



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

**QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
For the fourth quarter and twelve months ended 31 December 2013				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>12 months ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	202,619	144,624	708,478	492,782
Cost of sales	(166,952)	(109,041)	(601,909)	(381,539)
<b>Gross profit</b>	<b>35,667</b>	<b>35,583</b>	<b>106,569</b>	<b>111,243</b>
Other income	192,872	3,100	204,388	8,657
Selling and promotional expenses	(1,827)	(1,750)	(7,441)	(5,200)
Administration expenses	(24,617)	(15,465)	(69,574)	(42,755)
Other expenses	(39,578)	(479)	(39,976)	(1,445)
<b>Results from operating activities</b>	<b>162,517</b>	<b>20,989</b>	<b>193,966</b>	<b>70,500</b>
Finance income	1,160	1,458	5,627	6,679
Finance costs	(4,807)	(4,676)	(18,383)	(18,267)
<b>Net finance costs</b>	<b>(3,647)</b>	<b>(3,218)</b>	<b>(12,756)</b>	<b>(11,588)</b>
Share of results of associates *	6,500	5,647	56,458	42,632
Share of results of joint ventures	272	(861)	15,403	11,317
<b>Profit before tax</b>	<b>165,642</b>	<b>22,557</b>	<b>253,071</b>	<b>112,861</b>
	Note 20			
Income tax expense	2,926	(7,000)	(13,881)	(17,661)
	Note 19			
<b>Profit for the period</b>	<b>168,568</b>	<b>15,557</b>	<b>239,190</b>	<b>95,200</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(221)	(99)	(413)	96
Share of other comprehensive income of an associate	(48)	6,832	1,986	9,411
<b>Other comprehensive income for the period</b>	<b>(269)</b>	<b>6,733</b>	<b>1,573</b>	<b>9,507</b>
<b>Total comprehensive income for the period</b>	<b>168,299</b>	<b>22,290</b>	<b>240,763</b>	<b>104,707</b>
<b>Profit attributable to:</b>				
Owners of the Company	168,423	13,115	237,533	89,490
Non-controlling interests	145	2,442	1,657	5,710
<b>Profit for the period</b>	<b>168,568</b>	<b>15,557</b>	<b>239,190</b>	<b>95,200</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	168,154	19,848	239,106	98,997
Non-controlling interests	145	2,442	1,657	5,710
<b>Total comprehensive income for the period</b>	<b>168,299</b>	<b>22,290</b>	<b>240,763</b>	<b>104,707</b>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)</b>				
	Note 9			
	71.08	5.54	100.25	37.77

\* 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 27 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 FOURTH QUARTER ENDED 31 DECEMBER 2013

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 31 December 2013		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	54,310	102,396
Prepaid lease payments	1,885	2,483
Interests in associates	279,246	246,173
Interests in joint ventures	44,768	19,789
Land held for property development	345,323	111,806
Investment property	65,340	64,044
Intangible asset	7,598	8,279
Deferred tax assets	8,348	6,991
Other investments	11	48
<b>Total non-current assets</b>	<b>806,829</b>	<b>562,009</b>
Inventories	37,740	30,936
Property development costs	238,197	233,430
Trade and other receivables	357,496	337,126
Deposits and prepayments	9,571	5,676
Current tax assets	13,124	18,783
Cash and bank balances	259,157	209,493
	915,285	835,444
Assets classified as held for sale	16,326	-
<b>Total current assets</b>	<b>931,611</b>	<b>835,444</b>
<b>Total assets</b>	<b>1,738,440</b>	<b>1,397,453</b>
<b>EQUITY</b>		
Share capital	250,000	250,000
Share premium	86,092	86,092
Treasury shares	(34,748)	(34,748)
Reserves	740,342	530,619
<b>Total equity attributable to owners of the Company</b>	<b>1,041,686</b>	<b>831,963</b>
<b>Non-controlling interests</b>	<b>23,315</b>	<b>21,658</b>
<b>Total equity</b>	<b>1,065,001</b>	<b>853,621</b>
<b>LIABILITIES</b>		
Loans and borrowings	198,259	345,644
Deferred tax liabilities	41,117	43,741
<b>Total non-current liabilities</b>	<b>239,376</b>	<b>389,385</b>
Loans and borrowings	154,286	6,491
Trade and other payables	267,802	146,503
Current tax payable	8,677	1,453
	430,765	154,447
Liabilities classified as held for sale	3,298	-
<b>Total current liabilities</b>	<b>434,063</b>	<b>154,447</b>
<b>Total liabilities</b>	<b>673,439</b>	<b>543,832</b>
<b>Total equity and liabilities</b>	<b>1,738,440</b>	<b>1,397,453</b>
<b>Net assets per ordinary share attributable to owners of the Company (RM)</b>	<b>4.17</b>	<b>3.33</b>

