



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2012

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
For the quarter and six months ended 30 June 2012				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>6 months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	120,592	103,492	214,747	224,396
Cost of sales	(90,966)	(88,598)	(162,678)	(186,965)
<b>Gross profit</b>	<b>29,626</b>	<b>14,894</b>	<b>52,069</b>	<b>37,431</b>
Other income	5,859	9,466	6,602	10,110
Selling and distribution expenses	(1,249)	(1,456)	(2,212)	(2,223)
Administration expenses	(9,922)	(8,752)	(20,201)	(22,810)
Other expenses	(980)	(658)	(1,037)	(892)
<b>Results from operating activities</b>	<b>23,334</b>	<b>13,494</b>	<b>35,221</b>	<b>21,616</b>
Finance income	1,558	1,603	3,413	3,222
Finance costs	(4,789)	(3,216)	(9,001)	(5,692)
<b>Net finance costs</b>	<b>(3,231)</b>	<b>(1,613)</b>	<b>(5,588)</b>	<b>(2,470)</b>
Share of results of associates	13,292	7,334	21,411	14,794
Share of results of joint ventures	3,360	2,331	8,694	4,550
<b>Profit before tax</b>	<b>36,755</b>	<b>21,546</b>	<b>59,738</b>	<b>38,490</b>
	Note 20			
Income tax expense	(3,910)	(2,461)	(10,035)	(6,453)
	Note 19			
<b>Profit for the period</b>	<b>32,845</b>	<b>19,085</b>	<b>49,703</b>	<b>32,037</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	144	(260)	100	(557)
Share of fair value changes of available-for-sale financial assets of an associate	81	-	(2,943)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>225</b>	<b>(260)</b>	<b>(2,843)</b>	<b>(557)</b>
<b>Total comprehensive income for the period</b>	<b>33,070</b>	<b>18,825</b>	<b>46,860</b>	<b>31,480</b>
<b>Profit attributable to:</b>				
Owners of the Company	31,242	19,164	47,320	31,390
Non-controlling interests	1,603	(79)	2,383	647
<b>Profit for the period</b>	<b>32,845</b>	<b>19,085</b>	<b>49,703</b>	<b>32,037</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	31,467	18,904	44,477	30,833
Non-controlling interests	1,603	(79)	2,383	647
<b>Total comprehensive income for the period</b>	<b>33,070</b>	<b>18,825</b>	<b>46,860</b>	<b>31,480</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>	Note 9	13.19	8.09	19.97
			19.97	13.25

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.

The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2012

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 30 June 2012		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	116,763	118,430
Prepaid lease payments	2,495	2,508
Interests in associates	221,842	215,950
Interests in joint ventures	13,435	13,840
Land held for property development	112,231	110,563
Investment property	51,331	51,840
Intangible assets	8,619	8,959
Deferred tax assets	4,249	5,130
Other investments	48	48
<b>Total non-current assets</b>	<b>531,013</b>	<b>527,268</b>
Inventories	29,492	26,847
Property development costs	209,260	216,133
Trade and other receivables	338,394	280,112
Deposits and prepayments	6,854	6,032
Current tax recoverable	20,080	19,212
Cash and bank balances	220,488	213,456
<b>Total current assets</b>	<b>824,568</b>	<b>761,792</b>
<b>Total assets</b>	<b>1,355,581</b>	<b>1,289,060</b>
<b>EQUITY</b>		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	483,207	445,838
<b>Total equity attributable to owners of the Company</b>	<b>784,551</b>	<b>747,182</b>
<b>Non-controlling interests</b>	18,331	16,316
<b>Total equity</b>	<b>802,882</b>	<b>763,498</b>
<b>LIABILITIES</b>		
Loans and borrowings	350,064	339,087
Deferred tax liabilities	45,380	46,268
<b>Total non-current liabilities</b>	<b>395,444</b>	<b>385,355</b>
Loans and borrowings	4,068	7,911
Trade and other payables	151,535	131,276
Current tax payable	1,652	1,020
<b>Total current liabilities</b>	<b>157,255</b>	<b>140,207</b>
<b>Total liabilities</b>	<b>552,699</b>	<b>525,562</b>
<b>Total equity and liabilities</b>	<b>1,355,581</b>	<b>1,289,060</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>	<b>3.14</b>	<b>2.99</b>

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.

