



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the quarter and nine months ended 30 September 2013				
<i>(The figures have not been audited)</i>				
	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	192,094	133,411	505,859	348,158
Cost of sales	(166,505)	(109,820)	(434,957)	(272,498)
Gross profit	25,589	23,591	70,902	75,660
Other income	4,052	(1,045)	11,516	5,557
Selling and distribution expenses	(1,512)	(1,238)	(5,614)	(3,450)
Administration expenses	(17,057)	(7,089)	(44,957)	(27,290)
Other expenses	(236)	71	(398)	(966)
Results from operating activities	10,836	14,290	31,449	49,511
Finance income	1,504	1,808	4,467	5,221
Finance costs	(4,528)	(4,590)	(13,576)	(13,591)
Net finance costs	(3,024)	(2,782)	(9,109)	(8,370)
Share of results of associates *	11,491	15,574	49,958	36,985
Share of results of joint ventures	5,194	3,484	15,131	12,178
Profit before tax	24,497	30,566	87,429	90,304
	Note 20			
Income tax expense	(5,030)	(626)	(16,807)	(10,661)
	Note 19			
Profit for the period	19,467	29,940	70,622	79,643
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(481)	95	(192)	195
Share of other comprehensive income of an associate	1,412	5,522	2,034	2,579
Other comprehensive income for the period	931	5,617	1,842	2,774
Total comprehensive income for the period	20,398	35,557	72,464	82,417
Profit attributable to:				
Owners of the Company	18,866	29,055	69,110	76,375
Non-controlling interests	601	885	1,512	3,268
Profit for the period	19,467	29,940	70,622	79,643
Total comprehensive income attributable to:				
Owners of the Company	19,797	34,672	70,952	79,149
Non-controlling interests	601	885	1,512	3,268
Total comprehensive income for the period	20,398	35,557	72,464	82,417
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)	Note 9	7.96	12.26	29.17
			29.17	32.23

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

The notes set out on pages 5 to 25 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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 30 September 2013		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 September 2013 RM'000	31 December 2012 RM'000
ASSETS		
Property, plant and equipment	96,488	102,396
Prepaid lease payments	2,462	2,483
Interests in associates	272,510	246,173
Interests in joint ventures	44,401	19,789
Land held for property development	111,806	111,806
Investment property	69,427	64,044
Intangible assets	7,768	8,279
Deferred tax assets	3,175	6,991
Other investments	11	48
Total non-current assets	608,048	562,009
Inventories	29,976	30,936
Property development costs	246,825	233,430
Trade and other receivables	368,826	337,126
Deposits and prepayments	6,924	5,676
Current tax assets	9,553	18,783
Cash and bank balances	206,998	209,493
Total current assets	869,102	835,444
Total assets	1,477,150	1,397,453
EQUITY		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	578,729	530,619
Total equity attributable to owners of the Company	880,073	831,963
Non-controlling interests	23,170	21,658
Total equity	903,243	853,621
LIABILITIES		
Loans and borrowings	203,032	345,644
Deferred tax liabilities	43,468	43,741
Total non-current liabilities	246,500	389,385
Loans and borrowings	151,211	6,491
Trade and other payables	172,300	146,503
Current tax payable	3,896	1,453
Total current liabilities	327,407	154,447
Total liabilities	573,907	543,832
Total equity and liabilities	1,477,150	1,397,453
Net assets per ordinary share attributable to owners of the Company (RM)	3.52	3.33

