



**NAIM HOLDINGS BERHAD**

Registration No.: 200201017804 (585467-M)

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
For the first quarter and three months ended 31 March 2022				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	99,167	83,915	99,167	83,915
Cost of sales	(88,735)	(78,202)	(88,735)	(78,202)
<b>Gross profit</b>	<b>10,432</b>	<b>5,713</b>	<b>10,432</b>	<b>5,713</b>
Other operating income	1,568	1,207	1,568	1,207
Selling and promotional expenses	(879)	(1,150)	(879)	(1,150)
Administrative expenses	(5,930)	(4,283)	(5,930)	(4,283)
Other operating expenses	(2,172)	(2,067)	(2,172)	(2,067)
<b>Results from operating activities</b>	<b>3,019</b>	<b>(580)</b>	<b>3,019</b>	<b>(580)</b>
Finance income	1,558	2,096	1,558	2,096
Finance costs	(2,538)	(3,191)	(2,538)	(3,191)
<b>Net finance costs</b>	<b>(980)</b>	<b>(1,095)</b>	<b>(980)</b>	<b>(1,095)</b>
Other non-operating expense	(16)	(1,943)	(16)	(1,943)
Share of results (net of tax) of equity-accounted:				
- associates	7,352	(7,561)	7,352	(7,561)
- joint ventures	251	284	251	284
<b>Profit/(Loss) before tax</b>	<b>9,626</b>	<b>(10,895)</b>	<b>9,626</b>	<b>(10,895)</b>
Tax expense	(2,488)	(893)	(2,488)	(893)
<b>Profit/(Loss) for the period</b>	<b>7,138</b>	<b>(11,788)</b>	<b>7,138</b>	<b>(11,788)</b>
<b>Other comprehensive income/(expenses), net of tax</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	3	3	3	3
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate	-	(1,344)	-	(1,344)
Share of other comprehensive income of associates	974	7,179	974	7,179
<b>Other comprehensive income for the period</b>	<b>977</b>	<b>5,838</b>	<b>977</b>	<b>5,838</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>8,115</b>	<b>(5,950)</b>	<b>8,115</b>	<b>(5,950)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	6,900	(11,486)	6,900	(11,486)
Non-controlling interests	238	(302)	238	(302)
<b>Profit/(Loss) for the period</b>	<b>7,138</b>	<b>(11,788)</b>	<b>7,138</b>	<b>(11,788)</b>
<b>Total comprehensive income/(expenses) attributable to:</b>				
Owners of the Company	7,877	(5,648)	7,877	(5,648)
Non-controlling interests	238	(302)	238	(302)
<b>Total comprehensive income/(expenses) for the period</b>	<b>8,115</b>	<b>(5,950)</b>	<b>8,115</b>	<b>(5,950)</b>
<b>Basic earnings/(loss) per ordinary share (EPS) attributable to owners of the Company (sen)</b>	<b>1.38</b>	<b>(2.29)</b>	<b>1.38</b>	<b>(2.29)</b>

The notes set out on pages 5 to 21 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 2021.



**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 31 March 2022 <i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	122,862	124,879
Interests in associates	404,371	396,062
Interests in joint ventures	2,235	1,904
Inventory - Land held for property development	172,242	172,242
Investment properties	75,778	76,086
Intangible assets	624	794
Deferred tax assets	2,405	2,396
Other investments	3,028	3,028
Trade and other receivables	42,268	46,268
<b>Total non-current assets</b>	<b>825,813</b>	<b>823,659</b>
Inventories	566,092	549,053
Contract costs	5,055	4,883
Contract assets	46,886	43,389
Trade and other receivables	100,450	126,996
Deposits and prepayments	8,288	8,179
Current tax recoverable	969	1,103
Cash and cash equivalents	282,942	290,172
	1,010,682	1,023,775
Assets classified as held for sale	82	82
<b>Total current assets</b>	<b>1,010,764</b>	<b>1,023,857</b>
<b>Total assets</b>	<b>1,836,577</b>	<b>1,847,516</b>
<b>EQUITY</b>		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	818,648	810,771
<b>Total equity attributable to owners of the Company</b>	<b>1,238,702</b>	<b>1,230,825</b>
<b>Non-controlling interests</b>	<b>21,975</b>	<b>21,737</b>
<b>Total equity</b>	<b>1,260,677</b>	<b>1,252,562</b>
<b>LIABILITIES</b>		
Loans and borrowings	61,684	68,459
Deferred tax liabilities	21,990	22,097
<b>Total non-current liabilities</b>	<b>83,674</b>	<b>90,556</b>
Loans and borrowings	198,019	200,358
Trade and other payables	275,414	292,326
Contract liabilities	11,128	5,566
Provisions	3,472	3,472
Current tax payable	4,193	2,676
<b>Total current liabilities</b>	<b>492,226</b>	<b>504,398</b>
<b>Total liabilities</b>	<b>575,900</b>	<b>594,954</b>
<b>Total equity and liabilities</b>	<b>1,836,577</b>	<b>1,847,516</b>
<b>Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital</b>	<b>2.41</b>	<b>2.40</b>

