-	Finance leases	RM	3,854	6,761
	-	Term loan	RM	47,169	13,881
Unsecured	-	Term loan	USD	-	9,285
	-	Islamic Bonds	RM	300,000	150,000
				351,023	179,927
Total				356,073	231,652



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

	3 months ended 31 March	
	2012	2011
Profit attributable to owners of the Company (RM'000)	16,078	12,226
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	6.79	5.16

10. Dividends

The following dividend was declared by the Company during the current quarter under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	3.0	31 December 2011	16 April 2012	7,108

No dividend was paid during the current quarter.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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. As such, information on segment assets and segment liabilities is not presented.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
For the quarter ended 31 March										
Revenue from										
external customers	42,117	32,609	43,196	77,744	8,842	10,551	-	-	94,155	120,904
Inter segment revenue	-	-	-	-	7,219	9,188	(7,219)	(9,188)	-	-
Total segment revenue	<u>42,117</u>	<u>32,609</u>	<u>43,196</u>	<u>77,744</u>	<u>16,061</u>	<u>19,739</u>	<u>(7,219)</u>	<u>(9,188)</u>	<u>94,155</u>	<u>120,904</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	6,101	7,700	7,088	2,363	(3,078)	(15)	646	(2,565)	10,757	7,483
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	-	2,663	1,470	-	-	2,663	1,470
- joint ventures	-	-	5,334	2,219	-	-	-	-	5,334	2,219
	<u>6,101</u>	<u>7,700</u>	<u>12,422</u>	<u>4,582</u>	<u>(415)</u>	<u>1,455</u>	<u>645</u>	<u>(2,565)</u>	<u>18,754</u>	<u>11,172</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income/(expenses)									(1,227)	(218)
Share of results of an associate, DEHB (in oil and gas segment)									5,456	5,990
Income tax expense									(6,125)	(3,992)
Profit for the period									<u>16,858</u>	<u>12,952</u>
Other comprehensive loss									(3,068)	(297)
Total comprehensive income for the period									<u>13,790</u>	<u>12,655</u>
Non-controlling interests									(780)	(726)
Total comprehensive income attributable to the owners of the Company									<u>13,010</u>	<u>11,929</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent event

In April 2012, the Company disposed of 3,000,000 ordinary shares of RM0.50 each in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total consideration of RM6,103,000 (net of transaction costs). The resultant group interest in DEHB has decreased from 34.2% to 33.6% upon the disposal.

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

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 March	
	2012	2011
	RM'000	RM'000
<i>Contracted for but not provided for</i>		
Investment property	-	14,920
<i>Authorised but not contracted for</i>		
Property, plant and equipment	4,611	4,309
Investment property	-	5,321
	4,611	9,630
	<u>4,611</u>	<u>24,550</u>

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 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Related parties

Transactions with key management personnel

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

	3 months ended 31 March	
	2012 RM'000	2011 RM'000
Directors of the Company	2,132	1,477
Other key management personnel	1,154	1,588
	3,286	3,065

Other related party transactions

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<u>Transactions with associate</u>				
Dividend income	(9,397)	-	-	-
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Donation to Tabung Amanah Naim	145	-	785	640
Rental expense on premises	8	5	-	-
	=====	=====	=====	=====



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 RM94 million for the period under review, as compared to that reported in the corresponding quarter in 2011 of RM121 million. The decrease is mainly attributable to the construction division, which recorded lower revenue in the quarter under review [see Note 17.1(b) for further details].

However, the group profit before tax for the current quarter has increased by about 35% from RM16.9 million in 2011 to RM22.9 million in the same period in 2012. This was mainly due to the following:

- Improvement in margin for construction segment, especially from the substantially completed projects.
- Improvement in performance of associates and joint ventures.
- Decrease in administrative expense.

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 positively to the overall group profit before tax for the quarter under review (also see Note 17.2).

17.1 Review of performance of operating segments and current year prospects

a) *Property*

Current vs corresponding preceding quarter review

For the current quarter under review, the Property segment achieved revenue of RM42.1 million, about 29% higher than the RM32.6 million achieved in the same quarter in 2011. This was mainly contributed by the higher units of properties sold from existing properties under construction with sales value exceeding RM66 million during the quarter.

Current vs immediate preceding quarter review

When compared to the immediate preceding quarter, the Property revenue improved by 27% from RM33.1 million to RM42.1 million, mainly attributed to the effect of the contribution from prior year sales as well as increased units sold during the current quarter.

Prospects

The Group's strong sales performance in Property segment was achieved and sustained by a solid market support in its existing established townships located in Miri, Kuching and Kota Samarahan which registered strong take-up rates in new project launches.



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17.1 Review of performance of operating segments (continued)

a) *Property (continued)*

Prospects (continued)

As part of our development plans for the next two years, we are preparing to make in-roads into the upcoming Bintulu property market, leveraging on our land bank in the prime location of the old Bintulu Airport.

Backed with strong financials, we will continue to actively seek potential opportunities to acquire strategic land banks and/or operations to further strengthen the growth in the Property segment in term of sales and market share.

