



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the quarter and three months ended 31 March 2013 <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>	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	128,904	94,155	128,904	94,155
Cost of sales	(91,921)	(71,712)	(91,921)	(71,712)
Gross profit	36,983	22,443	36,983	22,443
Other income	5,576	743	5,576	743
Selling and distribution expenses	(1,419)	(963)	(1,419)	(963)
Administration expenses	(13,104)	(10,279)	(13,104)	(10,279)
Other expenses	-	(57)	-	(57)
Results from operating activities	28,036	11,887	28,036	11,887
Finance income	1,532	1,855	1,532	1,855
Finance costs	(4,416)	(4,212)	(4,416)	(4,212)
Net finance costs	(2,884)	(2,357)	(2,884)	(2,357)
Share of results of associates *	22,715	8,119	22,715	8,119
Share of results of joint ventures	3,528	5,334	3,528	5,334
Profit before tax	51,395	22,983	51,395	22,983
	Note 20			
Income tax expense	(9,494)	(6,125)	(9,494)	(6,125)
	Note 19			
Profit for the period	41,901	16,858	41,901	16,858
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(160)	(44)	(160)	(44)
Share of fair value changes of available-for-sale financial assets of an associate	622	(3,024)	622	(3,024)
Other comprehensive income for the period	462	(3,068)	462	(3,068)
Total comprehensive income for the period	42,363	13,790	42,363	13,790
Profit attributable to:				
Owners of the Company	41,160	16,078	41,160	16,078
Non-controlling interests	741	780	741	780
Profit for the period	41,901	16,858	41,901	16,858
Total comprehensive income attributable to:				
Owners of the Company	41,622	13,010	41,622	13,010
Non-controlling interests	741	780	741	780
Total comprehensive income for the period	42,363	13,790	42,363	13,790
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note 9			
	17.37	6.79	17.37	6.79

* This includes RM10,995,000 being share of the reclassification of available-for-sale revaluation reserve to profit or loss of RM32,799,000 on remeasurement of an available-for-sale investment as an equity accounted investment by an associate.

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 31 March 2013		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 March	31 December
	2013	2012
	RM'000	RM'000
ASSETS		
Property, plant and equipment	103,326	102,396
Prepaid lease payments	2,476	2,483
Interests in associates	249,270	246,173
Interests in joint ventures	23,316	19,789
Land held for property development	111,806	111,806
Investment property	70,761	64,044
Intangible assets	8,108	8,279
Deferred tax assets	5,026	6,991
Other investments	48	48
Total non-current assets	574,137	562,009
Inventories	29,553	30,936
Property development costs	231,037	233,430
Trade and other receivables	346,409	337,126
Deposits and prepayments	7,491	5,676
Current tax assets	13,290	18,783
Cash and bank balances	225,537	209,493
Total current assets	853,317	835,444
Total assets	1,427,454	1,397,453
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	549,399	530,619
Total equity attributable to owners of the Company	850,743	831,963
Non-controlling interests	22,399	21,658
Total equity	873,142	853,621
LIABILITIES		
Loans and borrowings	345,433	345,644
Deferred tax liabilities	43,532	43,741
Total non-current liabilities	388,965	389,385
Loans and borrowings	4,865	6,491
Trade and other payables	158,362	146,503
Current tax payable	2,120	1,453
Total current liabilities	165,347	154,447
Total liabilities	554,312	543,832
Total equity and liabilities	1,427,454	1,397,453
Net assets per ordinary share attributable to owners of the Company (RM)	3.40	3.33

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these 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 2012.