The notes set out on pages 5 to 21 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 2021.



**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the first quarter and three months ended 31 March 2022

(The figures have not been audited)

	<b>Total equity attributable to owners of the Company</b>							
	<b>Non-Distributable</b>				<b>Distributable</b>			
	<b>Share capital RM '000</b>	<b>Foreign currency translation reserve RM '000</b>	<b>Treasury shares RM '000</b>	<b>Other reserve RM '000</b>	<b>Retained earnings RM '000</b>	<b>Sub-total RM '000</b>	<b>Non-controlling interests RM '000</b>	<b>Total equity RM '000</b>
<b><u>For the 3 months ended 31 March 2021 (Unaudited)</u></b>								
<b>At 1 January 2021, audited</b>	454,802	6,172	(34,748)	166	922,342	1,348,734	15,906	1,364,640
<i>Foreign currency translation differences for foreign operations</i>	-	3	-	-	-	3	-	3
<i>Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate</i>	-	(1,344)	-	-	-	(1,344)	-	(1,344)
<i>Share of other comprehensive income of associates</i>	-	7,179	-	-	-	7,179	-	7,179
Total other comprehensive income for the period	-	5,838	-	-	-	5,838	-	5,838
Loss for the period	-	-	-	-	(11,486)	(11,486)	(302)	(11,788)
Total comprehensive income/(expenses) for the period	-	5,838	-	-	(11,486)	(5,648)	(302)	(5,950)
<b>At 31 March 2021</b>	<b>454,802</b>	<b>12,010</b>	<b>(34,748)</b>	<b>166</b>	<b>910,856</b>	<b>1,343,086</b>	<b>15,604</b>	<b>1,358,690</b>
<b><u>For the 3 months ended 31 March 2022 (Unaudited)</u></b>								
<b>At 1 January 2022, audited</b>	454,802	12,662	(34,748)	123	797,986	1,230,825	21,737	1,252,562
<i>Foreign currency translation differences for foreign operations</i>	-	3	-	-	-	3	-	3
<i>Share of other comprehensive income of associates</i>	-	974	-	-	-	974	-	974
Total other comprehensive income for the period	-	977	-	-	-	977	-	977
Profit for the period	-	-	-	-	6,900	6,900	238	7,138
Total comprehensive income for the period	-	977	-	-	6,900	7,877	238	8,115
<b>At 31 March 2022</b>	<b>454,802</b>	<b>13,639</b>	<b>(34,748)</b>	<b>123</b>	<b>804,886</b>	<b>1,238,702</b>	<b>21,975</b>	<b>1,260,677</b>

The notes set out on pages 5 to 21 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 2021.



