



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the first quarter and three months ended 31 March 2015

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	126,664	154,052	126,664	154,052
Cost of sales	(106,944)	(106,117)	(106,944)	(106,117)
Gross profit	19,720	47,935	19,720	47,935
Other operating income	2,940	3,116	2,940	3,116
Selling and promotional expenses	(2,984)	(1,652)	(2,984)	(1,652)
Administration expenses	(9,085)	(16,145)	(9,085)	(16,145)
Other expenses	(90)	-	(90)	-
Results from operating activities	10,501	33,254	10,501	33,254
Other non-operating income	-	61,692	-	61,692
Finance income	1,294	1,560	1,294	1,560
Finance costs	(2,096)	(7,083)	(2,096)	(7,083)
Net finance costs	(802)	(5,523)	(802)	(5,523)
Share of results (net of tax) of equity-accounted:				
- associates	10,977	12,621	10,977	12,621
- joint ventures	590	(186)	590	(186)
Profit before tax	21,266	101,858	21,266	101,858
	Note 20			
Tax expense	(3,262)	(6,158)	(3,262)	(6,158)
	Note 19			
Profit for the period	18,004	95,700	18,004	95,700
Other comprehensive income/(loss), net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(707)	(78)	(707)	(78)
Share of other comprehensive loss of an associate	2,334	(397)	2,334	(397)
Other comprehensive income/(loss) for the period	1,627	(475)	1,627	(475)
Total comprehensive income for the period	19,631	95,225	19,631	95,225
Profit/ (Loss) attributable to:				
Owners of the Company	17,612	95,815	17,612	95,815
Non-controlling interests	392	(115)	392	(115)
Profit for the period	18,004	95,700	18,004	95,700
Total comprehensive income/ (loss) attributable to:				
Owners of the Company	19,239	95,340	19,239	95,340
Non-controlling interests	392	(115)	392	(115)
Total comprehensive income for the period	19,631	95,225	19,631	95,225
Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen)				
	Note 9			
	7.43	40.44	7.43	40.44

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
For the first quarter and three months ended 31 March 2015			
<i>(The figures have not been audited)</i>		Unaudited	Audited
		31 March	31 December
		2015	2014
		RM'000	RM'000
ASSETS			
Property, plant and equipment		43,520	43,001
Prepaid lease payments		2,420	2,427
Interests in associates		333,629	329,176
Interests in joint ventures		17,872	17,085
Land held for property development		404,876	404,876
Investment properties		74,733	66,447
Intangible assets		6,747	6,917
Deferred tax assets		21,160	20,626
Other investments		2,974	2,974
Trade and other receivables		79,437	65,875
Total non-current assets		987,368	959,404
Inventories		27,626	24,172
Property development costs		386,540	367,922
Trade and other receivables		335,963	320,615
Deposits and prepayments		8,672	7,637
Current tax recoverable		1,054	11,304
Cash and cash equivalents		126,405	160,969
		886,260	892,619
Assets classified as held for sale		11,037	10,940
Total current assets		897,297	903,559
Total assets		1,884,665	1,862,963
EQUITY			
Share capital		250,000	250,000
Share premium		86,092	86,092
Treasury shares		(34,748)	(34,748)
Reserves		970,636	959,684
Total equity attributable to owners of the Company		1,271,980	1,261,028
Non-controlling interests		14,556	13,770
Total equity		1,286,536	1,274,798
LIABILITIES			
Loans and borrowings	Note 8	118,917	121,982
Deferred tax liabilities		26,738	27,069
Total non-current liabilities		145,655	149,051
Loans and borrowings	Note 8	168,263	136,263
Trade and other payables		272,994	290,815
Current tax payables		4,453	5,487
		445,710	432,565
Liabilities classified as held for sale		6,764	6,549
Total current liabilities		452,474	439,114
Total liabilities		598,129	588,165
Total equity and liabilities		1,884,665	1,862,963
Net assets per ordinary share attributable to owners of the Company (RM)		5.09	5.04

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2014.