The notes set out on pages 5 to 25 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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the quarter and nine months ended 30 September 2013 (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	Cash flow hedge reserve	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		
9 months ended 30 September 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>		-	-	-	195	-	-	-	-	195	-	195
<i>Share of fair value changes of available-for-sale financial assets of an associate</i>		-	-	-	-	2,579	-	-	-	2,579	-	2,579
Total other comprehensive income for the period		-	-	-	195	2,579	-	-	-	2,774	-	2,774
Profit for the period		-	-	-	-	-	-	-	76,375	76,375	3,268	79,643
Total comprehensive income for the period		-	-	-	195	2,579	-	-	76,375	79,149	3,268	82,417
Total distributions to owners		-	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
- Dividends to owners of the Company		-	-	-	-	-	-	-	(14,216)	(14,216)	-	(14,216)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	(368)	(368)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(368)	(368)
At 30 September 2012		250,000	86,092	25,756	215	3,541	(34,748)	-	481,259	812,115	19,216	831,331
9 months ended 30 September 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>		-	-	-	(192)	-	-	-	-	(192)	-	(192)
<i>Share of other comprehensive income of an associate</i>		-	-	-	1,389	622	-	23	-	2,034	-	2,034
Total other comprehensive income for the period		-	-	-	1,197	622	-	23	-	1,842	-	1,842
Profit for the period		-	-	-	-	-	-	-	69,110	69,110	1,512	70,622
Total comprehensive income for the period		-	-	-	1,197	622	-	23	69,110	70,952	1,512	72,464
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 30 September 2013		250,000	86,092	25,756	1,313	-	(34,748)	23	551,637	880,073	23,170	903,243

The notes set out on pages 5 to 25 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.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter and nine months ended 30 September 2013
(The figures have not been audited)

	30 September 2013 RM'000	30 September 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	87,429	90,304
<i>Adjustments for:</i>		
Amortisation of:		
- intangible assets	510	510
- investment property	1,199	778
- prepaid lease payments	21	19
Depreciation of property, plant and equipment	9,195	9,210
Dividend income	(2)	-
Finance income	(4,467)	(5,221)
Finance costs	13,576	13,591
Gain on disposal of:		
- an associate	-	(2,801)
- other investment	(21)	-
- property, plant and equipment	(363)	(122)
Property, plant and equipment written off	18	62
Share of results of equity accounted:		
- associates	(49,958)	(36,985)
- joint ventures	(15,131)	(12,178)
Unrealised foreign exchange loss/(gain)	298	(608)
Operating profit before changes in working capital	42,304	56,559
Changes in working capital :		
Inventories	961	5,453
Land held for property development	-	(17,129)
Property development costs	(13,152)	(391)
Trade and other receivables, deposits and prepayments	(17,821)	(66,083)
Trade and other payables	28,504	21,064
Cash generated from/(used in) operations	40,796	(527)
Net income taxes paid	(11,075)	(22,427)
Net cash from/(used in) operating activities	29,721	(22,954)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(10,100)	(9,840)
- investment property	(6,582)	(4,124)
- associate	(6,466)	-
Proceeds from disposal of :		
- an associate	-	5,984
- property, plant and equipment	3,346	298
- other investment	55	-
(Increase)/Decrease in deposits pledged to licensed banks	(156)	182
Increase in investment in existing associate	(200)	-
Distribution of profit received from joint ventures	-	13,120
Dividends received from associates	9,604	9,397
Interest received	4,156	4,046
Net cash (used in)/from investing activities	(6,343)	19,063
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from other loans and borrowings	5,601	8,326
Repayment of finance lease liabilities	(3,492)	(2,188)
Dividends paid to:		
- owners of the Company	(11,847)	(7,108)
- non-controlling interests	-	(368)
Interest paid	(16,283)	(11,010)
Net cash used in financing activities	(26,021)	(12,348)
Net decrease in cash and cash equivalents	(2,643)	(16,239)
Effects of exchange rate changes on cash and cash equivalents	(8)	(34)
Cash and cash equivalents at beginning of period	208,993	212,776
CASH AND CASH EQUIVALENTS AT END OF PERIOD	206,342	196,503
Representing by:		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	137,638	140,421
Short term cash funds	20,000	35,582
Cash in hand and at banks	48,704	20,500
Total cash and cash equivalents as shown in statement of cash flows	206,342	196,503

The notes set out on pages 5 to 25 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 nine months ended 30 September 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 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- 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.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

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.