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the quarter and three months ended 31 March 2013 <i>(The figures have not been audited)</i>											
	Note	Total equity attributable to owners of the Company									
		Non Distributable						Distributable		Non-controlling Interests RM' 000	Total Equity RM' 000
		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		
3 months ended 31 March 2012 (Unaudited)											
At 1 January 2012		250,000	86,092	25,756	20	962	(34,748)	419,100	747,182	16,316	763,498
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(44)	-	-	-	(44)	-	(44)
<i>Share of fair value changes of available-for-sale financial assets of an associate</i>		-	-	-	-	(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)	(3,024)	-	16,078	13,010	780	13,790
Total distributions to owners		-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
- Dividends to owners of the Company		-	-	-	-	-	-	(7,108)	(7,108)	-	(7,108)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(368)	(368)
At 31 March 2012		250,000	86,092	25,756	(24)	(2,062)	(34,748)	428,070	753,084	16,728	769,812
3 months ended 31 March 2013 (Unaudited)											
At 1 January 2013		250,000	86,092	25,756	116	10,373	(34,748)	494,374	831,963	21,658	853,621
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(160)	-	-	-	(160)	-	(160)
<i>Share of fair value changes of available-for-sale financial assets of an associate</i>		-	-	-	-	622	-	-	622	-	622
Total other comprehensive income for the period		-	-	-	(160)	622	-	-	462	-	462
Profit for the period		-	-	-	-	-	-	41,160	41,160	741	41,901
Total comprehensive income for the period		-	-	-	(160)	622	-	41,160	41,622	741	42,363
Share of gain on remeasurement of an investment by an associate		-	-	-	-	(10,995)	-	-	(10,995)	-	(10,995)
Total distributions to owners		-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
- Dividends to owners of the Company	Note 10	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
At 31 March 2013		250,000	86,092	25,756	(44)	-	(34,748)	523,687	850,743	22,399	873,142

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these 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 2012.



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CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter and three months ended 31 March 2013
(The figures have not been audited)

	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	51,395	22,983
<i>Adjustments for:</i>		
Amortisation		
- intangible assets	170	170
- investment property	508	328
- prepaid lease payments	6	6
Depreciation of property, plant and equipment	2,991	3,157
Finance income	(1,532)	(1,855)
Finance costs	4,416	4,212
Gain on disposal of property, plant and equipment	(44)	(38)
Property, plant and equipment written off	3	24
Share of results of equity accounted:		
- associates	(22,715)	(8,119)
- joint ventures	(3,528)	(5,334)
Unrealised foreign exchange loss/(gain)	1,854	(552)
Operating profit before changes in working capital	<u>33,524</u>	<u>14,982</u>
Changes in working capital :		
Inventories	1,384	2,281
Land held for property development	-	(986)
Property development costs	2,461	176
Trade and other receivables, deposits and prepayments	(2,004)	(15,988)
Trade and other payables	3,350	10,836
Cash generated from operations	<u>38,715</u>	<u>11,301</u>
Net income taxes paid	(1,577)	(6,365)
Net cash from operating activities	<u><u>37,138</u></u>	<u><u>4,936</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(5,831)	(6,632)
- investment property	(7,225)	(74)
Proceeds from disposal of property, plant and equipment	167	41
(Increase)/Decrease in deposits pledged to licensed banks	(150)	169
Distribution of profit received from joint ventures	-	5,955
Dividends received from associates	-	9,397
Interest received	1,396	1,242
Net cash (used in)/from investing activities	<u><u>(11,643)</u></u>	<u><u>10,098</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment of)/proceeds from loans and borrowings	(266)	9,820
Repayment of finance lease liabilities	(1,572)	(708)
Dividends paid to:		
- owners of the Company	-	-
- non-controlling interests	-	(368)
Interest paid	(7,755)	(7,442)
Net cash (used in)/from financing activities	<u><u>(9,593)</u></u>	<u><u>1,302</u></u>
Net increase in cash and cash equivalents	<u>15,902</u>	<u>16,336</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(8)</u>	<u>(24)</u>
Cash and cash equivalents at beginning of period	<u>208,993</u>	<u>212,776</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>224,887</u></u>	<u><u>229,088</u></u>
Representing by:		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	153,465	173,117
Short term cash funds	20,500	22,500
Cash in hand and at banks	50,922	33,471
Total cash and cash equivalents as shown in statement of cash flows	<u><u>224,887</u></u>	<u><u>229,088</u></u>

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these 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 2012.



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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 2013 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 2012. 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 2012.