The notes set out on pages 5 to 27 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 FOURTH QUARTER ENDED 31 DECEMBER 2013

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>													
For the fourth quarter and twelve months ended 31 December 2013													
(The figures have not been audited)													
	Note	<b>Total equity attributable to owners of the Company</b>											
		<b>Non Distributable</b>							<b>Distributable</b>		<b>Sub-total</b> RM' 000	<b>Non-controlling</b> <b>Interests</b> RM' 000	<b>Total</b> <b>equity</b> RM' 000
		<b>Share</b> <b>capital</b> RM' 000	<b>Share</b> <b>premium</b> RM' 000	<b>Capital</b> <b>reserve</b> RM' 000	<b>Translation</b> <b>reserve</b> RM' 000	<b>Fair value</b> <b>reserve</b> RM' 000	<b>Treasury</b> <b>shares</b> RM' 000	<b>Cash flow</b> <b>hedge reserve</b> RM'000	<b>Retained</b> <b>earnings</b> RM' 000				
<b>For the 12 months ended 31 December 2012 (Audited)</b>													
<b>At 1 January 2012</b>		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>		-	-	-	96	-	-	-	-	96	-	96	
<i>Share of other comprehensive income of an associate</i>		-	-	-	-	9,411	-	-	-	9,411	-	9,411	
Total other comprehensive income for the period		-	-	-	96	9,411	-	-	-	9,507	-	9,507	
Profit for the period		-	-	-	-	-	-	-	89,490	89,490	5,710	95,200	
Total comprehensive income for the period		-	-	-	96	9,411	-	-	89,490	98,997	5,710	104,707	
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)	
<b>At 31 December 2012</b>		<b>250,000</b>	<b>86,092</b>	<b>25,756</b>	<b>116</b>	<b>10,373</b>	<b>(34,748)</b>	<b>-</b>	<b>494,374</b>	<b>831,963</b>	<b>21,658</b>	<b>853,621</b>	
<b>For the 12 months ended 31 December 2013 (Unaudited)</b>													
<b>At 1 January 2013</b>		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>		-	-	-	(413)	-	-	-	-	(413)	-	(413)	
<i>Share of other comprehensive income of an associate</i>		-	-	(41)	1,371	622	-	34	-	1,986	-	1,986	
Total other comprehensive income for the period		-	-	(41)	958	622	-	34	-	1,573	-	1,573	
Profit for the period		-	-	-	-	-	-	-	237,533	237,533	1,657	239,190	
Total comprehensive income for the period		-	-	(41)	958	622	-	34	237,533	239,106	1,657	240,763	
Share of gain on remeasurement of an investment by an associate		-	-	-	-	(10,995)	-	-	-	(10,995)	-	(10,995)	
Share of sale of treasury shares by an associate		-	-	568	-	-	-	-	-	568	-	568	
Total distributions to owners		-	-	-	-	-	-	-	(18,956)	(18,956)	-	(18,956)	
- Dividends to owners of the Company	Note 10	-	-	-	-	-	-	-	(18,956)	(18,956)	-	(18,956)	
<b>At 31 December 2013</b>		<b>250,000</b>	<b>86,092</b>	<b>26,283</b>	<b>1,074</b>	<b>-</b>	<b>(34,748)</b>	<b>34</b>	<b>712,951</b>	<b>1,041,686</b>	<b>23,315</b>	<b>1,065,001</b>	

The notes set out on pages 5 to 27 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 FOURTH QUARTER ENDED 31 DECEMBER 2013