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter and three months ended 31 March 2015

(The figures have not been audited)

	Note	Total equity attributable to owners of the Company										
		Non-Distributable					Distributable					
		Share capital RM' 000	Share premium RM' 000	Capital reserve RM' 000	Foreign currency translation reserve RM' 000	Fair value reserve RM' 000	Treasury shares RM' 000	Other reserve RM'000	Retained earnings RM' 000	Sub-total RM' 000	Non-controlling interests RM' 000	Total equity RM' 000
For the 3 months ended 31 March 2014 (Unaudited)												
At 1 January 2014		250,000	86,092	26,283	1,074	-	(34,748)	34	711,144	1,039,879	24,200	1,064,079
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(78)	-	-	-	-	(78)	-	(78)
<i>Share of other comprehensive loss of an associate</i>		-	-	-	(400)	-	-	3	-	(397)	-	(397)
Total other comprehensive loss for the period		-	-	-	(478)	-	-	3	-	(475)	-	(475)
Profit/ (Loss) for the period		-	-	-	-	-	-	-	95,815	95,815	(115)	95,700
Total comprehensive income for the period		-	-	-	(478)	-	-	3	95,815	95,340	(115)	95,225
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	124	124	(124)	-
Share of bonus issue expense by an associate		-	-	(35)	-	-	-	-	-	(35)	-	(35)
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	-	100	100
<i>- Issue of shares by a subsidiary</i>		-	-	-	-	-	-	-	-	-	100	100
At 31 March 2014		250,000	86,092	26,248	596	-	(34,748)	37	807,083	1,135,308	24,061	1,159,369
For the 3 months ended 31 March 2015 (Unaudited)												
At 1 January 2015		250,000	86,092	-	1,729	-	(34,748)	16	957,939	1,261,028	13,770	1,274,798
<i>Foreign currency translation differences for foreign operations</i>		-	-	-	(707)	-	-	-	-	(707)	-	(707)
<i>Share of other comprehensive (loss)/income of an associate</i>		-	-	-	2,334	-	-	-	-	2,334	-	2,334
Total other comprehensive profit for the period		-	-	-	1,627	-	-	-	-	1,627	-	1,627
Profit for the period		-	-	-	-	-	-	-	17,612	17,612	392	18,004
Total comprehensive income for the period		-	-	-	1,627	-	-	-	17,612	19,239	392	19,631
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	6	6	(6)	-
Transactions with owners of the Company		-	-	-	-	-	-	-	-	-	-	-
<i>- Dividends</i>	Note 10	-	-	-	-	-	-	-	(8,293)	(8,293)	-	(8,293)
Transaction with non-controlling interests		-	-	-	-	-	-	-	-	-	400	400
<i>- Issue of shares by a subsidiary</i>		-	-	-	-	-	-	-	-	-	400	400
At 31 March 2015		250,000	86,092	-	3,356	-	(34,748)	16	967,264	1,271,980	14,556	1,286,536

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter and three months ended 31 March 2015

(The figures have not been audited)

	Unaudited 31 March 2015 RM'000	Unaudited 31 March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,266	101,858
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	170	170
- investment property	321	321
- prepaid lease payments	7	7
Depreciation of property, plant and equipment	1,876	3,477
Finance income	(1,294)	(1,560)
Finance costs	2,096	7,083
Gain on disposal of:		
- property, plant and equipment	(591)	(941)
- associate	-	(61,692)
Property, plant and equipment written off	7	-
Share of results of equity accounted:		
- associates	(10,977)	(12,621)
- joint ventures	(590)	186
Unrealised foreign exchange gain	(1,774)	(200)
Operating profit before changes in working capital	10,517	36,088
Changes in working capital :		
Inventories	(2,547)	(1,492)
Property development costs	(28,061)	777
Trade and other receivables, deposits and prepayments	(18,597)	(35,827)
Trade and other payables	(26,707)	(7,304)
Cash used in operations	(65,395)	(7,758)
Net income taxes refunded/(paid)	4,866	(6,516)
Net cash used in operating activities	(60,529)	(14,274)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(3,550)	(629)
- investment property	-	(2,564)
Proceeds from disposal of :		
- property, plant and equipment	1,662	2,526
- an associate	-	82,072
Decrease in deposits pledged to licensed banks	41	413
Dividends received from associates	-	8,922
Interest received	158	1,556
Net cash (used in)/from investing activities	(1,689)	92,296
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from other loans and borrowings	28,934	128,933
Repayment of finance lease liabilities	-	(34)
Repayment of Islamic Bond	-	(300,000)
Proceeds from issuance of shares to non-controlling interest	400	100
Dividends paid to:		
- owners of the Company	-	(7,108)
Interest paid	(1,512)	(11,794)
Net cash from/(used in) financing activities	27,822	(189,903)
Net decrease in cash and cash equivalents	(34,396)	(111,881)
Effects of exchange rate changes on cash and cash equivalents	(36)	(31)
Cash and cash equivalents at beginning of period	161,378	258,850
CASH AND CASH EQUIVALENTS AT END OF PERIOD	126,946	146,938
Representing by:		
Deposits with licensed banks with maturities less than 3 months, net of deposits pledged	52,047	79,899
Cash in hand and at banks	73,968	66,556
Total cash and cash equivalents	126,015	146,455
Add: Cash included as held for sale	931	483
Total cash and cash equivalents as shown in statement of cash flows	126,946	146,938

