B U I L D I N G   V A L U E   S P I R I T E D L Y

NAIM HOLDINGS BERHAD
Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the third quarter and nine months ended 30 September 2021

(The figures have not been audited)

		CURRENT QUARTER *3 months ended 30 September*		CUMULATIVE QUARTER *9 months ended 30 September*	
		2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue		115,205	87,943	258,593	186,395
Cost of sales		(106,463)	(82,213)	(239,352)	(176,375)
Gross profit		8,742	5,730	19,241	10,020
Other operating income		1,268	10,639	3,680	19,288
Selling and promotional expenses		(945)	(1,040)	(2,896)	(3,547)
Administrative expenses		(5,337)	(8,329)	(13,592)	(20,850)
Other operating expenses		(3,758)	(1,625)	(8,092)	(5,340)
Results from operating activities		(30)	5,375	(1,659)	(429)
Finance income		2,778	1,956	7,151	6,432
Finance costs		(2,842)	(5,180)	(8,961)	(16,594)
Net finance costs		(64)	(3,224)	(1,810)	(10,162)
Other non-operating expense		(6)	(452)	(1,967)	(7,600)
Share of results (net of tax) of equity-accounted:					
- associates		6,018	5,990	(1,986)	5,104
- joint ventures		179	262	650	567
Profit/(Loss) before tax	Note 19	6,097	7,951	(6,772)	(12,520)
Tax income/(expense)	Note 18	1,782	(2,578)	(460)	(4,235)
Profit/(Loss) for the period		7,879	5,373	(7,232)	(16,755)
Other comprehensive income/(expenses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2)	8	100	(22)
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate		-	-	(1,344)	-
Share of other comprehensive income of associates		1,374	(6,500)	8,490	3,746
Other comprehensive income/(expenses) for the period		1,372	(6,492)	7,246	3,724
Total comprehensive income/(expenses) for the period		9,251	(1,119)	14	(13,031)
Profit/(Loss) attributable to:					
Owners of the Company		7,324	5,356	(7,415)	(16,566)
Non-controlling interests		555	17	183	(189)
Profit/(Loss) for the period		7,879	5,373	(7,232)	(16,755)
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		8,696	(1,136)	(169)	(12,842)
Non-controlling interests		555	17	183	(189)
Total comprehensive income/(expenses) for the period		9,251	(1,119)	14	(13,031)
Basic earnings/(loss) per ordinary share (EPS) attributable to owners of the Company (sen)	Note 9	1.46	1.07	(1.48)	(3.31)

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 2020.

BUILDING VALUE SPIRITEDLY

NAIM HOLDINGS BERHAD
Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021
(The figures have not been audited)

		Unaudited 30 September 2021 RM'000	Audited 31 December 2020 RM'000
ASSETS			
Property, plant and equipment		125,967	132,892
Interests in associates		478,588	475,395
Interests in joint ventures		3,266	2,412
Inventory - Land held for property development		172,242	172,242
Investment properties		76,558	78,152
Intangible assets		964	1,475
Deferred tax assets		4,430	4,433
Other investments		3,071	3,071
Trade and other receivables		50,152	60,463
Total non-current assets		**915,238**	**930,535**
Inventories		567,248	589,771
Contract costs		5,451	4,938
Contract assets		60,558	39,580
Trade and other receivables		116,711	133,253
Deposits and prepayments		7,889	6,855
Current tax recoverable		1,326	1,279
Cash and cash equivalents		282,566	353,313
		1,041,749	1,128,989
Assets classified as held for sale		84	82
Total current assets		**1,041,833**	**1,129,071**
Total assets		**1,957,071**	**2,059,606**
EQUITY			
Share capital		454,802	454,802
Treasury shares		(34,748)	(34,748)
Reserves		888,952	928,680
Total equity attributable to owners of the Company		**1,309,006**	**1,348,734**
Non-controlling interests		16,089	15,906
Total equity		**1,325,095**	**1,364,640**
LIABILITIES			
Loans and borrowings	Note 8	74,565	95,752
Deferred tax liabilities		22,486	23,037
Total non-current liabilities		**97,051**	**118,789**
Loans and borrowings	Note 8	206,180	218,117
Trade and other payables		304,592	324,295
Contract liabilities		18,682	15,940
Provisions		3,534	3,539
Current tax payable		1,937	14,286
Total current liabilities		**534,925**	**576,177**
Total liabilities		**631,976**	**694,966**
Total equity and liabilities		**1,957,071**	**2,059,606**
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital		**2.55**	**2.63**