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*
Amendments to FRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to FRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*
IC Interpretation 21, *Levies*
- **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*

On 7 August 2013, MASB announced its decision to allow transitioning entities (being entities subject to the application of MFRS141, *Agriculture* and/or IC15, *Agreements for the Construction of Real Estates* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities) to defer the adoption of Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards for yet another year. While non-transitioning entities would have migrated to the MFRS framework from annual periods beginning on 1 January 2013, transitioning entities continue to have the option to either apply the MFRS framework or the FRS framework for annual periods beginning on a date before 1 January 2015.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Given that certain group entities are transitioning entities, the financial statements of the Group will continue to be prepared in compliance with FRS for the years ending 31 December 2013 and 2014. They will be prepared in compliance with MFRS from the year beginning on 1 January 2015. As a result, the Group will not be adopting the FRS standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2015 listed in the preceding page. The Group is nevertheless assessing the impact on the financial statements if any of the FRS standards, interpretations or amendments, is adopted, as there are equivalent standards, interpretations and amendments under the MFRS framework.

The adoption of the IC Interpretation or the amendments to FRS standards which are effective for annual periods beginning on or after 1 January 2014 is not expected to have a material impact on the financial statements of the Group.

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.

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 30 September 2013 is 13,056,000 shares.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

During the current period, the Group acquired property, plant and equipment costing about RM10.1 million (30.09.2012: RM9.8 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM3.0 million (30.09.2012: RM238,000) were disposed of and/or written off during the quarter under review.

7. Changes in the composition of the Group

a) *Acquisition of new associate*

In May 2013, a direct subsidiary of the Company, Naim Engineering Sdn. Bhd. (“NESB”) acquired an equity interest of 40% in Kempas Sentosa Sdn. Bhd., for a consideration of RM6,666,000, satisfied by way of cash and injection of plant and machinery.

b) *Acquisition of new subsidiaries*

On 25 July 2013, NESB subscribed for the entire equity interest of Success Teamtrade Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2. On the same day, another subsidiary, Naim Assets Sdn. Bhd. subscribed for the entire interest of Orient Paradigm Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.

The acquisition of these two subsidiaries has no material impact on the results of the Group due to their dormancy.

8. Loans and borrowings

		As at 30 September	
		2013	2012
		RM'000	RM'000
Non-current			
Secured	- Finance leases	525	3,483
	- Term loans	52,507	46,372
Unsecured	- Islamic Bonds	150,000	300,000
		203,032	349,855
Current			
Secured	- Finance leases	145	1,866
	- Term loans	1,066	1,415
Unsecured	- Islamic Bonds	150,000	-
		151,211	3,281
Total		354,243	353,136



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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.

	9 months ended 30 September	
	2013	2012
Profit attributable to owners of the Company (RM'000)	69,110	76,375
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
Basic/Diluted EPS (sen)	29.17	32.23

10. Dividends

The following dividend was paid by the Company during the period under review:

Type of dividend	Rate (sen)	For the year end	Payment date	RM'000
Second interim single-tier dividend	5.0	31 December 2012	18 April 2013	11,847

On 28 November 2013, the Board has declared an interim single-tier tax exempt dividend of 3 sen per ordinary share totalling about RM7.1 million in respect of the financial year ending 31 December 2013, payable to shareholders on 8 January 2014. The dividend entitlement date has been fixed to be 13 December 2013.



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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.