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated 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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the three months ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures.

1. Basis of preparation

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 2014. 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 2014.

The audited financial statements of the Group as at and for the year ended 31 December 2014 are available upon request from the Company’s registered office at 9th floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak, Malaysia.

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.

2. Significant accounting policies

Given that certain Group entities are transitioning entities (being entities subject to the application of IC Interpretation 15, *Agreements for the Construction of Real Estate* and the entity that consolidates or equity accounts or proportionately consolidates the first-mentioned entities), the Group is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) Framework until 1 January 2017 as mandated by the Malaysian Accounting Standards Board (“MASB”).

As a result, the Group (including the transitioning entities) will continue to apply FRS as their financial reporting framework to prepare their financial statements for annual periods ending 31 December 2015 and 31 December 2016.

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 2014.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

During the current period under review, the Group has adopted the following revised accounting standards and amendments which are effective for annual periods beginning on and after 1 July 2014:

- Amendments to FRS 2, *Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*

The adoption of the above-mentioned standards and amendments does not have any material financial impacts on the financial statements of the Group.

2.1 Standards, amendments and interpretations yet to be effective

The Group has not applied the following new/revised accounting standards and amendments that have been issued by the MASB but are neither yet effective nor early adopted by the Group:

- ***Effective for annual periods beginning on or after 1 January 2016***

Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012-2014 Cycle)*

Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements to FRSs 2012-2014 Cycle)*

Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*

FRS 14, *Regulatory Deferral Accounts*



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QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- **Effective for annual periods beginning on or after 1 January 2016** (continued)

Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*

Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendment to FRS 119, *Employee Benefits (Annual Improvements to FRSs 2012-2014 Cycle)*

Amendments to FRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*

Amendment to FRS 134, *Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)*

2.2 Migration to new accounting framework

The Group's financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards.

The Group will apply the following MFRSs that are not yet effective:

- **Effective for annual periods beginning on or after 1 January 2017**
MFRS 15, *Revenue from Contracts with Customers*
- **Effective for annual periods beginning on or after 1 January 2018**
MFRS 9, *Financial Instruments (2014)*
Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 and MFRS 9, which are to be applied on retrospective basis.

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 these condensed consolidated 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.

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 2014.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Estimates (continued)

There were no material changes in the estimates of amounts 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, resale and repayments of debt and equity securities for the current period under review.

There was no share buy-back during the period under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 March 2015 is 13,056,000 shares.

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

During the current period, the Group acquired property, plant and equipment costing about RM3.6 million (31.03.2014: RM629,000), satisfied in cash.

Property, plant and equipment with a carrying amount of about RM1.1 million (31.03.2014: RM1.6 million) were disposed of and/or written off during the period under review.

7. Changes in the composition of the Group

i) Additional investments arising from new shares issued by an existing subsidiary

During the current quarter, Bina Hartamas Sdn. Bhd. (“BHSB”) which was previously a 100% owned subsidiary, issued 999,998 new ordinary shares of RM1.00 each respectively to Naim Land Sdn. Bhd. (“NLSB”) and third parties where 599,998 shares of RM1.00 each was subscribed by NLSB in cash. The resultant equity interest held by NLSB in BHSB decreased from 100% to 60%.

This change in the ownership interest was accounted for as an equity transaction between the Group and non-controlling interests. The change in the Group’s share of net assets, which was immaterial, was adjusted against the group reserves.

ii) Disposal of foreign subsidiaries

In January and March 2015 respectively, two foreign subsidiaries, namely Naimcendera Engineering & Construction Sendirian Berhad and Naim Vanua Levu (Fiji) Limited, had been struck off from the register of the Company. The strike off of these subsidiaries (deemed as disposal to the Group) has no material impact to the Group due to their dormancy.