The audited financial statements of the Group as at and for the year ended 31 December 2012 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 2012.

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



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The effect of adoption is summarised as follows:

(i) **FRS 10, *Consolidated Financial Statements***

FRS 10 introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation - Special Purpose Entities*. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

(ii) **FRS 11, *Joint Arrangements***

FRS 11 establishes the principles for classification and accounting for joint arrangements and supersedes FRS 131, *Interests in Joint Ventures*. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture is accounted for using the equity method whilst interest in joint operation is accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

(iii) **Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)***

The Amendments to FRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

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.



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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 January 2014**
 - Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
 - Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
 - Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
 - Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- **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 Group's financial statements for the annual period beginning on 1 January 2014 will be prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by MASB and International Financial Reporting Standards. As a result, the Group will not be adopting the FRSs, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014 listed above. The Group is nevertheless assessing the impact on the financial statements if any of the FRSs, interpretations and amendments is adopted, insofar as there are equivalent standards, amendments and interpretations under the MFRS framework.

3. Seasonality or cyclicity of operations

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



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2012.

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

5. Debt and equity securities

There were no issuances, cancellations, repurchases, re-sales and repayments of debt and equity securities for the current period under review.

There was no share buy-back during the period. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 March 2013 is 13,056,000 shares.

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

During the current period, the Group acquired property, plant and equipment costing about RM5.8 million (31.03.2012: RM6.6 million), satisfied in cash.

Property, plant and equipment with a carrying amount of RM126,000 (31.03.2012: RM27,000) were disposed of and/or written off during the quarter under review.

7. Changes in the composition of the Group

There is no change in the composition of the Group during the quarter ended 31 March 2013.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

				As at 31 March	
				2013	2012
				RM'000	RM'000
				Currency	
Current					
Secured	-	Finance leases	RM	1,401	2,419
	-	Term loan	RM	3,464	1,600
Unsecured	-	Term loan	USD	-	1,031
				4,865	5,050
Non-current					
Secured	-	Finance leases	RM	1,190	3,854
	-	Term loan	RM	44,243	47,169
Unsecured	-	Islamic Bonds	RM	300,000	300,000
				345,433	351,023
Total				350,298	356,073

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	
	2013	2012
Profit attributable to owners of the Company (RM'000)	41,160	16,078
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	17.37	6.79



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	5.0	31 December 2012	18 April 2013	11,847 =====

No dividend was paid during the current quarter.

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.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
For the 3 months ended 31 March										
Revenue from										
external customers	68,486	42,117	49,503	43,196	10,915	8,842	-	-	128,904	94,155
Inter segment revenue	-	-	-	-	10,802	7,219	(10,802)	(7,219)	-	-
Total segment revenue	<u>68,486</u>	<u>42,117</u>	<u>49,503</u>	<u>43,196</u>	<u>21,717</u>	<u>16,061</u>	<u>(10,802)</u>	<u>(7,219)</u>	<u>128,904</u>	<u>94,155</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	18,184	6,101	4,081	7,088	2,161	(3,078)	(2,319)	646	22,107	10,757
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	3,109	-	289	2,663	-	-	3,398	2,663
- joint ventures	-	-	3,528	5,334	-	-	-	-	3,528	5,334
	<u>18,184</u>	<u>6,101</u>	<u>10,718</u>	<u>12,422</u>	<u>2,450</u>	<u>(415)</u>	<u>(2,319)</u>	<u>646</u>	<u>29,033</u>	<u>18,754</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income/(expense)									3,045	(1,227)
Share of results of an associate, DEHB (in oil and gas segment)									19,317	5,456
Income tax expense									(9,494)	(6,125)
Profit for the year									41,901	16,858
Other comprehensive income/(loss)									462	(3,068)
Total comprehensive income for the year									42,363	13,790
Non-controlling interests									(741)	(780)
Total comprehensive income attributable to the owners of the Company									<u>41,622</u>	<u>13,010</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

On 1 April 2013, a direct subsidiary of the Company, Naim Engineering Sdn. Bhd. entered into share subscription and share sale agreements with Kempas Sentosa Sdn. Bhd. (“KSSB”) and its shareholders respectively to acquire an equity interest of up to 40% in Kempas Sentosa Sdn. Bhd., for a consideration of RM6,458,000, to be satisfied by way of cash and injection of plant and machinery. The acquisition of the equity interest in KSSB is expected to be completed by the first half of 2013.