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the fourth quarter and twelve months ended 31 December 2013

(The figures have not been audited)

	Unaudited 31 December 2013 RM'000	Audited 31 December 2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	253,071	112,861
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	680	680
- investment property	1,079	1,224
- prepaid lease payments	27	25
Depreciation of property, plant and equipment	13,117	11,432
Dividend income	(2)	(3)
Finance income	(5,627)	(6,679)
Finance costs	18,383	18,267
Gain on disposal of:		
- property, plant and equipment	(934)	(122)
- investment properties	(186,392)	-
- other investment	(21)	-
- an associate	-	(2,801)
Property, plant and equipment written off	134	483
Share of results of equity accounted:		
- associates	(56,458)	(42,632)
- joint ventures	(15,403)	(11,317)
Unrealised foreign exchange loss/(gain)	(1,285)	(1,462)
Operating profit before changes in working capital	20,369	79,956
Changes in working capital :		
Inventories	(6,445)	3,413
Land held for property development	(1,453)	(1,243)
Property development costs	(17,465)	(24,563)
Trade and other receivables, deposits and prepayments	(18,028)	(50,371)
Trade and other payables	115,783	14,081
Cash generated from operations	92,761	21,273
Net income taxes paid	(15,567)	(25,933)
<b>Net cash from/(used in) operating activities</b>	<b>77,194</b>	<b>(4,660)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(14,968)	(15,530)
- investment property	(6,868)	(719)
- associate	(6,466)	-
Proceeds from disposal of :		
- property, plant and equipment	5,592	296
- an associate	-	5,983
- other investment	55	-
(Increase)/Decrease in deposits pledged to licensed banks	(61)	180
Increase in investment in existing associate	(200)	-
Distribution of profit received from joint ventures	-	13,120
Dividends received from associates	19,178	18,648
Interest received	4,965	5,568
<b>Net cash (used in)/from investing activities</b>	<b>1,227</b>	<b>27,546</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from other loans and borrowings	4,535	7,849
Repayment of finance lease liabilities	(3,918)	(2,818)
Dividends paid to:		
- owners of the Company	(11,847)	(14,216)
- non-controlling interests	-	(368)
Interest paid	(16,902)	(17,082)
<b>Net cash used in financing activities</b>	<b>(28,132)</b>	<b>(26,635)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>50,289</b>	<b>(3,749)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(8)</b>	<b>(34)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>208,993</b>	<b>212,776</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>259,274</b>	<b>208,993</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	164,038	151,122
Short term cash funds	20,000	37,371
Cash in hand and at banks	75,236	20,500
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>259,274</b>	<b>208,993</b>

The notes set out on pages 5 to 27 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.



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the twelve months ended 31 December 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 year 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 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 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)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

##### 2. Significant accounting policies (continued)

- 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.

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 FOURTH QUARTER ENDED 31 DECEMBER 2013

#### 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 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 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
  - Amendments to FRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
  - Amendments to FRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
  - IC Interpretation 21, *Levies*
- **Effective for annual periods beginning on or after 1 July 2014**
  - Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
  - Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
  - Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
  - Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
  - Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
  - Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
  - Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
  - Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
  - Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*
- **Effective for a date yet to be confirmed**
  - FRS 9, *Financial Instruments (2009)*
  - FRS 9, *Financial Instruments (2010)*
  - FRS 9, *Financial Instruments – Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*
  - Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

#### 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 (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), the Group is exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) until further notice. The financial statements of the Group for the year ending 31 December 2014 and thereafter will continue to be prepared in compliance with FRS until the adoption of MFRS is mandated by the MASB for the transitioning entities.

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 year under review.

##### 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the financial statements as at and for the year ended 31 December 2012.

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

##### 5. Debt and equity securities

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

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





## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

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

During the current year, the Group acquired property, plant and equipment costing about RM14.9 million (31.12.2012: RM15.5 million), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM134,000 (31.12.2012: RM483,000) were disposed of and/or written off during the year under review.

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

###### a) *Acquisition of new subsidiaries*

On 25 July 2013, Naim Engineering Sdn. Bhd. (“NESB”) subscribed for the entire equity interest of Naim Recruitment & Agency Sdn. Bhd. (formerly known as 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 Naim Property Services Sdn. Bhd. (formerly known as Orient Paradigm Sdn. Bhd.), comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.