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

		31 March 2015 RM'000	31 December 2014 RM'000
Non-current			
Secured	- Term loans	118,917	121,982
Current			
Unsecured	- Revolving credit	160,000	130,000
Secured	- Term loans	8,262	6,263
		168,262	136,263
Total		287,179	258,245
		=====	=====

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 calculated as follows:

	3 months ended 31 March	
	2015	2014
Profit attributable to owners of the Company (RM'000)	17,612	95,815
	-----	-----
Weighted average number of ordinary shares, net of treasury shares bought back ('000)	236,944	236,944
	-----	-----
Basic/Diluted EPS (sen)	7.43	40.44
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10. Dividend

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

Type of dividend	Sen per share	For the year end	Payment date	RM'000
First interim single-tier tax exempt	3.50	31 December 2014	24 April 2015	8,293
				=====



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QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business unit, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports for resource allocation and decision making at least on a quarterly basis.

The following summary describes the operations in each of the Group's existing reporting 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 and gas related construction projects).
- Others - Manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment 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.

Segment assets and liabilities

The Group Managing Director reviews the statements of financial position of subsidiaries for resources allocation and decision making instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.



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QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
For the 3 months ended										
31 March										
Revenue from external customers	51,267	70,233	65,035	75,651	10,362	8,168	-	-	126,664	154,052
Inter segment revenue	-	-	-	-	3,411	11,094	(3,411)	(11,094)	-	-
Total segment revenue	<u>51,267</u>	<u>70,233</u>	<u>65,035</u>	<u>75,651</u>	<u>13,773</u>	<u>19,262</u>	<u>(3,411)</u>	<u>(11,094)</u>	<u>126,664</u>	<u>154,052</u>
Segment profit/(loss)	11,838	26,489	(477)	6,012	(869)	(1,398)	(524)	(710)	9,968	30,393
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB")	-	-	531	1,748	-	35	-	-	531	1,783
- joint ventures	-	-	590	(186)	-	-	-	-	590	(186)
	<u>11,838</u>	<u>26,489</u>	<u>644</u>	<u>7,574</u>	<u>(869)</u>	<u>(1,363)</u>	<u>(524)</u>	<u>(710)</u>	<u>11,089</u>	<u>31,990</u>
Unallocated expense									(269)	(2,662)
Gain on disposal of interests in an associate									-	61,692
Share of results (net of tax) of an associate, DEHB (in oil and gas segment)									10,446	10,838
Tax expense									(3,262)	(6,158)
Profit for the period									<u>18,004</u>	<u>95,700</u>
Other comprehensive profit/(loss), net of tax									1,627	(475)
Total comprehensive income for the period									<u>19,631</u>	<u>95,225</u>
Non-controlling interests									(392)	115
Total comprehensive income attributable to the owners of the Company									<u>19,239</u>	<u>95,340</u>



NAIM HOLDINGS BERHAD (585467-M)

QUARTERLY REPORT – FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

On 14 April 2015, the Company announced its proposal to establish and implement a Long Term Incentive Plan (“LTIP”) of up to 10% of its issued and paid-up capital (excluding treasury shares). The proposed LTIP comprises restricted share plan and performance share plan and shall be in force for a period of 10 years commencing from the effective date of implementation, which is yet to be determined. As at the date of this quarterly report, the Company has obtained the approval of relevant regulatory authorities (also refer to Note 22 for details)

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 2014 till the date of this quarterly report.

14. Capital expenditure commitments

	31 March 2015 RM'000	31 December 2014 RM'000
<i>Authorised but not contracted for</i>		
Property, plant and equipment	17,239 =====	18,136 =====

15. Financial risk management

The Group’s financial risk management objectives, policies and processes and risk profiles are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.



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16. Related parties

i) Transactions with key management personnel

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

	3 months ended 31 March	
	2015 RM'000	2014 RM'000
Directors of the Company	1,990	2,037
Other key management personnel	1,569	1,372
	3,559	3,409
	3,559	3,409

ii) Other related party transactions

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Transaction with associates</u>				
Construction contract cost	870	1,723	(4,696)	(594)
Dividend income receivable	(8,922)	(8,922)	-	-
Purchase of construction raw materials	-	2,763	-	(1,195)
Rental expense on machinery	2,272	3,807	(426)	(1,113)
	2,272	3,807	(426)	(1,113)
	2,272	3,807	(426)	(1,113)



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17. Review of Group performance

The Group recorded lower revenue of RM126.7 million for the period under review, as compared to RM154.1 million reported in the corresponding period of 2014. At the same time, Group profit before tax for the period was RM21.3 million against RM101.9 million achieved in the same period in 2014 under review. The decrease was mainly contributed by lower progress of construction works achieved for existing housing and construction projects during the quarter under review [see Note 17.1 for further details].