The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
For the quarter and six months ended 30 June 2012											
<i>(The figures have not been audited)</i>											
	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable		Non-controlling Interests	Total Equity
		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		
<b>6 months ended 30 June 2011 (Unaudited)</b>											
<b>At 1 January 2011</b>		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		-	-	-	(557)	-	-	-	(557)	-	(557)
Profit for the period		-	-	-	-	-	-	31,390	31,390	647	32,037
<b>Total comprehensive income for the period</b>		-	-	-	(557)	-	-	31,390	30,833	647	31,480
Total distributions to owners											
- Dividends to owners of the Company		-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	(48)	(48)	48	-
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	-	(11,895)	(11,895)	48	(11,847)
<b>Share of expenses incurred on bonus/rights issues by an associate</b>		-	-	(358)	-	-	-	-	(358)	-	(358)
<b>Total transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
<b>At 30 June 2011</b>		250,000	86,092	26,012	(438)	-	(34,748)	415,677	742,595	15,776	758,371
<b>6 months ended 30 June 2012 (Unaudited)</b>											
<b>At 1 January 2012</b>		250,000	86,092	25,756	20	-	(34,748)	420,062	747,182	16,316	763,498
Foreign currency translation differences for foreign operations		-	-	-	100	-	-	-	100	-	100
Share of fair value changes of available-for-sale financial assets of an associate		-	-	-	-	-	-	(2,943)	(2,943)	-	(2,943)
Total other comprehensive income for the period		-	-	-	100	-	-	(2,943)	(2,843)	-	(2,843)
Profit for the period		-	-	-	-	-	-	47,320	47,320	2,383	49,703
<b>Total comprehensive income for the period</b>		-	-	-	100	-	-	44,377	44,477	2,383	46,860
Total distributions to owners											
- Dividends to owners of the Company	Note 10	-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
<b>Transactions with non-controlling interests</b>		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
<b>At 30 June 2012</b>		250,000	86,092	25,756	120	-	(34,748)	457,331	784,551	18,331	802,882

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.  
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011.



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

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the quarter and six months ended 30 June 2012  
(The figures have not been audited)

	30 June 2012 RM'000	30 June 2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	59,738	38,490
<i>Adjustments for:</i>		
Amortisation		
- intangible assets	340	340
- investment property	586	35
- prepaid lease payments	13	20
Depreciation of property, plant and equipment	6,327	1,972
Finance income	(3,413)	(3,222)
Finance costs	9,001	5,692
Loss on disposal of a subsidiary	-	1,306
Gain on partial disposal of an associate	(2,801)	(10,005)
Loss/(Gain) on disposal of property, plant and equipment	(113)	1,334
Property, plant and equipment written off	37	279
Share of results of:		
- associates	(21,411)	(14,794)
- joint ventures	(8,694)	(4,550)
Unrealised foreign exchange loss/(gain)	1,610	(1,669)
Operating profit before changes in working capital	41,220	15,228
Changes in working capital :		
Inventories	4,617	9,120
Land held for property development	(1,668)	-
Property development costs	(261)	(32)
Trade and other receivables, deposits and prepayments	(58,430)	(26,906)
Trade and other payables	14,544	23,844
Cash generated from operations	22	21,254
Net income taxes paid	(13,220)	(16,311)
<b>Net cash (used in)/from operating activities</b>	<b>(13,198)</b>	<b>4,943</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(7,466)	(19,327)
- investment property	(76)	(16,755)
Increase in investment in an associate	-	(43,548)
Proceeds from disposal of a subsidiary	-	(405)
Proceeds from partial disposals of associates	5,984	20,743
Proceeds from disposal of property, plant and equipment	157	658
Decrease/(Increase) in deposits pledged to licensed banks	257	(906)
Distribution of profit received from joint ventures	13,120	6,220
Dividends received from associates	9,397	9,670
Interest received	2,712	800
<b>Net cash from/(used in) investing activities</b>	<b>24,085</b>	<b>(42,850)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from loans and borrowings	8,629	106,756
Repayment of finance lease liabilities	(1,458)	(1,369)
Dividends paid to:		
- owners of the Company	(7,108)	(11,847)
- non-controlling interests	(368)	(368)
Interest paid	(3,287)	(2,112)
<b>Net cash used in/from financing activities</b>	<b>(3,592)</b>	<b>91,060</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,295</b>	<b>53,153</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(6)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>212,776</b>	<b>38,688</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>220,065</b>	<b>91,841</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	158,068	46,610
Short term cash funds	23,500	9,650
Cash in hand and at banks	38,497	35,581
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>220,065</b>	<b>91,841</b>