On 17 October 2013, another direct subsidiary, Naim Land Sdn. Bhd. (“NLSB”) subscribed for the entire equity interest of Pavilion Quest Sdn. Bhd., comprising 2 ordinary shares of RM1.00 each, at par settled in cash.

Later, in November 2013, NLSB acquired the remaining equity interest of 51% in Syarikat Usahasama – Naim RSB Sdn. Bhd. (“SUNRSB”) which it did not own from a minority shareholder for a cash consideration of RM1. Upon the acquisition, SUNRSB became a wholly owned subsidiary of the Group.

The acquisition of the above subsidiaries has no material impact on the results of the Group for the financial year ended 31 December 2013 due to their dormancy.

###### b) *Internal restructuring*

On 17 July 2013, NLSB acquired the remaining equity interest of 60% in Naim Housing Sdn. Bhd. from one of its subsidiaries, Total Reliability Sdn. Bhd. for a consideration of RM600, satisfied in cash.

In December 2013, Peranan Makmur Sdn. Bhd. acquired the entire equity interest of Harmony Faber Sdn. Bhd. from its holding company, NLSB for a cash consideration of RM2.

These acquisitions do not have a material impact to the Group as there are no changes in the group equity interest in these subsidiaries.

###### c) *Acquisition of new associate*

In May 2013, 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.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

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

**8. Loans and borrowings**

		<b>As at 31 December</b>	
		<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current</b>			
Secured	- Finance leases	14	1,401
	- Term loans	48,245	44,243
Unsecured	- Islamic Bonds	150,000	300,000
		198,259	345,644
<b>Current</b>			
Secured	- Finance leases	23	2,762
	- Term loans	4,263	3,729
Unsecured	- Islamic Bonds	150,000	-
		154,286	6,491
<b>Total</b>		<b>352,545</b>	<b>352,135</b>

**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.

	<b>12 months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Profit attributable to owners of the Company (RM'000)	237,533	89,490
	-----	-----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
	-----	-----
Basic/Diluted EPS (sen)	100.25	37.77
	-----	-----



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**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

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

**10. Dividends**

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

<b>Type of dividend</b>	<b>Rate (sen)</b>	<b>For the year end</b>	<b>Payment date</b>	<b>RM'000</b>
Second interim single-tier dividend	5.0	31 December 2012	18 April 2013	11,847
First interim single- tier dividend	3.0	31 December 2013	8 January 2014	7,109
				<hr/> 18,956 =====



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

### **QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

#### **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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**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

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

**11. Operating segments (continued)**

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the 12 months ended 31 December</b>										
Revenue from										
external customers	296,000	228,457	371,619	223,401	40,859	40,924	-	-	708,478	492,782
Inter segment revenue	-	-	-	-	84,721	37,995	( 84,721)	( 37,995)	-	-
<b>Total segment revenue</b>	<u>296,000</u>	<u>228,457</u>	<u>371,619</u>	<u>223,401</u>	<u>125,580</u>	<u>78,919</u>	<u>( 84,721)</u>	<u>( 37,995)</u>	<u>708,478</u>	<u>492,782</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	87,467	44,465	( 85,266)	19,872	( 3,767)	2,467	( 4,370)	( 4,239)	( 5,936)	62,565
Gain arising from land exchange exercise	186,392	-	-	-	-	-	-	-	186,392	-
Share of results of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	-	32	6,671	8,096	-	-	6,671	8,128
- joint ventures	-	-	15,403	11,317	-	-	-	-	15,403	11,317
	<u>273,859</u>	<u>44,465</u>	<u>( 69,863)</u>	<u>31,221</u>	<u>2,904</u>	<u>10,563</u>	<u>( 4,370)</u>	<u>( 4,239)</u>	<u>202,530</u>	<u>82,010</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Unallocated income/(expense)									754	( 3,653)
Share of results of an associate, DEHB (in oil and gas segment)									49,787	34,504
Income tax expense									( 13,881)	( 17,661)
<b>Profit for the period</b>									<u>239,190</u>	<u>95,200</u>
<b>Other comprehensive income</b>									<u>1,573</u>	<u>9,507</u>
<b>Total comprehensive income for the period</b>									<u>240,763</u>	<u>104,707</u>
<b>Non-controlling interests</b>									<u>( 1,657)</u>	<u>( 5,710)</u>
<b>Total comprehensive income attributable to the owners of the Company</b>									<u>239,106</u>	<u>98,997</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