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 2020.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the third quarter and nine months ended 30 September 2021
(The figures have not been audited)

	Total equity attributable to owners of the Company							
	Non-Distributable				Distributable			
	Share capital RM '000	Foreign currency translation 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 9 months ended 30 September 2020 (Unaudited)								
At 1 January 2020	454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
Foreign currency translation differences for foreign operations	-	(22)	-	-	-	(22)	-	(22)
Share of other comprehensive income of associates	-	3,746	-	-	-	3,746	-	3,746
Total other comprehensive income for the period	-	3,724	-	-	-	3,724	-	3,724
Loss for the period	-	-	-	-	(16,566)	(16,566)	(189)	(16,755)
Total comprehensive income/(expenses) for the period	-	3,724	-	-	(16,566)	(12,842)	(189)	(13,031)
At 30 September 2020	454,802	13,660	(34,748)	174	901,813	1,335,701	19,633	1,355,334
For the 9 months ended 30 September 2021 (Unaudited)								
At 1 January 2021	454,802	6,172	(34,748)	166	922,342	1,348,734	15,906	1,364,640
Foreign currency translation differences for foreign operations	-	100	-	-	-	100	-	100
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate	-	(1,344)	-	-	-	(1,344)	-	(1,344)
Share of other comprehensive income of associates	-	8,490	-	-	-	8,490	-	8,490
Total other comprehensive income for the period	-	7,246	-	-	-	7,246	-	7,246
(Loss)/Profit for the period	-	-	-	-	(7,415)	(7,415)	183	(7,232)
Total comprehensive income/(expenses) for the period	-	7,246	-	-	(7,415)	(169)	183	14
Transaction with owners of the Company *- Dividends paid*	-	-	-	-	(39,559)	(39,559)	-	(39,559)
At 30 September 2021	454,802	13,418	(34,748)	166	875,368	1,309,006	16,089	1,325,095

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 2020.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
For the third quarter and nine months ended 30 September 2021

(The figures have not been audited)

	Unaudited 30 September 2021 RM'000	Unaudited 30 September 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(6,772)	(12,520)
Adjustments for:		
Amortisation of:		
- intangible asset	510	510
- investment properties	1,594	1,593
Depreciation of property, plant and equipment	7,117	6,815
Dividend income from unquoted shares	(42)	(84)
Finance income	(7,151)	(6,432)
Finance costs	8,961	16,594
(Gain)/Loss on disposal of:		
- property, plant and equipment	(287)	(4,098)
- assets held for sale	-	(10,623)
- deemed disposal of associates	1,967	7,600
Property, plant and equipment written off	-	32
Net change in impairment loss on financial assets and contract assets	542	(567)
Share of results of equity-accounted:		
- associates	1,986	(5,104)
- joint ventures	(650)	(567)
Unrealised foreign exchange gain	(183)	(187)
Operating profit/(loss) before changes in working capital	7,592	(7,038)
Changes in working capital:		
Inventories	22,744	(4,551)
Contract assets/liabilities	(18,235)	8,616
Contract cost	(467)	(618)
Trade and other receivables, deposits and prepayments	25,040	18,529
Trade and other payables	(19,109)	4,104
Provisions	(5)	(13)
Cash generated from operations	17,560	19,029
Net income taxes paid	(13,609)	(3,370)
Net cash from operating activities	3,951	15,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(459)	(1,812)
Proceeds from disposal of:		
- property, plant and equipment	288	1,014
- assets held for sale	-	401
Changes in pledged deposits	(24)	(143)
Distribution of profit received from a joint venture	-	1,020
Dividends received	42	84
Interest received	7,387	7,055
Net cash from investing activities	7,234	7,619
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the:		
- owners of the Company	(39,559)	-
Net repayments of loans and borrowings	(33,099)	(41,869)
Net repayment of finance lease liabilities	(25)	(10)
Interest paid	(9,457)	(17,607)
Net cash used in financing activities	(82,140)	(59,486)
Net decrease in cash and cash equivalents	(70,955)	(36,208)
Effects of exchange rate changes on cash and cash equivalents	183	65
Cash and cash equivalents at beginning of year	337,950	211,396
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**267,178**	**175,253**
Representing by:		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	208,626	137,683
Cash in hand and at banks	58,552	37,570
Total cash and cash equivalents as shown in statement of cash flows	267,178	175,253