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, this condensed interim financial statements.

The consolidated statement of cash flows 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 30 JUNE 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 six months ended 30 June 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 30 JUNE 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)*  
FRS 9, *Financial Instruments (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 2014 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 30 JUNE 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 first-mentioned entity (hereinafter referred to as transitioning entities), may continue to apply FRS as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities were required however, in accordance with MASB's announcement on 19 November 2011, to comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB made a further announcement to allow transitioning entities to defer the adoption of the MFRS framework for another year. Transitioning entities are now required to apply the MFRS framework for annual reporting periods beginning on or after 1 January 2014 by the latest.

In view of the foregoing, the Group plans to apply the FRS standards, amendments and interpretations that are effective for annual periods beginning on or before 1 January 2013 for the preparation of its consolidated financial statements for the financial year ending 31 December 2013, except for IC Interpretation 20 assessed as being currently not applicable to the Group.

Accordingly, the Group will migrate to the MFRS framework from the financial year beginning on 1 January 2014 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 2013.

##### **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.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

#### 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 June 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 RM7.5 million (30.06.2011: RM19.3 million), satisfied in cash.

Property, plant and equipment with a carrying amount of RM80,000 (30.06.2011: RM2.3 million) were disposed of and/or written off during the quarter under review.

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

###### *a) 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.

###### *b) Acquisition of new subsidiaries*

On 13 June 2012, Naim Capital Sdn. Bhd (formerly known as Naim Management Sdn. Bhd) subscribed for the entire issued and paid-up capital of Pioneer Paradigm Sdn. Bhd. (“PPSB”) and Global Serijuta Sdn. Bhd. (“GSSB”) for a total cash consideration of RM4. The acquisition of PPSB and GSSB does not have material impact to the Group as the subsidiaries are dormant since incorporation.

###### *c) Partial disposal of investment in associate*

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 RM5,984,000 (net of transaction costs). The resultant group interest in DEHB decreased from 34.2% to 33.6% upon the disposal.





## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Loans and borrowings

			As at 30 June		
			2012	2011	
			RM'000	RM'000	
			Currency		
<b>Current</b>					
Secured	-	Finance leases	RM	1,937	1,839
	-	Term loan	RM	2,131	-
Unsecured	-	Revolving credits	RM	-	47,000
	-	Term loan	USD	-	7,737
				4,068	56,576
<b>Non-current</b>					
Secured	-	Finance leases	RM	3,692	6,537
	-	Term loan	RM	46,372	17,219
Unsecured	-	Term loan	USD	-	-
	-	Islamic Bonds	RM	300,000	150,000
				350,064	173,756
Total				354,132	230,332

### 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.

	6 months ended 30 June	
	2012	2011
Profit attributable to owners of the Company (RM'000)	47,320	31,390
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	19.97	13.25



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

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

##### 10. Dividends

The following dividend was paid 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	<u>7,108</u>