##### 12. Subsequent events

- a) On 9 January 2014 and 10 January 2014, the Company disposed about 2.7% of the equity interest in Dayang Enterprise Holdings Bhd. (“DEHB”) for a total cash consideration of approximately RM82 million (net of transaction costs). The resultant group interest in DEHB has decreased from 33.63% to 30.93% upon the disposal.
- b) On 21 January 2014, a direct subsidiary, Naim Land Sdn. Bhd. entered into a share sale agreement with a minority shareholder to dispose of its entire 51% equity interest held in Total Reliability Sdn. Bhd. for a consideration of RM6,502,500, to be settled over a period of 10 months. As such, the assets and liabilities of the said subsidiary are classified as held for sale in the statement of financial position as at 31 December 2013.

Saved 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 December	
	2013	2012
	RM'000	RM'000
	(Unaudited)	(Audited)
<i>Authorised but not contracted for</i>		
Property, plant and equipment	<u>16,767</u>	<u>13,476</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.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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:

	<b>12 months ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors of the Company	14,469	6,837
Other key management personnel	6,520	3,818
	<u>20,989</u>	<u>10,655</u>

***Other related party transactions***

	<b>Transaction value 12 months ended 31 December</b>		<b>Balance outstanding as at 31 December</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Transactions with associates</u>				
Construction contract cost	25,577	-	( 3,196)	-
Dividend income received	(19,178)	(18,648)	-	-
Purchase of construction materials	6,029	2,624	( 1,316)	( 1,763)
Rental expense on machinery	8,299	-	-	-
	=====	=====	=====	=====
<u>Transaction 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>				
Donation to Tabung Amanah Naim	1,600	-	453	812
	=====	=====	=====	=====



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

#### 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 a 44% rise in revenue, from RM493 million reported in the year 2012, to RM708 million for the year under review. 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].

At the same time, the Group profit before tax for the current year increased by 124% from RM112.9 million in 2012 to RM253.1 million in 2013. This was mainly due to the following:

- Good progress of construction works for both property and construction projects;
- One-off non-cash accounting gain of about RM186.4 million arising from land exchange exercise for future development purpose, such gain being a reflection of revaluation surplus of land (that has been held by the Group for more than 10 years) previously not recognised in the accounts;
- such gain being attributable to appreciation in the value of the land (revaluation surplus as assessed by independent valuer) that has been held by the Group for more than 10 years prior to the exchange;
- Improvement in the financial performance of associates (see Note 17.2 for details);

and being impacted by:

- Downward revision in contract sum for an overseas construction project due to changes in the scope of works by the client;
- Downward adjustment in contract sums and profits for substantially completed projects due to certain omission of works, reduction in provisional sums and allowance made for disputed items including liquidated and ascertained damages (LAD) and bad debts; and
- Increase in operational costs for construction projects including extra cost of rescuing non-performing sub-contractors, and escalation of cost to catch up delayed projects 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 12-month vs corresponding preceding 12-month review (December 2013 vs December 2012)*

For the current year under review, the Property segment achieved revenue of RM296.0 million, 29.5% higher than the RM228.5 million achieved in the financial year of 2012. At the same time, the property profit also increased by two fold, from RM44.5 million in 2012 to RM87.5 million in 2013. The increase was partly attributed to the contribution from prior year sales as a result of increased progress of development works. The Property segment also achieved additional new sales of about RM331 million in the year under review, which will be progressively contributing positive results to this segment within the next two years.





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### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

#### 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 and current year prospects (continued)

##### a) *Property (continued)*

*Current 3-month vs immediate preceding 3 month review (December 2013 vs September 2013)*

Compared to the immediate preceding quarter of 2013, Property revenue increased by 47.5% from RM59.6 million to RM87.9 million. The profit of the Property segment also increased from RM17.4 million in the immediate preceding quarter to RM32.6 million in the current quarter, mainly due to higher progress of development works achieved during the current quarter as well as some cost savings arising from certain substantially completed development projects.