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 2020.

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 ("Bursa Securities").

The condensed consolidated interim financial statements of the Group as at and for the period ended 30 September 2021 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 applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134, *Interim Financial Reporting* in Malaysia and IAS 134, *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all of the information required for a complete annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020. 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 Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020.

The annual financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at 9th floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.

2. Significant accounting policies

The accounting policies adopted by the Group in preparing the condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2020, except as explained below.

During the current period under review, the Group has adopted the following accounting standards and amendments which are effective for annual periods beginning on and after 1 June 2020 and 1 January 2021:

- Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

The adoption of the above MFRS standards and associated amendments did not have any material financial impact on the financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

2.1 Standards, amendments and interpretations yet to be effective

The Group has not applied the following MFRSs and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but are neither effective yet nor early adopted by the Group:

- ***MFRSs effective for annual periods beginning on or after 1 April 2021***
  - Amendments to MFRS 16*, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

- ***MFRSs effective for annual periods beginning on or after 1 January 2022***
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* (*Annual Improvements to MFRS Standards 2018−2020)*
  - Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
  - Amendments to MFRS 9, *Financial Instruments* (*Annual Improvements to MFRS Standards 2018−2020)*
  - Amendments to Illustrative Examples accompanying MFRS 16*, Leases (Annual Improvements to MFRS Standards 2018 – 2020)*
  - Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
  - Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts − Cost of Fulfilling a Contract*
  - Amendment to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

- ***MFRSs effective for annual periods beginning on or after 1 January 2023***
  - Amendments to MFRS 17, *Insurance Contracts*
  - Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
  - Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
  - Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

- ***MFRSs effective from a date yet to be determined***
  - Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above MFRSs and associated amendments is not expected to have any material financial impact on the financial statements of the Group.

3. Seasonality or cyclicality of operations

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

4. Estimates

The preparation of the condensed consolidated interim financial statements in conformity with MFRSs 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. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the areas of estimation uncertainty comprise those disclosed in the annual financial statements as at and for the year ended 31 December 2020.

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 30 September 2021 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 RM0.5 million (30.9.2020: RM1.8 million) which were satisfied in cash.

Some fully depreciated property, plant and equipment (30.9.2020: with carrying amount of RM3.6 million) were either disposed of and/or written off during the current period under review.

7. Changes in the composition of the Group

Acquisition of new subsidiary

On 4 August 2021, a direct subsidiary, Naim Land Sdn. Bhd. subscribed for 2 ordinary shares in Naim Mortgage Sdn. Bhd. ("NMSB"), representing 100% of the equity interest therein, for a cash consideration of RM2. The acquisition did not have a material impact on the Group's assets and liabilities due to the dormancy of NMSB since its incorporation.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group (continued)

Dilution in equity interest in existing associates

(i) Perdana Petroleum Berhad ("PPB")

During the current period under review, following the conversion of some 1.3 million redeemable convertible preference shares ("RCPS") into ordinary shares in PPB by the RCPS holders, the Group's equity interest in PPB had further decreased from 3.48% as at 31 December 2020 to 3.47% as at 30 September 2021. The dilution in the equity interest in PPB, after considering both direct and indirect interests held therein, was accounted for as a deemed disposal and a loss of about RM177,000 was recognised as other non-operating expense in the profit or loss.