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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 9 months ended 30 September										
Revenue from										
external customers	208,074	155,081	264,687	165,295	33,098	27,782	-	-	505,859	348,158
Inter segment revenue	-	-	-	-	58,668	26,203	(58,668)	(26,203)	-	-
Total segment revenue	<u>208,074</u>	<u>155,081</u>	<u>264,687</u>	<u>165,295</u>	<u>91,766</u>	<u>53,985</u>	<u>(58,668)</u>	<u>(26,203)</u>	<u>505,859</u>	<u>348,158</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	54,874	26,874	(28,343)	17,716	462	(385)	(5,879)	(1,914)	21,114	42,291
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	-	8,029	7,071	-	-	8,029	7,071
- joint ventures	-	-	15,131	12,178	-	-	-	-	15,131	12,178
	<u>54,874</u>	<u>26,874</u>	<u>(13,212)</u>	<u>29,894</u>	<u>8,491</u>	<u>6,686</u>	<u>(5,879)</u>	<u>(1,914)</u>	<u>44,274</u>	<u>61,540</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income/(expense)									1,226	(1,150)
Share of results of an associate, DEHB (in oil and gas segment)									41,929	29,914
Income tax expense									(16,807)	(10,661)
Profit for the year									<u>70,622</u>	<u>79,643</u>
Other comprehensive income									<u>1,842</u>	<u>2,774</u>
Total comprehensive income for the year									<u>72,464</u>	<u>82,417</u>
Non-controlling interests									(1,512)	(3,268)
Total comprehensive income attributable to the owners of the Company									<u>70,952</u>	<u>79,149</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

On 17 October 2013, a direct subsidiary, Naim Land Sdn. Bhd. subscribed for the entire interest of Pavilion Quest Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2. The acquisition of the subsidiary has no material impact on the results of the Group due to its dormancy.

Saved as disclosed, 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 30 September	
	2013	2012
	RM'000	RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	<u>2,207</u>	<u>3,639</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.

16. Related parties

Transactions with key management personnel

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

	9 months ended	
	30 September	
	2013	2012
	RM'000	RM'000
Directors of the Company	7,820	5,549
Other key management personnel	2,159	3,970
	<u>9,979</u>	<u>9,519</u>



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16. Related parties (continued)

Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with associates</u>				
Construction contract cost	11,472	-	(3,196)	-
Dividend income received	(9,731)	(9,397)	-	-
Purchase of raw materials	3,386	2,624	(550)	(1,763)
Rental expense on machinery	4,238	-	(5)	-
	=====	=====	=====	=====
<u>Transactions with joint venture</u>				
Construction contract revenue	-	1,084	(6,469)	(6,482)
	=====	=====	=====	=====
<u>Transactions with Directors of the Company and its subsidiaries and with companies connected to them</u>				
Advisory fee	54	152	-	-
Advertisement	93	16	-	-
Donation to Tabung Amanah Naim	1,600	-	453	812
Rental expense on premises	14	14	-	-
	=====	=====	=====	=====



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17. Review of Group performance

The Group recorded increased revenue of RM506 million for the nine-month period under review, as compared to RM348 million reported in the corresponding period in 2012. The increase was contributed by the property and construction segments, on account of higher progress of construction works and development properties sold [see Note 17.1 for further details]. However, the Group profit before tax for the period was RM87 million against RM90 million for the corresponding period of 2012, due to the following reasons.

- Good progress of construction projects and construction of properties sold; and
- Improvement in the performance of associates; and
- 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, being impacted by;
- Downward revision in contract sum for an overseas construction project due to changes in the scope of works by client following technical and contractual disagreement; and
- Increase in operational costs for certain local construction projects including cost of rescuing non-performing sub-contractors, leading to reduction in construction margin.

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 corresponding preceding cumulative quarter review (September 2013 vs September 2012)

For the current quarter under review, the Property segment achieved revenue of RM208.1 million, 34.2% higher than the RM155.1 million achieved in the same quarter of 2012. At the same time, the property profit increased from RM26.9 million in the third quarter of 2012 to RM54.9 million in the current quarter. This was mainly contributed by faster progress in construction of development properties. The segment also reported additional new property sales of more than RM260 million in the current period, compared to about RM233 million for the corresponding period of 2012. These new sales are expected to contribute positively to the Group results in the next two years.



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17.1 Review of performance of operating segments and current year prospects (continued)

a) Property (continued)

Current vs immediate preceding quarter review (September 2013 vs June 2013)

Compared to the immediate preceding quarter of 2013, Property revenue increased by 40.2% from RM148.4 million to RM208.1 million, mainly attributed by increased sales from partially completed units during the current quarter. However, the profit decreased from RM19.3 million in immediate preceding quarter to RM17.4 million, mainly contributed by lower progress of development properties achieved during the current quarter.