The Board has declared a first interim single-tier tax exempt dividend of 3.0 sen per ordinary share totalling RM7.108 million in respect of the financial year ending 31 December 2012, payable to shareholders on 12 October 2012. The dividend entitlement date has been fixed to be 19 September 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. As such, information on segment assets and segment liabilities is not presented.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 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
<b>For the quarter ended 30 June</b>										
Revenue from										
external customers	97,257	57,030	98,101	147,860	19,389	19,506	-	-	214,747	224,396
Inter segment revenue	-	-	-	-	14,901	19,362	( 14,901)	( 19,362)	-	-
Total segment revenue	<u>97,257</u>	<u>57,030</u>	<u>98,101</u>	<u>147,860</u>	<u>34,290</u>	<u>38,868</u>	<u>( 14,901)</u>	<u>( 19,362)</u>	<u>214,747</u>	<u>224,396</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	19,937	11,366	11,253	2,204	( 2,505)	( 2,329)	1,707	1,533	30,392	12,774
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	-	5,400	492	-	-	5,400	492
- joint ventures	-	-	8,694	4,550	-	-	-	-	8,694	4,550
	<u>19,937</u>	<u>11,366</u>	<u>19,947</u>	<u>6,754</u>	<u>2,895</u>	<u>( 1,837)</u>	<u>1,707</u>	<u>1,533</u>	<u>44,486</u>	<u>17,816</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated (expenses)/income									( 759)	6,372
Share of results of an associate, DEHB (in oil and gas segment)									16,011	14,302
Income tax expense									( 10,035)	( 6,453)
Profit for the period									49,703	32,037
Other comprehensive loss									( 2,843)	( 557)
Total comprehensive income for the period									46,860	31,480
Non-controlling interests									( 2,383)	( 647)
Total comprehensive income attributable to the owners of the Company									<u>44,477</u>	<u>30,833</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

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

#### 12. Subsequent events

- a. On 30 July 2012, Naim Engineering Sdn. Bhd. subscribed for the entire issued and paid-up capital of Sincere Metro Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.
- b. On 10 August 2012, Naim Land Sdn. Bhd. subscribed for the entire equity interest of Harmony Faber Sdn. Bhd., for a cash consideration of RM2.

Save as disclosed above, there are no 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 30 June	
	2012 RM'000	2011 RM'000
<b><i>Contracted for but not provided for</i></b>		
Investment property	-	7,750
<b><i>Authorised but not contracted for</i></b>		
Property, plant and equipment	4,307	3,806
Investment property	-	5,321
	4,307	9,127
	4,307	16,877

#### 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 30 JUNE 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:

	6 months ended 30 June	
	2012 RM'000	2011 RM'000
Directors of the Company	3,879	3,007
Other key management personnel	2,882	3,821
	6,761	6,828

##### *Other related party transactions*

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<u>Transactions with associate</u>				
Construction costs payable	573	-	(1,763)	(1,188)
<u>Transactions with joint venture</u>				
Construction contract revenue	1,084	-	(5,397)	(6,351)
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Donation to Tabung Amanah Naim	-	-	812	674
Rental expense on premises	9	16	-	-
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 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 RM215 million for the period under review, as compared to that reported in the corresponding quarter in 2011 of RM224 million, mainly due to lower construction revenue [see Note 17.1(b) for further details]. Group profit before tax for the current quarter increased by 55.2% from RM38.5 million in 2011 to RM59.7 million in 2012. This was mainly due to the following:

- Higher sales of properties.
- Improvement in margin for the construction segment, especially from the substantially completed projects.
- Improvement in performance of associates and joint ventures.

When comparing to the immediate preceding quarter of 2012, group revenue increased from RM94.1 million to RM120.6 million. The group profit before tax improved by 60% from RM23.0 million to RM36.7 million. The increase was mainly attributable to the property and construction divisions, which recorded higher revenue and profit in the current quarter under review [see Note 17.1(a) and 17.1(b) for further details].

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 RM97.2 million, 70.5% higher than the RM57.0 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 RM143 million during the quarter.

*Current vs immediate preceding quarter review*

When compared to the immediate preceding quarter, Property revenue improved by 131% from RM42.1 million to RM97.2 million, mainly attributed to the contribution from prior year sales as well as increased sales during the current quarter.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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*

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

We are in an advanced stage in our preparation to make in-roads into the Bintulu property market and expect to launch the first phase of one project located at the old Bintulu Airport soon.