(ii) Dayang Enterprise Holdings Berhad ("DEHB")

The Group's equity interest in DEHB decreased from 26.42% to 24.22% following a private placement exercise effected by DEHB during March 2021. The dilution in equity interest was accounted for as deemed disposal with a resultant loss of RM1.8 million recognised as part of other non-operating expense in the profit or loss.

Save as disclosed above, there were no changes in the composition of the Group during the period under review.

8. Loans and borrowings

		30 September 2021 RM'000	31 December 2020 RM'000
Non-current			
Secured	- Term loans	74,530	95,709
	- Hire purchases	35	43
		74,565	95,752
Current			
Unsecured	- Revolving credits	172,000	167,000
Secured	- Term loans	34,169	51,089
	- Finance lease	-	17
	- Hire purchases	11	11
		206,180	218,117
Total		280,745	313,869

9. Earnings per ordinary share ("EPS")

Basic EPS

The calculation of the basic EPS was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	9 months ended 30 September	
	2021	**2020**
Loss attributable to owners of the Company (RM'000)	(7,415)	(16,566)
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	(1.48)	(3.31)

Diluted EPS

No diluted EPS was presented as there are no dilutive potential ordinary shares.

10. Dividend

On 9 July 2021, the Board declared an interim single-tier tax exempt dividend in the aggregate amount of about RM39.6 million, being an interim dividend of RM0.079 per ordinary share, in respect of the financial year ending 31 December 2021. The dividend was subsequently paid to the shareholders on 6 August 2021. The said dividend payment was made using the proceeds from the land disposal which was completed on 21 October 2020.

Save as above, there was no other dividend declared by the Board during the period under review.

11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (GMD) (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	- All other business segments with profit contributions less than 10%. This includes manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment and management, hotel operation as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the GMD. 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 GMD reviews the statements of financial position of subsidiaries for resource 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.

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
For the 9 months ended 30 September										
Revenue from external customers	61,860	62,749	181,492	111,557	15,241	12,089	-	-	258,593	186,395
Inter segment revenue	-	-	-	-	2,107	5,999	(2,107)	(5,999)	-	-
Total segment revenue	61,860	62,749	181,492	111,557	17,348	18,088	(2,107)	(5,999)	258,593	186,395
Segment profit/(loss)	2,846	9,355	1,971	(4,384)	(5,192)	(9,107)	(637)	(1,350)	(1,012)	(5,486)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	1,899	(486)	6,490	(1,503)	-	(1,585)	-	-	8,389	(3,574)
- joint ventures	-	-	650	567	-	-	-	-	650	567
	4,745	8,869	9,111	(5,320)	(5,192)	(10,692)	(637)	(1,350)	8,027	(8,493)
Unallocated expense									(2,457)	(5,105)
Loss on deemed disposal of interests in associates, DEHB and PPB									(1,967)	(7,600)
Share of results (net of tax) of associates, DEHB group[1] (in oil and gas segment)									(10,375)	8,678
Tax expense									(460)	(4,235)
Loss for the period									(7,232)	(16,755)
Other comprehensive income, net of tax									7,246	3,724
Total comprehensive income/(expenses) for the period									14	(13,031)
Non-controlling interests									(183)	189
Total comprehensive expenses attributable to the owners of the Company									(169)	(12,842)

[1] *Share of results of DEHB Group comprises the share of results from two associates, DEHB and Perdana Petroleum Berhad*

12. Subsequent events

Dilution in equity interest in an associate

In November 2021, following a new share allotment exercise effected by an associate, Miri Specialist Hospital Sdn. Bhd. ("MSHSB") in which the Group had elected not subscribe for its entitlement, the Group's equity interest in MSHSB was diluted from 30.00% to 15.53% as a result.

As at the date of this report, although the Group's shareholding in MSHSB is less than 20% following the dilution in equity interest, the Group still determines that it has significant influence because of the two representatives it currently has on the board of MSHSB. In the event the Board's composition is adjusted to reflect the current shareholding structure, the Group may soon cease to have significant influence over MSHSB.