A substantial gain of RM61.7 million arising from the disposal of partial equity interest in an associate during 2014 had led to higher profit before tax of RM101.9 million reported in corresponding period of 2014.

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 3-month vs corresponding preceding 3-month review (March 2015 vs March 2014)

For the current quarter under review, the Property segment achieved revenue of RM51.3 million, 27% lower than the RM70.2 million achieved in the first quarter of 2014. At the same time, the Property profit dropped from RM26.5 million in 2014 to RM11.8 million in 2015. The decrease was mainly due to lower contributions from the substantially completed projects.

However, the Group reported higher level of new sales about RM40 million, compared to that achieved in 2014 of about RM26 million. These new sales are expected to progressively contribute positive result to this segment within next two to three years.

Current 3-month vs immediate preceding 3-month review (March 2015 vs December 2014)

Compared to the immediate preceding quarter, Property revenue decreased from RM68.6 million to RM51.3 million. The Property segment also reported lower level of profit of RM11.8 million (October to December 2014: RM20.0 million). The decrease was due to lower number of properties units sold and lower progress of development works achieved during the current quarter.



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17. Review of Group performance (continued)

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

a) *Property (continued)*

Prospects



*Bandar Baru Permyjaya
– Steady contributor to
Naim*



*Proposed Bintulu Paragon –
future contributor to Naim*



*Proposed Kuching Paragon –
future contributor to Naim*

Property market is expected to slow down in 2015, coupled with weaker buyers' sentiment and the effect of the various property cooling measures initiated by the government since 2013. Our sales performance is also somehow affected by the slower take-up in some high-rise condominium and high-end commercial and landed properties.

We continue to adopt a cautious attitude/approach especially on product launches and product types, to be more selective depending much on the buyers' demand and market conditions. Product planning and pricing as well as tightening of costs control are amongst the key measures to be implemented in order to sustain the performance in our Property segment in near term.



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17. Review of Group performance (continued)

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

b) Construction

Current 3-month vs corresponding preceding 3-month review (March 2015 vs March 2014)

The Construction segment recorded lower revenue of RM65.0 million, against RM75.7 million achieved in the corresponding period of 2014. The Segment performance also declined from a profit of RM6.0 million in the first quarter of 2014 to a loss of RM0.5 million in 2015. The drop was partly due to lower contributions from certain construction projects being substantially completed during 2014. Revision in the contract sum of some construction projects for variation orders/provisional items has also led to the drop in the segment revenue and profit.

Current 3-month vs immediate preceding 3-month review (March 2015 vs December 2014)

As for the current three-month period, lower Construction revenue of RM65.0 million was achieved compared against RM95.4 million achieved in the immediate preceding quarter of 2014. The Segment reported a marginal loss of RM0.5 million against a substantial loss of RM38.4 million in the immediate preceding quarter. Substantial provision of about RM32 million was made during the immediate preceding quarter for liquidated and ascertained damages (“LAD”) and doubtful debts, leading to higher loss in 2014.



LNG Train 9 with JGC



MRT projects



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17. Review of Group performance (continued)

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

b) Construction (continued)

Prospects

Various proactive efforts and measures have been put in place to tighten cost and improve efficiency to closely monitor operational costs and improve construction margin. At the same time, strict monitoring on the progress of projects is implemented to ensure they are on schedule. We are also in the process of improving risk management and tightening internal controls for the construction segment.

A number of sizeable construction tenders has been submitted and we are cautiously optimistic to secure some to replenish our order book which currently stands above RM1 billion.

c) Other segment

Current 3-month vs corresponding preceding 3-month review (March 2015 vs March 2014)

During the current quarter, Other segment achieved higher revenue of RM10.4 million (January to March 2014: RM8.2 million). The segment performance reported a lower level of loss, from RM1.4 million in the first quarter of 2014 to RM0.9 million in that of 2015. The improvement was contributed by higher trading sales with improved margin.