Prospects



*Bandar Baru Permyjaya
– Steady contributor to
Naim*



*Proposed Bintulu
Paragon - future
contributor to Naim*

The Group's strong sales performance in the Property segment continues to be supported by solid market demand for its new launches located in Miri and Bintulu, which registered good take-up rates for new project launches. Miri, in particular, Bandar Baru Permyjaya has consistently been the top performer in term of sales and gross profit contribution. Since the listing of Naim, our projects in this mature township of approximately 60,000 populations have generated consistently 70% of group property profit and 50% of group gross profit.

Response to our first commercial project, namely Bintulu Paragon in Bintulu comprising street mall and sovo continues to be encouraging. Total estimated sales to-date are about RM90 million (including booking units). Phase 1 of this development when completed is expected to generate an estimated GDV of RM1 billion. We expect this project to contribute positively to our Group results in the next two years when the progress of the construction activity is accelerated.

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



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17.1 Review of performance of operating segments and current year prospects (continued)

a) Property (continued)

Prospects – cont'd

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 corresponding preceding cumulative quarter review (September 2013 vs September 2012)

The Construction segment recorded higher revenue of RM264.7 million against RM165.3 million achieved in the same quarter in 2012, resulting from higher progress of works achieved. However, this segment registered a loss of RM28.3 million in the current quarter, compared against a profit of RM17.7 million in the corresponding quarter of 2012, mainly due to downward revision in the profit margins for the Fiji Road Rehabilitation project and resettlement projects.



Waito-Wailotua Road – Best Road in Fiji

The Fiji Road Rehabilitation project contributed a loss of RM15.6 million to the nine-month period under review (a reduction of about RM3.8 million from the loss reported in 1st half of 2013 which was RM19.4 million), following a revision in the contract value arising from changes in the scope of works by client following technical and contractual disagreement, higher than anticipated operational costs and lower productivity due to adverse weather etc.

The balance of the loss was mainly contributed by the resettlement projects due to higher than anticipated logistics, material and labour costs on account of the project sites being located in the interior of Sarawak, lower productivity due to inclement weather and cost of “rescuing” non-performing sub-contractors.



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17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction (continued)

Current vs immediate preceding quarter review (September 2013 vs June 2013)

Higher Construction revenue of RM121.6 million was achieved for the current quarter, compared to RM93.6 million reported in the immediate preceding quarter, due to higher progress of works achieved. Compared to huge loss of RM29.6 million in preceding quarter which was due to adjustment to contract sum for Rehabilitation project as explained in preceding page, the Construction segment has reported lower loss of RM2.8 million.

Prospects



*LNG Train 9
with JGC*

Despite the setback in the Fiji operation as mentioned above, we still forecast a minimal operational profit for the Fiji project upon completion. We also anticipate some gain to be realised from disposing of idling assets which are still on-going.

For local on-going projects including resettlement projects as mentioned in the preceding page, we foresee overall positive profit contribution upon completion of the projects.

On a positive note, we would like to report that since December 2012, we have managed to secure about RM665 million in our order book as at to-date. We expect these projects to contribute positively to the group results in the years to come.



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17.1 Review of performance of operating segments and current year prospects (continued)

b) Construction (continued)

Prospects

At the same time, proactive efforts and measures have been put in place to tighten cost controls and improve efficiency to monitor operational costs and improve construction margin. In addition, a number of sizeable construction tenders has been submitted and we are optimistic to secure some to replenish our order book.

c) Other segment

Current vs corresponding preceding cumulative quarter review (September 2013 vs September 2012)

Other segment reported improved revenue of RM33.1 million for the current quarter, compared to RM27.8 million reported in the same quarter in 2012. The performance of Other segment improved from a loss of RM385,000 in the corresponding quarter in 2012 to a profit of RM462,000 in the current quarter. The improvement for the current period was mainly due to higher trading sales achieved.