The dilution in equity interest in MSHSB will be accounted for as a deemed disposal with any resultant gain or loss to be recognised in the profit or loss. Any retained interest held by the Group in MSHSB will then be remeasured at fair value and is regarded as the initial carrying amount of a financial asset classified as fair value through profit or loss. The Group is currently assessing the associated disposal impacts including the remeasurement impact arising from the above-mentioned dilution in equity interest in MSHSB.

Save as disclosed above, there are no other material events subsequent to the end of the period reported on, that has not been reflected in the condensed 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 2020 till the date of this quarterly report, except for those disclosed in Note 22.

14. Capital expenditure commitments

	30 September 2021 RM'000	31 December 2020 RM'000
Property, plant and equipment		
- Authorised but not contracted for	5,000	5,536
	=======	=======

15. Financial risk management

The Group's financial risk management objectives, policies and processes and risk profiles are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2020.

16. Related parties

i) Transactions with key management personnel

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

	9 months ended 30 September 2021 RM'000	9 months ended 30 September 2020 RM'000
Directors of the Company	2,892	3,395
Other key management personnel	3,379	3,497
	6,271	6,892

ii) Other related party transactions

	Transaction value 9 months ended 30 September 2021 RM'000	Transaction value 9 months ended 30 September 2020 RM'000	Balance outstanding as at 30 September 2021 RM'000	Balance outstanding as at 30 September 2020 RM'000
Transactions with associates				
Construction contract cost	72,688	84,971	(20,432)	(7,333)
Construction contract sum billed	(2,093)	(260)	2,597	2,612
Sale of construction raw materials	-	-	223	223

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

Current 9-month vs corresponding preceding 9-month review (September 2021 vs September 2020)

	Cumulative quarters 9 months ended 30 September	
	2021	**2020**
	RM'000	**RM'000**
Revenue	258,593	186,395
Loss before tax	6,772	12,520

The Group recorded higher revenue of RM258.6 million for the period under review, as compared to RM186.4 million reported in the corresponding period of 2020. The increase was mainly contributed by Construction division, which recorded a 63% increase in revenue when compared against that achieved in the corresponding period of 2020.

At the same time, the Group reported a lower loss before tax of RM6.8 million, as compared to the loss of RM12.5 million reported in September 2020. The fluctuation in net results for the current period was analysed as follows:

- a lower loss reported from the business segments of RM1.0 million, against the loss of RM5.5 million reported in September 2020, mainly due to improved performance reported by both Construction and Other Segments.
- share of loss (after tax) of RM2.0 million from its associates in the current period, against a share of profit (after tax) of RM5.1 million recorded in the corresponding period of 2020.

Current 3-month vs immediate preceding 3-month review (September 2021 vs June 2021)

	Current 3 months ended 30 September 2021	**Immediate preceding 3 months ended 30 June 2021**
	RM'000	**RM'000**
Revenue	115,205	59,473
Profit/(Loss) before tax	6,097	(1,974)

When compared to the immediate preceding quarter (April to June 2021), group revenue and profit had increased substantially. This was mainly attributable to higher work progress achieved from existing on-going development and construction projects during this 3-month period.

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 (continued)

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

17.1 Review of performance of operating segments and current year prospects

a) Property development

Current 9-month vs corresponding preceding 9-month review (September 2021 vs September 2020)

	Cumulative quarters	
	9 months ended 30 September	
	2021	2020
	RM'000	RM'000
Revenue	61,860	62,749
Segment profit	2,846	9,355

Although Property Development Segment recorded a slight drop in revenue, the work progress of existing on-going development projects had increased and contributed positively to the segment profit during the period under review. At the same time, the Group managed to achieve new property sales of RM59.0 million, compared against the property sales of RM61.2 million achieved in the corresponding period of 2020.

Higher segment profit reported during the previous financial period ended 30 September 2020 was mainly due to an one-off gain arising from disposal of some assets amounting to RM18.7 million.