Current 3-month vs immediate preceding 3-month review (March 2015 vs December 2014)

Other segment recorded a decline in revenue from RM22.6 million in the immediate preceding quarter to RM10.4 million in the current quarter. At the same time, the Segment reported a loss of RM0.9 million (October to December 2014: a profit of RM2.4 million), mainly due to higher operational costs from the pre-mix and quarry operations which are running below capacity.



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

17. Review of Group performance (continued)

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

c) *Other segment* (continued)

Prospects



*Permy Mall, Miri –
recurring income*

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

We will continue to improve the quarry and premix operations by putting various measures to market and sell the products to achieve economies of scale and improve their performance.

17.2 Review of performance of major associate



*DEHB – major contributor
to group profit*

Our associate, Dayang Enterprise Holdings Bhd. (“DEHB”), registered a profit after tax of about RM34.4 million, a decrease of 1% over the RM34.7 million achieved in the corresponding period in 2014.

Based on the share price of DEHB of RM2.42 as at 25 May 2015 (closing price), the estimated market value of the Group’s investment in DEHB, based on current shareholding of 29.06%, is approximately RM617 million.



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18. Profit guarantee

The Group did not issue any profit guarantee.

19. Tax expense

	3 months ended 31 March	
	2015 RM'000	2014 RM'000
Current tax expense		
- current period	4,138	12,148
- prior periods	8	-
	4,146	12,148
Deferred tax income		
- current period	(461)	(3,275)
- prior periods	(423)	(2,715)
	(884)	(5,990)
Total tax expense	3,262	6,158
Share of tax of associates and joint ventures	3,507	2,842
	6,769	9,000
Profit excluding tax	21,266	101,858
Add: Share of tax of associates and joint ventures	3,507	2,842
	24,773	104,700
Effective tax rate (%)	27.3	8.6

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

On the other hand, the Group's effective tax rate for the corresponding period of 2014 was lower than prima facie tax rate, mainly due to substantial capital gain (non-taxable) arising from the disposal of partial interest in an associate.



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20. Profit before tax

	3 months ended	
	31 March	
	2015	2014
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(591)	(941)
- associate	-	(61,692)
Interest income from fixed deposits and cash funds	(148)	(1,557)
Other interest income	(1,146)	-
Amortisation of:		
- intangible assets	170	170
- investment property	321	321
- prepaid lease payments	7	7
Depreciation of property, plant and equipment	1,876	3,477
Provision for liquidated and ascertained damages	90	-
Unrealised foreign exchange gain	(1,774)	(200)
Interest expense on loans and borrowings	2,056	6,730
Property, plant and equipment written off	7	-

Save as disclosed, there were neither impairment of assets, provision for and write-off of inventories, gain or loss arising from disposal of financial derivatives or other exceptional items for the period under review.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 March 2015.

22. Status of corporate proposals

On 14 April 2015, the Company announced its proposal to establish and implement a Long Term Incentive Plan ("LTIP") of up to 10% of its issued and paid-up capital (excluding treasury shares) for the eligible employees and directors of the Group who fulfill the eligibility criteria. The proposed LTIP comprises restricted share plan and performance share plan and shall be in force for a period of 10 years commencing from the effective date of implementation, which is yet to be determined.

As at the date of this quarterly report, the Company has obtained the approval of Bursa Securities.

The proposed LTIP is subject to the shareholders' approval via a special extraordinary general meeting (EGM), which will be held on 26 May 2015.

Saved as disclosed above, there are no other corporate proposals announced at the date of this quarterly report.



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23. Material litigation

On 10 January 2012, Naim Land Sdn. Bhd. (“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 from the execution and completion of the site clearance and earthworks for a housing project in Kuching. Full trial was completed on 26 July 2013. On 21 January 2014, the High Court decided in favour of the contractor. NLSB is currently appealing against the High Court’s decision. The Court of Appeal has fixed hearing on 19th August 2015.

24. Breakdown of realised and unrealised profits or losses

	3 months ended 31 March	
	2015 RM’000	2014 RM’000
Total retained earnings of the Company and its subsidiaries		
- realised	857,462	855,245
- unrealised	22,236	9,058
	879,698	864,303
Share of retained earnings from:		
- associates	131,900	106,115
- joint ventures	17,872	43,983
	1,029,470	1,014,401
Less: Consolidation adjustments	(62,206)	(207,318)
Total group retained earnings as per consolidated statement of changes in equity	967,264	807,083
	=====	=====

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 2014 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 26 May 2015.