Current vs immediate preceding quarter review (September 2013 vs June 2013)

Other segment recorded a revenue of RM10.9 million in the current quarter against RM11.3 million in the immediate preceding quarter. The Other segment reported a loss of RM1.5 million as compared to RM0.2 million reported in the immediate preceding quarter. This was mainly contributed by lower operational activities in our quarry and sand extraction operations.

Prospects



Permy Mall, Miri – recurring income

For the near term, the property investment and trading operations are expected to continue to contribute positively to the income of the Group.

At the same time, we will continue to improve other operations such as quarry, premix and sand extraction by putting various measures to market and sell all products to achieve economies of scale and improve their performance.



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17.2 Review of performance of major associates



DEHB – major contributor to group profit

Our associate, Dayang Enterprise Holdings Berhad (DEHB), performed very well in the period under review, registering a profit after tax of RM125.6 million, an increase of 34% over the RM93.7 million achieved in the immediate preceding quarter.

Included in the profit after tax of DEHB was a gain of about RM32.8 million arising from remeasurement of an available-for-sale investment as an equity accounted investment.

Based on share price of DEHB of RM5.26 as at 27 November 2013 (closing price), the estimated market value of the Group's investment in DEHB is approximately RM972.8 million.

18. Profit guarantee

The Group did not issue any profit guarantee.



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19. Income tax expense

	9 months ended 30 September	
	2013 RM'000	2012 RM'000
Current tax expense		
Malaysian - current year	13,967	17,316
- prior years	(704)	(827)
	13,263	16,489
Deferred tax expense		
Malaysian - current year	3,342	(3,536)
- prior years	202	(2,292)
	3,544	(5,828)
Total income tax expense recognised in statements of profit or loss and other comprehensive income	16,807	10,661
Share of tax of associates and joint ventures	16,275	13,365
Pro-forma group tax expense	33,082	24,026
Profit before tax	87,429	90,304
Add: Share of tax of associates and joint ventures	16,275	13,365
	103,704	103,669
Effective tax rate (%)	31.9	23.2

The Group's effective tax rate for the period under review is higher than the prima facie tax rate of 25%, mainly due to the effect of deferred tax assets not recognised for certain loss making subsidiaries.



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20. Profit before tax

	9 months ended 30 September	
	2013	2012
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
Gain on disposal of:		
- property, plant and equipment	(363)	(122)
- associate	-	(2,801)
- other investment	(21)	-
Interest income from fixed deposits and cash funds	(3,967)	(4,386)
Amortisation of:		
- intangible assets	510	510
- investment property	1,199	778
- prepaid lease payments	21	19
Depreciation of property, plant and equipment	9,195	9,210
Unrealised foreign exchange loss/(gain)	298	(608)
Interest expense on loans and borrowings	12,674	12,539
Property, plant and equipment written off	18	62

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

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 September 2013.

22. Status of corporate proposals

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



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23. Material litigations

Update of Legal Suits

- a. 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 fixed 6th December 2013 for further mention pending the appeal by the Sarawak Attorney General Chambers to the Court of Appeal.
- b. On 5 August 2010, Khidmat Mantap Sdn. Bhd. (“KMSB”) received a Writ of Summons and Statement of Claim from 2 persons claiming to have NCR over a parcel of land measuring approximately 12.141 hectares on part of Lot 533, Block 14, MuaraTuang 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.
- c. 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. Full trial has been completed on 26th July 2013 and the decision which was originally reserved on 4th October 2013 has been postponed to other date which has yet to be fixed by the court.



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24. Breakdown of realised and unrealised profits or losses

	Unaudited For the quarter ended 30 September 2013 RM'000	Unaudited For the quarter ended 30 September 2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	560,350	500,107
- unrealised	1,556	9,770
	561,906	509,877
The share of retained earnings from associates		
- realised	90,037	60,917
	651,943	570,794
The share of retained earnings from joint ventures		
- realised	30,909	18,290
	682,852	589,084
Less: Consolidation adjustments	(131,215)	(107,825)
Total group retained earnings as stated in consolidated statement of changes in equity	551,637	481,259

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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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 28 November 2013.