Current 3-month vs immediate preceding 3-month review (September 2021 vs June 2021)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2021	30 June 2021
	RM'000	RM'000
Revenue	14,461	16,581
Segment profit	528	1,046

Property Development showed slight deterioration in revenue and performance during the current 3-month period, mainly attributable to lower property sales secured and the incurrence of some fixed overheads. The Group had reported new property sales of about RM8.4 million, against that achieved in the immediate preceding quarter (April to June 2021) of about RM15.7 million.

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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)

a) Property development (continued)

Prospects

The coronavirus (COVID-19) outbreak since January 2020 has severe negative impacts on the global economy, causing widespread disruptions to businesses affected by a fall in demand. The various industries across Malaysia have been similarly impacted by the pandemic, including our Group. Our performance is not expected to fare well in the near term. The business activities of the Group remain subdued - lower rate of sales conversion, some disruption of work progress due to labour shortage, anticipated increase in cost of construction due to material price surge and tightening liquidity position with low debts collection.

The Group anticipates the weaker buying sentiments in the property market to continue as consumers remain cautious in view of the uncertainties expected post COVID-19, coupled with the ongoing huge overhang in the property market, increased competitions and job insecurity due to rising retrenchments and pay cuts.

Nevertheless, we continuously emphasise in meeting customers' demand by building and delivering properties that are value for money in term of quality and service. At the same time, a more cautious approach has been adopted towards new product launches (i.e. timing and size of launches) and product types. Various initiatives (including digital marketing and online sales/bookings) have been introduced along the way to sell off the existing property stocks to improve the performance of this segment and reduce associated holding costs. In addition, we are managing and monitoring closely the development progress and construction costs to ensure that the properties are completed and handed over to buyers on time as well as minimise the possibility of costs overrun and sustain the property profit.

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)

b) Construction

Current 9-month vs corresponding preceding 9-month review (September 2021 vs September 2020)

	Cumulative quarters	
	9 months ended 30 September	
	2021	2020
	RM'000	RM'000
Revenue	181,492	111,557
Segment profit/(loss)	1,971	(4,384)

The Construction segment showed an improvement in revenue and performance during the period under review, mainly contributed to higher work progress achieved from the existing on-going projects.

Current 3-month vs immediate preceding 3-month review (September 2021 vs June 2021)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2021	30 June 2021
	RM'000	RM'000
Revenue	95,223	37,929
Segment profit	1,897	171

Improved work progress achieved from the current on-going construction projects had led to higher revenue and profit for the Construction segment for the current 3-month period under review.

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 (continued)

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

b) Construction (continued)

Prospects

As explained in Note 17.1(a) under Prospects of Property Development segment on the impact of COVID 19 to the Group's business activities, tightened project planning, execution and monitoring are in place to catch up on the work progress that has been delayed particularly during the Movement Control Order ("MCO") and Conditional MCO periods. This is to make sure the projects are completed within the targeted schedule and to achieve the expected margin. We also continuously build up and replenish our order book to sustain the performance of this Segment. Nonetheless, we are cautious and selective in project tendering and focus particularly on those projects where we have proven track records and experiences, supported by current project management resources.

c) Other Segment

Current 9-month vs corresponding preceding 9-month review (September 2021 vs September 2020)

	Cumulative quarters	
	9 months ended 30 September	
	2021	**2020**
	RM'000	**RM'000**
Revenue	15,241	12,089
Segment loss	5,192	9,107

The Other segment revenue and performance had shown an improvement in the current 9-month period. The improvement was mainly contributed by lower loss reported by our hotel operation which had recorded higher occupancy rates during the current period.

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 (continued)

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

c) Other Segment (continued)

Current 3-month vs immediate preceding 3-month review (September 2021 vs June 2021)

	Current 3 months ended 30 September 2021 RM'000	Immediate preceding 3 months ended 30 June 2021 RM'000
Revenue	5,521	4,963
Segment loss	1,734	1,875

When compared to the immediate preceding quarter, Other segment showed a slight improvement in revenue during the current 3 months, mainly due to the improvement in our hotel performance with increased occupancy rates during the current 3-month period.

However, this segment continued to register a loss due to the incurrence of fixed overheads and interest expense, particularly from the quarry and mall operations which had registered a loss of RM0.6 million in the current quarter, against the loss of RM0.9 million reported in the immediate preceding quarter (April and June 2021).