**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the first quarter and three months ended 31 March 2022		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March 2022 RM'000</b>	<b>31 March 2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	9,626	(10,895)
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	170	170
- investment properties	531	531
Depreciation of property, plant and equipment	2,229	2,393
Finance income	(1,558)	(2,096)
Finance costs	2,538	3,191
(Gain)/Loss on disposal of:		
- property, plant and equipment	-	(62)
- deemed disposal of associate(s)	16	1,943
Net change in impairment loss on financial assets and contract assets	(623)	-
Share of results of equity-accounted:		
- associates	(7,352)	7,561
- joint ventures	(251)	(284)
Unrealised foreign exchange gain	(44)	(139)
Operating profit before changes in working capital	5,282	2,313
Changes in working capital:		
Inventories	(21,113)	5,948
Contract assets/liabilities	2,065	(13,633)
Contract costs	(172)	(1,202)
Trade and other receivables, deposits and prepayments	35,103	55,089
Trade and other payables	(16,860)	(45,262)
Provisions	-	(2)
Cash generated from operations	4,305	3,251
Net income taxes paid	(1,033)	(10,582)
<b>Net cash from/(used in) operating activities</b>	<b>3,272</b>	<b>(7,331)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(264)	(242)
- investment properties	(223)	-
Proceeds from disposal of:		
- property, plant and equipment	-	62
Changes in pledged deposits	56	(11)
Interest received	1,641	2,328
<b>Net cash from investing activities</b>	<b>1,210</b>	<b>2,137</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayments of loans and borrowings	(9,077)	(2,763)
Net repayment of finance lease liabilities	(37)	(8)
Interest paid	(2,586)	(3,406)
<b>Net cash used in financing activities</b>	<b>(11,700)</b>	<b>(6,177)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,218)</b>	<b>(11,371)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>44</b>	<b>139</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>274,751</b>	<b>337,950</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>267,577</b>	<b>326,718</b>
<b>Representing by:</b>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	222,737	275,789
Cash in hand and at banks	44,840	50,929
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>267,577</b>	<b>326,718</b>

The notes set out on pages 5 to 21 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 2021.



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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022

### 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 31 March 2022 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 2021. 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 2021.

The annual financial statements of the Group as at and for the year ended 31 December 2021 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 2021, 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 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)*



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### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

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

- 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)*

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

##### 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 January 2023***
  - MFRS 17, *Insurance Contracts*
  - 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 cyclicity of operations

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



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### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

##### 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 2021.

##### 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 2022 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 RM0.3 million (31.3.2021: RM0.2 million), which were satisfied in cash.

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

###### ***Dilution in equity interest in existing associate, Perdana Petroleum Berhad ("PPB")***

During the current period under review, some 234,000 redeemable convertible preference shares ("RCPS") in PPB were converted into ordinary shares by the RCPS holders of PPB. Although the Group's equity interest in PPB did not vary much from the 3.47% as of 31 December 2021, the dilution in the equity interest in PPB arising from the RCPS conversion was accounted for as a deemed disposal. A loss of about RM16,000 was recognised as other non-operating expense in profit or loss.

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



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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 8. Loans and borrowings

		31 March 2022 RM'000	31 December 2021 RM'000
<b>Non-current</b>			
Secured	- Term loans	61,075	67,812
	- Hire purchases	609	647
		61,684	68,459
<b>Current</b>			
Unsecured	- Revolving credits	171,000	172,000
Secured	- Term loans	26,867	28,207
	- Hire purchases	152	151
		198,019	200,358
		259,703	268,817

#### 9. Earnings per ordinary share ("EPS")

##### Basic EPS

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

	3 months ended 31 March	
	2022 RM'000	2021 RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)	6,900	(11,486)
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	1.38	(2.29)

##### Diluted EPS

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





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### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

##### 10. Dividend

No dividend was declared/paid by the Board during the current 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 building 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.



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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the 3 months ended 31 March</b>										
Revenue from external customers	25,520	30,818	69,319	48,340	4,328	4,757	-	-	99,167	83,915
Inter segment revenue	-	-	16,961	7,694	586	588	( 17,547)	( 8,282)	-	-
Total segment revenue	<u>25,520</u>	<u>30,818</u>	<u>86,280</u>	<u>56,034</u>	<u>4,914</u>	<u>5,345</u>	<u>( 17,547)</u>	<u>( 8,282)</u>	<u>99,167</u>	<u>83,915</u>
Segment profit/(loss)	4,125	1,272	759	( 97)	( 1,458)	( 1,583)	( 192)	( 251)	3,234	( 659)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	2,270	190	1,785	670	-	-	-	-	4,055	860
- joint ventures	-	-	251	284	-	-	-	-	251	284
	<u>6,395</u>	<u>1,462</u>	<u>2,795</u>	<u>857</u>	<u>( 1,458)</u>	<u>( 1,583)</u>	<u>( 192)</u>	<u>( 251)</u>	<u>7,540</u>	<u>485</u>
Unallocated expense									( 1,195)	( 1,016)
Loss on deemed disposal of interests in associates, DEHB and PPB									( 16)	( 1,943)
Share of results (net of tax) of associates, DEHB group <sup>1</sup> (in oil and gas segment)									3,297	( 8,421)
Tax expense									( 2,488)	( 893)
Profit/(Loss) for the period									<u>7,138</u>	<u>( 11,788)</u>
Other comprehensive income, net of tax									977	5,838
Total comprehensive income/(expenses) for the period									<u>8,115</u>	<u>( 5,950)</u>
Non-controlling interests									( 238)	302
Total comprehensive income/(expenses) attributable to the owners of the Company									<u>7,877</u>	<u>( 5,648)</u>

<sup>1</sup> Share of results of DEHB Group comprises the share of results from two associates, DEHB and Perdana Petroleum Berhad



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### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

##### 12. Subsequent events

There are no 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 2021 till the date of this quarterly report, except for those disclosed in Note 22.