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 a drop in revenue of RM98.1 million against RM147.9 million achieved in the corresponding quarter of 2011. However, the profit of the Construction segment improved from RM2.2 million in 2011 to RM11.2 million in 2012, mainly due to certain high-margin existing projects being substantially completed during the current quarter.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

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

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)**

*Current vs immediate preceding quarter review*

Higher Construction revenue of RM98.1 million was achieved for the current quarter, compared to that reported in the immediate preceding quarter in 2012 of RM43.2 million. The Construction segment also showed a 55% improvement in its performance, increased from RM7.1 million in the immediate preceding quarter of 2012 to RM11.2 million for the current quarter under review. This was mainly due to substantial completion of some of 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.

##### **c) Other segment**

*Current vs corresponding preceding quarter review*

Other segment reported a revenue of RM19.4 million for the current quarter, compared to that reported in the corresponding preceding quarter in 2011 of RM19.5 million. However, The loss for the current quarter was RM2.5 million against a loss of RM2.3 million 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*

Revenue improved from RM8.8 million in the immediate preceding quarter in 2012 to RM19.4 million in the quarter ended June 2012. However, the Other segment reported a lower level of loss, improved from RM3.1 million reported in the immediate preceding quarter to RM2.5 million in this quarter. The improvement is mainly due to the improved performance from the property investment operations and trading division.





## NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 30 JUNE 2012

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 17.1 Review of performance of operating segments (continued)

##### *c) Other segment (continued)*

###### *Prospects*

For the near term, we do not expect any significant improvement and contribution from the quarry and premix operations due to stiff competition and also reduced in-house construction activities. We are putting in place measures to market and sell all products to achieve economies of scale.

Meanwhile, we expect the property investment and trading operations continue to contribute positively to the income of the Group.

#### 17.2 Review of performance of associates and joint ventures

- Our associate, Dayang Enterprise Holdings Bhd., performed very well in the quarter under review, registering a profit after tax of RM 31 million, an increase of 99% over the RM16 million achieved in the immediate preceding quarter.
- Our initial inroad into the oil and gas construction projects via an alliance contract with Samsung and Petronas in 2010 is expected to continue to contribute positively in the year under review, with about 62% completion achieved as at 30 June 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.

#### 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 is lower than the prima facie tax rate of 25%, mainly due to certain non-taxable income derived during the quarter.



## NAIM HOLDINGS BERHAD (585467-M)

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

#### 20. Profit before tax

	6 months ended 30 June	
	2012 RM'000	2011 RM'000
<b>Profit before tax is arrived at after (crediting)/charging:</b>		
Loss/(Gain) on disposal of property, plant and equipment	113	( 1,334)
Gain on partial disposal of associates	( 2,801)	(10,005)
Interest income from fixed deposits and cash funds	( 2,712)	( 800)
Amortisation of:		
- intangible assets	340	340
- investment property	585	35
- prepaid lease payments	13	20
Depreciation of property, plant and equipment	6,327	1,972
Unrealised foreign exchange loss/(gain)	1,610	(1,669)
Interest expense on loans and borrowings	8,320	4,971
Property, plant and equipment written off	37	279

#### 21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 June 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 Suits*

- 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 yet to fix the date for further mention.
- 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 continuation of trial on 3 to 7 December 2012.



## NAIM HOLDINGS BERHAD (585467-M)

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

#### 23. Material litigations (continued)

##### *Update of Legal Suits (continued)*

- 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 3247, 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 24 to 27 September 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 rescheduled the trial to 28 to 30 November 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 3 September 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 struck out the claim with no order as to costs.
- 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 rescheduled the trial date to 28 to 30 November 2012.



## NAIM HOLDINGS BERHAD (585467-M)

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

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

The breakdown of the retained earnings of the Group as at 30 June, 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 30 June 2012 RM'000	Unaudited For the quarter ended 30 June 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	493,983	472,047
- unrealised	2,151	3,664
	496,134	475,711
The share of retained earnings from associates		
- realised	55,876	44,341
- unrealised	-	( 394)
	55,876	43,947
The share of retained earnings from joint ventures		
- realised	14,806	8,839
	566,816	528,497
Less: Consolidation adjustments	( 109,485)	( 112,820)
Total group retained earnings as per consolidated accounts	457,331	415,677

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.



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

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

**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 30 August 2012.