##### *Prospects*



*Bandar Baru Permyjaya  
– Steady contributor to  
Naim*



*Proposed Bintulu  
Paragon - future  
contributor to Naim*

Over the past 6 months, various initiatives/ measures have been undertaken by the government to curb property speculation and to regularise the property prices, including an increase of Real Property Gain Tax (RPGT) of up to 30% and the removal of various interest capitalisation scheme (e.g. Developers Interest Bearing Scheme) on property sales. With the introduction of GST of 6% in April 2015, it may raise the cost of properties, especially residential units. As a result, properties prices may potentially go up, thus affecting the demand and affordability of properties.

In the near term, our sales performance in the Property segment continues to be sustained by a solid market support in its existing established townships located in Miri which registered strong take-up rates in new project launches. For newly launched products comprising high rise condominium and high end commercial units in Kuching and Bintulu, we expect some degree of slowdown in the take up of these properties. Competitive pricing and attractive product packages may sustain demand for these properties. In addition, the growth in the current property market in Sarawak, which has partly been driven by demand from the SCORE project, helps to sustain demand.

As part of our long term plans, we continue to actively seek opportunities to acquire strategic land banks in Sarawak, Sabah and Semenanjung Malaysia to further strengthen the growth of the Property segment in terms of sales, profit and market share.



# NAIM HOLDINGS BERHAD (585467-M)

## QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

### 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 and current year prospects (continued)

##### a) Property (continued)

*Prospects – cont'd*



*Proposed Kuching Paragon - future contributor to Naim*

We remain cautious going forward, in view of the mixed outlook of property market in Sarawak for the year ahead. Product planning and pricing as well as tightening of costs control strategies are amongst the key measurements to be implemented in order to sustain the performance in our Property segment.

##### b) Construction

*Current 12-month vs corresponding preceding 12-month review (December 2013 vs December 2012)*



*MRT projects*

For the year under review, the Construction segment recorded higher revenue of RM371.6 million (2012: RM223.4 million), resulting from substantial progress of works achieved. New construction contracts secured during 2012 and 2013 such as MRT projects, port extension projects, LNG Train projects started to contribute positive results to the Construction segment. However, this segment registered a loss of RM85.3 million in the current year, against a profit of RM19.9 million in 2012, mainly due to substantial deterioration in the profit margins for the Fiji Road Rehabilitation project and other local construction projects, especially resettlement projects as well as substantial amount of provisions of about RM48 million made for LAD, bad debts and potential obligations/liabilities.



*LNG Train 9 with JGC*

The Fiji projects contributed a loss of about RM19 million in the twelve-month period under review, following a revision in the contract value arising from changes in the scope of works by the client, higher than anticipated operational costs and lower productivity due to adverse weather etc. Included in the loss is foreign exchange loss of about RM3.3 million.



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

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

##### b) Construction (continued)

*Current 12-month vs corresponding preceding 12-month review (December 2013 vs December 2012) - cont'd*

The balance of the loss was partly 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 land blockage as well as cost of “rescuing” non-performing sub-contractors. In addition, anticipation of some downward adjustments in contract value for certain substantially completed projects due to omission of works by clients, reduction in provisional sums and allowance made for disputed items and bad debts also led to the drop in profit for 2013.

The provisions as mentioned in the preceding page were made based on our best estimate at this stage pending the outcome of the cases which are currently under disputes with clients and which may end up in arbitration. If the outcome is in our favour, there may be some write back of these provisions then.

*Current 3-month vs immediate preceding 3 month review (December 2013 vs September 2013)*

Lower Construction revenue of RM106.9 million was achieved for the current quarter, compared to RM121.6 million reported in the immediate preceding quarter. At the same time, the Construction segment registered higher loss of RM56.9 million against a loss of RM2.8 million in the immediate preceding quarter. This was mainly attributed to the anticipated downward adjustments to the contract sums for certain substantially completed local projects as explained above as well as increased operational costs.