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 2012 till the date of this quarterly report.

14. Capital commitments

	As at 31 March	
	2013	2012
	RM'000	RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	<u>11,725</u>	<u>4,611</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 2012.



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QUARTERLY REPORT – FOR THE QUARTER ENDED 31 MARCH 2013

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 year under review are as follows:

	3 months ended 31 March	
	2013 RM'000	2012 RM'000
Directors of the Company	2,776	2,132
Other key management personnel	1,481	1,154
	4,257	3,286

Other related party transactions

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Transactions with associates</u>				
Dividend income receivable	(9,247)	(9,397)	9,247	9,397
Purchase of raw materials	942	-	(207)	-
	=====	=====	=====	=====

Transactions with Directors of the Company and its subsidiaries and with companies connected to them

Advisory fee	24	-	-	-
Donation to Tabung Amanah Naim	-	145	1,050	785
Rental expense on premises	5	8	-	-
	=====	=====	=====	=====



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17. Review of Group performance

The Group recorded improved revenue of RM129 million for the period under review, as compared to RM94 million reported for the first quarter of 2012, mainly due to higher property revenue [see Note 17.1(a) for further details]. Group profit before tax for the current year increased from RM23 million in 2012 to RM51 million in 2013. This was mainly due to the following:

- Higher progress in construction of development property sold.
- Improvement in the performance of associates
- Effect of share of reclassification of available-for-sale (“AFS”) revaluation reserve to profit or loss on remeasurement of an AFS investment as an equity accounted investment by an associate.
- Higher sundry income received.

Detailed review of the performance and prospects of each operating segment (as shown in Note 11) are discussed in Section 17.1.

17.1 Review of performance of operating segments and current year prospects

a) *Property*

Current vs previous quarter review

For the current quarter under review, the Property segment achieved revenue of RM68.5 million, 62.7% higher than the RM42.1 million achieved in the first quarter of 2012. This was mainly contributed by higher units of properties sold from existing properties under construction with sales value exceeding RM79 million during the period.

Current vs immediate preceding quarter review

When compared to the immediate preceding quarter, Property revenue declined by 6.7% from RM73.4 million to RM68.5 million, mainly attributed by lower progress achieved for certain projects during the quarter. On the other hand, the profit of the Property segment does not vary much i.e. RM18 million for the current quarter and the immediate preceding quarter.



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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 supported by a solid market demand for its new projects located at its existing established townships in Miri which registered good take-up rates in new project launches.

Our first commercial project in Bintulu comprising street mall and sovo units was launched in 2013. The response of the launches has been very encouraging. We expect this project to contribute positively to our group results in the next three years.

In addition, we will continue to actively seek potential opportunities to acquire strategic land banks to further strengthen the growth of the Property segment in term of sales and market share.

Despite our aggressive plans to venture, expand and diversify our product range across various 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 lower purchasing power of property buyers partly due to stricter bank lending criteria.

b) *Construction*

Current vs previous quarter review

The Construction segment reported higher revenue of RM49.5 million against RM43.2 million achieved in the same quarter in 2012, resulted from higher progress of works achieved. The profit of the Construction segment declined from RM7.1 million in the first quarter of 2012 to RM4.1 million in the corresponding quarter of 2013, mainly due to increase in operational costs.



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17.1 Review of performance of operating segments (continued)

b) Construction (continued)

Current vs immediate preceding quarter review

Lower Construction revenue of RM49.5 million was achieved for the current quarter, compared to RM58.1 million reported in the immediate preceding quarter in 2012. However, the Construction profit has improved from RM2.2 million in the immediate preceding quarter of 2012 to RM4.1 million for the current quarter under review, mainly resulted from savings achieved in certain projects.