Prospects

As explained in Note 17.1(a) under Prospects of Property Development segment on the impact of COVID 19 to the Group's business activities, the Group expects lower contributions from this segment in the near term, particularly in the retail leasing and hotel businesses which experienced a fall in demand due to travel restrictions and the implementation of various preventative MCO/CMCO measures across the states. We continuously implement various cost controls measures to bring down overheads. At the same time, we also monitor and manage closely on the debts collection of retail leasing business while providing necessary support and assistance to our tenants during this difficult period. In addition, we are continuously exploring possible options to sell off or divest some non-performing operations to minimise further loss and realise some cash.

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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. Review of Group performance (continued)

17.2 Review of performance of major associate

For the current period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited loss after tax attributable to owners of about RM30.4 million, against a profit of RM44.4 million achieved in September 2020. The decline in DEHB's performance was mainly due to lower vessel utilisation resulted from the delay in work orders awarded, additional impairment loss on property, plant and equipment as well as foreign exchange losses incurred during the period under review.

18. Tax expense

Despite the group loss before tax of about RM3.5 million for the period under review (after excluding other non-operating expense and the share of results from the associates and joint ventures), the Group reported lower tax expense of about RM460,000, mainly due to the effect of overprovision in prior years' tax expenses, mitigated by the effect of unrecognised deferred tax assets arising from certain loss making operations.

19. Additional disclosures on loss before tax

	9 months ended 30 September	
	2021	**2020**
	RM'000	**RM'000**
Loss before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(287)	(4,098)
- asset held for sale	-	(10,623)
- deemed disposal of associates	1,967	7,600
Interest income from fixed deposits and cash funds	(2,717)	(2,262)
Other interest income	(4,434)	(4,170)
Amortisation of:		
- intangible assets	510	510
- investment properties	1,594	1,593
Depreciation of property, plant and equipment	7,117	6,815
Foreign exchange (gain)/loss:		
- unrealised	(183)	(187)
- realised	-	2
Interest expense on loans and borrowings	8,961	16,594
Net change in impairment loss on financial assets and contract assets	542	(567)

Save as disclosed, there were neither 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.

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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

20. Profit guarantee

The Group did not issue any profit guarantee.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 30 September 2021.

22. Update of material litigations status

(a) Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. ("NESB") received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed works package projects. The claims against NESB is for damages and/or compensation in the sum of about RM32.93 million, or alternatively a sum of about RM29.60 million, costs of engaging an expert and/or the continuous costs until the completion of the suit, judgement interest and costs.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact on the Group's results for the financial year ended 31 December 2021. Notwithstanding, in the event that the claim is allowed by the Court, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed its solicitor to vigorously contest the claim.

The subcontractor had on 25 April 2017 issued three (3) separate Payment Claims, totalling some RM29.60 million, under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against NESB; the subject matter of which is similar to that as contained in the Statement of Claim as stated above. The subcontractor however failed to and/or did not pursue the matter then after NESB responded with its Payment Response dated 11 May 2017.

Following the stay of proceedings in favour of arbitration as agreed by both parties, a Notice of Arbitration dated 16 July 2021 was received on 19 July 2021. The matter is now pending the appointment of an arbitrator to be agreed by both parties.

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

22. Update of material litigations status (continued)

(b) Litigation against a trade debtor

On 30 April 2021, a 70% owned subsidiary, Jelas Kemuncak Resources Sdn. Bhd. ("JKRSB") filed a Writ of Summons and Statement of Claim against its trade debtor, Sia Bintangor Holdings Sdn. Bhd. for a total outstanding debt of RM15.9 million, interest thereon and costs.

In the meanwhile, JKRSB has filed Summary Judgment Application on 11 August 2021 in the High Court. The court has fixed mention date on 3 December 2021 to monitor the status of the parties' exchange of documents.

23. Status of corporate proposals

There are no corporate proposals announced and/or not completed at the date of this quarterly report.

24. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.

25. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2021.