The deterioration in Construction’s performance is mainly contributed by additional cost incurred in taking over the works of some non-performing sub-contractors for the resettlement projects as well as escalation of operational costs in other projects. This has resulted in possible substantial amount of LAD charges in certain projects, some out of which we are still contesting. We have to step in to rescue the balance of the affected works so that the projects can be completed while maintaining our reputable track records that have been built over the years.



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#### 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 and current year prospects (continued)

##### *b) Construction (continued)*

###### *Prospects*

The revamp of our Construction Division is now underway with a new construction project team led by a highly qualified and experience construction veteran who had worked in a number of world class construction companies. Revamp of existing operational procedures and processes will be part of the improvement process.

Various proactive efforts and measures have been put in place to tighten cost controls and improve efficiency to closely monitor operational costs and improve construction margin. This is to ensure that the progress of projects is under close monitoring and on schedule while sustaining the profitability of projects, in view of the rising construction costs.

To mitigate further labour shortage issue which had partly contributed to the delay and increase in cost in some of our projects, we have obtained relevant permits to recruit more than 1,000 foreign workers. To- date, some 191 foreign workers have been hired and deployed to various construction sites. The search for the best and experienced project managers, construction expertise and talents remain the biggest challenge. In view of the competitive market in recruiting the best talents in the industry due to the recent construction boom in Kuala Lumpur/Bintulu/Johor and overseas which we foresee may continue in the near future, we have taken steps to retain and reward our best staff by creating the best working environment including reviewing the existing retention and reward system to be in tune with the current market trend, the latest being implementing project specific incentive scheme. A renowned human resource consultant, i.e. Aon-Hewitt has been appointed to study and work out suitable Long Term Incentive Plan for our group and is expected to be completed by the third quarter of 2014.



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#### 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 and current year prospects (continued)

##### *b) Construction (continued)*

*Prospects –  
cont'd*

Our achievement in Oil and Gas construction projects is notable via our partnership with Samsung Engineering Co., Ltd (Sabah Oil and Gas Terminal Project), and Japan Gasoline Corporation (JGC) (LNG Train 9 Project) through “transfer of technology” arrangement. With these partnership, particularly with JGC (the largest LNG contractor in the world), it has given us a valuable insight and lesson in world class project management system, which further strengthens our operations and at the same time, makes our staff more efficient, professional and disciplined.

To create healthy competition amongst our subcontractors in terms of timely delivery and quality of their works, we have outsourced some of the construction works to the like of Sinohydro Corporation (M) Sdn Bhd, a subsidiary of Sinohydro Corporation, one of the biggest construction giants from China.

At the same time, we will progressively divert our existing construction resources to the Property division which has consistently contributed good margin and growth in performance.

We expect positive contributions and improvement from the Construction segment in near future.

On a positive note, we would like to report that since December 2012, we have managed to secure, cumulatively, about RM849 million new order book (including Naim share in JV projects) to-date. We expect these projects to contribute positively to the group results in the years to come. In addition, a number of sizeable construction tenders has been submitted and we are cautiously optimistic to secure some to replenish and increase our outstanding order book which currently stands at about RM1.25 billion (including Naim share in JV projects.).



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### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

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

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

##### c) *Other segment*

*Current 12-month vs corresponding preceding 12-month review (December 2013 vs December 2012)*

Despite consistent revenue of about RM40.9 million for both years 2013 and 2012, Other segment performance still fall below expectation, registering RM3.8 million of loss in the year under review against of RM2.5 million of profit in previous year. This was mainly due to rising overhead costs caused by lower operational activities in our quarry, premix and sand extraction operations that are running below capacity.

*Current 3-month vs immediate preceding 3 month review (December 2013 vs September 2013)*

Other segment recorded revenue of RM7.8 million in the current quarter against RM10.9 million in the immediate preceding quarter. The Other segment reported a loss of RM4.2 million (July to September 2013: loss of RM1.5 million), mainly contributed by the quarry, premix and sand extraction operations as explained above.

##### *Prospects*



*Permy Mall, Miri – recurring income*

For the near term, we still continue to improve the quarry, premix and sand extraction operations by putting various measures to market and sell the products to achieve economies of scale and improve their performance. This includes possible plans to divest non-performing business including plant and machineries in Fiji in order to realise some funds and to reduce further losses.