##### 14. Capital expenditure commitments

	31 March 2022 RM'000	31 December 2021 RM'000
<b><i>Property, plant and equipment</i></b>		
- Authorised but not contracted for	15,000	15,000
<b><i>Investment properties</i></b>		
- Authorised and contracted for	4,850	4,850
- Authorised but not contracted for	25,150	25,150
	45,000	45,000
	45,000	45,000

##### 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 2021.



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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	
	2022 RM'000	2021 RM'000
Directors of the Company	960	972
Other key management personnel	1,202	987
	<u>2,162</u>	<u>1,959</u>

##### *ii) Other related party transactions*

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Transactions with associates</u>				
Construction contract costs	37,480	22,025	(17,299)	(12,704)
Construction contract sum billed	-	(890)	2,523	2,563
	<u>-</u>	<u>(890)</u>	<u>2,523</u>	<u>2,563</u>



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#### 17. Review of Group performance

##### *Current 3-month vs corresponding preceding 3-month review (March 2022 vs March 2021)*

	Cumulative quarters	
	3 months ended 31 March	
	2022	2021
	RM'000	RM'000
Revenue	99,167	83,915
Profit/(Loss) before tax	9,626	(10,895)

The Group recorded higher revenue of RM99.2 million in the current period under review, against RM83.9 million of revenue reported in the corresponding quarter of 2021. The increase was mainly attributable to the Construction division, which had recorded a 43% rise in its construction revenue when compared against that achieved in the corresponding period of 2021.

At the same time, the Group reported a profit before tax of RM9.6 million, compared to the loss before tax of RM10.9 million reported in March 2021. The fluctuation in net results was explained as follows:

- higher profits reported from both the Property and Construction divisions, mainly due to increased work progress from projects and new property sales secured [see Note 17.1 for details];
- share of improved results from Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad ("PPB"), from a loss of RM8.4 million in March 2021 to a profit of RM3.3 million in the current quarter under review.

##### *Current 3-month vs immediate preceding 3-month review (March 2022 vs December 2021)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2022	31 December 2021
	RM'000	RM'000
Revenue	99,167	163,658
Profit/(Loss) before tax	9,626	(64,596)

When compared to the immediate preceding quarter (October to December 2021), group revenue had declined. This was mainly attributable to lower work progress achieved from the current on-going development and construction projects during the current period.



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#### 17. Review of Group performance (continued)

##### *Current 3-month vs immediate preceding 3-month review (March 2022 vs December 2021) (continued)*

Higher loss reported in the immediate preceding quarter (October to December 2021) amounting to about RM64.6 million was mainly attributable to a substantial share of loss of about RM79.0 million from major associates, DEHB and PPB following a huge impairment provision made against certain vessels and associated goodwill.

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 3-month vs corresponding preceding 3-month review (March 2022 vs March 2021)*

	Cumulative quarters	
	3 months ended 31 March	
	2022	2021
	RM'000	RM'000
Revenue	25,520	30,818
Segment profit	4,125	1,272

Despite the increased work progress from its development projects, Property Segment had registered a drop in revenue during the current period under review, mainly due to lower new property sales of about RM23.1 million (31.3.2021: RM34.9 million).

On the other hand, the Segment reported higher profit of about RM4.1 million during the current 3-month period, mainly attributable to the changes in property mix sold as well as lower overheads costs incurred.



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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 development (continued)*

*Current 3-month vs immediate preceding 3-month review  
(March 2022 vs December 2021)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2022	31 December 2021
	RM'000	RM'000
Revenue	25,520	30,722
Segment profit	4,125	6,124

This Segment showed a decline in both revenue and performance during the current 3-month period, mainly attributable to lower work progress achieved from existing on-going development projects.