Despite our aggressive plans to venture, expand and diversify our product range across market segments and geographic regions, the Board remains cautious going forward in view of uncertainties over increasing costs of materials and labour, interest rate fluctuations, competition from other local developers and decreasing purchasing power of property buyers arising in part from stricter bank lending limit.

b) *Construction*

Current vs corresponding preceding quarter review

The Construction segment reported revenue of RM43.2 million, against RM77.7 million achieved in the corresponding quarter of 2011. However, the profit of the Construction segment improved from RM2.4 million in 2011 to RM7.1 million in 2012, mainly due to certain high-margin existing projects being substantially completed during the current quarter.

Current vs immediate preceding quarter review

Lower Construction revenue of RM43.2 million was achieved for the current quarter, compared to that reported in the immediate preceding quarter in 2011 of RM49.8 million. On the other hand, the performance improved substantially from RM864,000 loss in 2011 to RM7.1 million profit in 2012, mainly due to substantial completion of the existing on-going projects in the quarter under review.

Prospects

Submission of tenders has been made for a number of sizeable construction projects with an estimated value of more than RM2 billion and the Group is short-listed for some of them. We are optimistic that the segment will perform better in the year under review.



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17.1 Review of performance of operating segments (continued)

c) Other segment

Current vs corresponding preceding quarter review

The Other segment recorded lower revenue of RM8.8 million for the current quarter, compared to that reported in the corresponding preceding quarter in 2011 of RM10.5 million. The loss for the current quarter was RM3.1 million against a loss of RM15,000 achieved in the same period in 2011. The increase in the loss was mainly attributable to the quarry and premix operations in Malaysia and Fiji which reported lower sales and were running below capacity owing to reduced construction activities.

Current vs immediate preceding quarter review

The revenue improved slightly from 7.9 million in the last quarter of 2011 to RM8.8 million in the quarter ended March 2012. However, the Other segment suffered a loss of RM3.1 million against a profit of RM614,000 reported in the immediate preceding quarter, mainly due to the lower performance of our quarry and premix operations as explained above.

Prospects

For the near term, we do not expect any significant improvement and contribution from this segment due to stiff competition and also reduced in-house construction activities. However, we have obtained permission from the government to export quarry products to a neighbouring country. Meanwhile we are putting in place measures to market and sell all products to achieve economies of scale.

17.2 Review of performance of associates and joint ventures

- Our associate, Dayang Enterprise Holdings Berhad, performed very well in the period under review, registering a profit after tax of RM16 million, an increase of 33% over the RM12 million achieved in the immediate preceding quarter.
- 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 under review, with about 51% completion achieved as at 31 March 2012.

Despite their optimism in the future prospects for the Group, the Directors are aware that the year ahead remains challenging amidst the unsettled global economic climate. The Directors will continue to exercise due care to sustain and enhance the shareholder values of the Company.



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18. Profit guarantee

The Group did not issue any profit guarantee.

19. Income tax expense

The Group's effective tax rate for the quarter 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 quarter.

20. Profit before tax

3 months ended	
31 March	
2012	2011
RM'000	RM'000

Profit before tax is arrived at after (crediting)/charging:

Gain on disposal of property, plant and equipment	(38)	(28)
Interest income from fixed deposits and cash funds	(1,242)	(437)
Amortisation of:		
- intangible assets	170	170
- investment property	328	175
- prepaid lease payments	6	28
Depreciation of property, plant and equipment	3,157	2,430
Unrealised foreign exchange (gain)/loss	(552)	2,718
Interest expense on loans and borrowings	4,093	2,175
Property, plant and equipment written off	24	27
	<u> </u>	<u> </u>

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 March 2012.

22. Status of corporate proposals

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

23. 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 4 June 2012.



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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

23. Material litigations (continued)

Update of Legal Suit (continued)

- b. On 27 June 2008, 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 fixed the matter for mention on 28 May 2012.
- c. On 20 March 2009, Naim Land 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.
- d. On 26 October 2009, NLSB received a 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 continuation of trial on 2 to 4 July 2012 and 16 to 18 July 2012.
- e. On 5 August 2010, Khidmat Mantap Sdn. Bhd. received a 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 adjourned the matter for further mention on 16 July 2012.
- 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.



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

23. Material litigations (continued)

Update of Legal Suit (continued)

- 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 trial on 6 to 8 August 2012.

24. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 March, into realised and unrealised profits or losses, pursuant to Paragraphs 2.06 to 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Unaudited For the quarter ended 31 March 2012 RM'000	Unaudited For the quarter ended 31 March 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	476,187	447,686
- unrealised	4,462	(1,135)
	480,649	446,551
The share of retained earnings from associates		
- realised	45,621	47,908
- unrealised	-	(414)
	45,621	47,494
The share of retained earnings from joint ventures		
- realised	14,093	10,951
	540,363	504,996
Less: Consolidation adjustments	(114,355)	(108,435)
Total group retained earnings as per consolidated accounts	426,008	396,561



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

24. Breakdown of realised and unrealised profits or losses (continued)

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

25. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 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 25 May 2012.