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

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

#### 17.2 Review of performance of major associate



*DEHB – major contributor to group profit*

Our associate, Dayang Enterprise Holdings Bhd. (DEHB), performed very well in the period under review, registering a profit after tax of about RM149.0 million, an increase of 48% over the RM101 million achieved in the year 2012.

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 the share price of DEHB of RM3.62 as at 26 February 2014 (closing price), the estimated market value of the Group's investment in DEHB, based on current shareholding of 30.93%, is approximately RM923 million.

#### 18. Profit guarantee

The Group did not issue any profit guarantee.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

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

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

**19. Income tax expense**

	12 months ended 31 December	
	2013 RM'000 (Unaudited)	2012 RM'000 (Audited)
Current tax expense		
Malaysian - current year	18,548	21,933
- prior years	( 704)	144
	17,844	22,077
Deferred tax expense		
Malaysian - current year	( 4,138)	( 1,741)
- prior years	175	( 2,675)
	( 3,963)	( 4,416)
Total income tax expense recognised in statements of profit or loss and other comprehensive income	13,881	17,661
Share of tax of associates and joint ventures	19,083	16,704
Pro-forma group tax expense	32,964	34,365
Profit before tax	253,071	112,861
Add: Share of tax of associates and joint ventures	19,083	16,704
	272,154	129,565
Effective tax rate (%)	12.0	26.5

The Group's effective tax rate for the year under review is lower than the prima facie tax rate of 25%, mainly due to the effect of deferred tax assets not recognised for certain loss making subsidiaries as well as some non-taxable capital gain.





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

**20. Profit before tax**

**12 months ended  
31 December  
2013      2012  
RM'000    RM'000**

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

Gain on disposal of:		
- property, plant and equipment	( 934)	( 122)
- associate	-	( 2,801)
- other investment	( 21)	-
- investment property	( 186,392)	-
Interest income from fixed deposits and cash funds	( 5,001)	( 5,650)
Amortisation of:		
- intangible assets	680	680
- investment property	1,079	1,224
- prepaid lease payments	27	25
Depreciation of property, plant and equipment	13,117	11,432
Foreign exchange gain		
- unrealised	( 1,285)	( 1,462)
- realised	1,587	3,675
Interest expense on loans and borrowings	16,884	16,802
Property, plant and equipment written off	134	483

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 year under review.

**21. Derivative financial instruments**

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

**22. Status of corporate proposals**

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



## NAIM HOLDINGS BERHAD (585467-M)

### QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

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

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

#### 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 19 March 2014 for further mention and the trial date to be fixed on 12, 14 to 16, and 19 to 23 May 2014 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, Muara Tuang Land District, the title to which has been issued to KMSB pursuant to the provisions of the Sarawak Land Code Chapter 81. Following mediation as fixed by the High Court on 8<sup>th</sup> January 2014 and on a without prejudice and without admission of liability basis, the parties agreed to settle the matter without having to go to full trial. The claimants also gave irrevocable undertaking/indemnity to forego all claims, interests, benefits and entitlement whatsoever affecting the land. The final mediation amount has been accrued for in the year under review.
- 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 26<sup>th</sup> July 2013. On 21<sup>st</sup> January 2014, the High Court decided in favour of the contractor. NLSB is appealing against the High Court’s decision. The estimated claim amount has been accrued for in the year under review.



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

**QUARTERLY REPORT – FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**

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

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

**24. Breakdown of realised and unrealised profits or losses**

	<b>(Unaudited) For the year ended 31 December 2013 RM'000</b>	<b>(Audited) For the year ended 31 December 2012 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- realised	753,788	525,439
- unrealised	6,619	8,299
	760,407	533,738
The share of retained earnings (realised) from:		
- associates	113,561	65,929
- joint ventures	44,125	18,895
	918,093	618,562
Less: Consolidation adjustments	( 205,142)	( 124,188)
	712,951	494,374
Total group retained earnings as stated in consolidated statement of changes in equity	712,951	494,374

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

**25. Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 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 February 2014.