Prospects

We have submitted a number of sizeable construction tenders and are optimistic that the segment will perform better in the current year.

c) Other segment

Current vs previous quarter review

Other segment reported a revenue of RM10.9 million for the current quarter, compared to RM8.8 million reported in the same quarter in 2012. The Other segment reported a higher profit, from a loss of RM3.1 million in the first quarter of 2012 to a profit of RM2.2 million in the current quarter. The improvement for the current period was mainly due to higher trading sales achieved with improved margins.

Current vs immediate preceding quarter review

Revenue decreased from RM13.1 million in the immediate preceding quarter in 2012 to RM10.9 million in the current quarter. The profit for Other segment declined from RM2.8 million reported in the immediate preceding quarter to RM2.2 million in this quarter. The decrease is mainly contributed by quarry and premix operations which are running below capacity.

Prospects

For the near term, we will continue to improve the quarry and premix operations by putting various measures to market and sell all products to achieve economies of scale.

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



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17.1 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 RM58.4 million, an increase of 272% over the RM15.7 million achieved in the corresponding quarter of 2012.
- Our initial inroad into the oil and gas construction projects via an alliance contract with Samsung and Petronas in 2010 has contributed positively to the group result in the period under review.

18. Profit guarantee

The Group did not issue any profit guarantee.

19. Income tax expense

	3 months ended 31 March	
	2013 RM'000	2012 RM'000
Current tax expense		
Malaysian - current year	7,737	5,848
- prior years	-	-
	7,737	5,848
Deferred tax expense		
Malaysian - current year	1,757	263
- prior years	-	14
	1,757	277
Total income tax expense recognised in statements of profit or loss and other comprehensive income	9,494	6,125
Share of tax of associates and joint ventures	5,411	3,331
Pro-forma group tax expense	14,905	9,456
Profit before tax	51,395	22,983
Add: Share of tax of associates and joint ventures	5,411	3,331
	56,806	26,314
Effective tax rate (%)	26.2	35.9



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

19. Income tax expense (continued)

The Group's effective tax rate for the period under review is higher than the prima facie tax rate of 25%, mainly due to higher non-deductible expenses incurred.

20. Profit before tax

	3 months ended 31 March	
	2013 RM'000	2012 RM'000
Profit before tax is arrived at after (crediting)/charging:		
Gain on disposal of property, plant and equipment	(44)	(38)
Interest income from fixed deposits and cash funds	(1,333)	(1,242)
Amortisation of:		
- intangible assets	170	170
- investment property	508	328
- prepaid lease payments	6	6
Bad debts recovered	2	-
Depreciation of property, plant and equipment	2,991	3,157
Unrealised foreign exchange loss/(gain)	1,854	(552)
Interest expense on loans and borrowings	4,135	4,093
Property, plant and equipment written off	3	24

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 March 2013.

22. Status of corporate proposals

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



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

23. Material litigations

Update of Legal Suits

- 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 fixed the matter for trial on 25 to 28 June 2013.
- b. On 26 October 2009, Naim Land Sdn. Bhd. (“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 trials to 10 to 14 June 2013 and 24 to 28 June 2013.
- c. 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 of 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 trial on 25 to 29 November 2013.
- d. 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 and 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 date for continuation of the trial to hear the Plaintiff’s case on 2 May 2013 and the Defendant’s case on 22 to 26 July 2013.



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24. Breakdown of realised and unrealised profits or losses

	Unaudited For the quarter ended 31 March 2013 RM'000	Unaudited For the quarter ended 31 March 2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	540,882	476,187
- unrealised	2,895	4,462
	543,777	480,649
The share of retained earnings from associates		
- realised	204,889	45,621
- unrealised	-	-
	204,889	45,621
The share of retained earnings from joint ventures		
- realised	22,422	14,093
	771,088	540,363
Less: Consolidation adjustments	(247,401)	(112,293)
Total group retained earnings as per consolidated accounts	523,687	428,070

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.



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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 2012 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 27 May 2013.