Nevertheless the Group had secured additional new property sales of about RM23.1 million during the current quarter, against that achieved in the immediate preceding quarter (October to December 2021) of about RM21.0 million.

#### ***Prospects***

Since entering Phase 4 of the National Recovery Plan in the last quarter of 2021, market sentiments started to show some signs of improvement albeit at a slow pace. Gradual growth in economy is anticipated in the period to come with the resumption of more business activities across various industries, aided by several government initiatives to drive the overall market recovery.

The property market remains soft but is expected to stabilise and recover gradually in the short to medium term. The property overhang issues particularly for high-rise properties, higher-priced properties and commercial properties continue to be a concern; most developers currently focus on the sale of existing stocks while new launches are either deferred and/or introduced to market in small phases with competitive prices.

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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 development (continued)**

***Prospects (continued)***

In the year to come and depending on the market, the Group expects sales activities to increase gradually. Our primary emphasis and focus in the near term will be continuous understanding and meeting customers' needs by building and delivering properties that are value for money in term of quality and service. A more cautious approach has been adopted towards new product launches (i.e. timing and size of project) and product types (including product re-design to accommodate new living trends and incorporate some environmental social and governance (ESG) elements).

Continuous sale and marketing initiatives (such as digital marketing, various enhanced and value-added service packages etc.) will be introduced along the way to sell off our property stocks to improve the performance of this segment and reduce associated holding costs. At the same time, we will also closely manage and monitor the development progress and construction costs to ensure that the properties are completed and handed over to buyers on time while minimising the possibility of cost overruns and sustaining the property profit.

As part of our medium-term plans to sustain the performance of this Segment, we are also looking into various possible business opportunities to acquire new land in strategic locations within Sarawak and/or Malaysia, particularly for mass affordable housing development equipped with various facilities and amenities.

**b) Construction**

***Current 3-month vs corresponding preceding 3-month review (March 2022 vs March 2021)***

	Cumulative quarters	
	3 months ended 31 March	
	2022	2021
	RM'000	RM'000
Revenue	69,319	48,340
Segment profit/(loss)	759	(97)

The Construction segment showed an improvement in both revenue and performance during the period under review, mainly contributed by higher work progress achieved from existing on-going construction 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)

*Current 3-month vs immediate preceding 3-month review  
(March 2022 vs December 2021)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2022	31 December 2021
	RM'000	RM'000
Revenue	69,319	128,801
Segment profit	759	7,990

When compared to the immediate preceding quarter (October to December 2021), the Construction Segment recorded lower revenue and profit during the current quarter, mainly due to lower work progress achieved from the current on-going construction projects.

On the other hand, higher profit of RM8.0 million was recorded in the immediate preceding quarter (October to December 2021), partly due to recognition of positive variation orders from certain completed project upon the finalisation of contract sum with clients.

#### ***Prospects***

Tightened project planning, execution and monitoring are in place to make sure construction projects are completed within the targeted schedule and to achieve the expected margin.

At the same time, 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.

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**17. Review of Group performance (continued)**

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

**c) Other Segment**

***Current 3-month vs corresponding preceding 3-month review  
(March 2022 vs March 2021)***

	Cumulative quarters	
	3 months ended 31 March	
	2022	2021
	RM'000	RM'000
Revenue	4,328	4,757
Segment loss	(1,458)	(1,583)

The Other Segment did not show major variances in its current period's performance when compared to that achieved in the corresponding period of 2021. The performance was attained as a result of improved occupancy rates achieved from the hotel operation and some cost cutting initiatives in the mall and hotel operations.

***Current 3-month vs immediate preceding 3-month review  
(March 2022 vs December 2021)***

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2022	31 December 2021
	RM'000	RM'000
Revenue	4,328	4,135
Segment loss	(1,458)	(45)

Despite the improvement in segment revenue, Other segment registered a higher loss of RM1.5 million during the current 3-month period mainly due to incurrence of some fixed overheads and interest costs.



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#### 17. Review of Group performance (continued)

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

##### c) *Other Segment (continued)*

##### *Prospects*

The Group expects contributions from this segment will gradually improve in the near term, particularly in the retail leasing and hotel businesses when the market reopens. We will keep our rental rates competitive in order to retain tenants while maintaining a fair return yield, and catering to the changing working culture (i.e. work-from-home culture) and rising e-commerce businesses. We will continuously implement various cost control measures to bring down overheads. At the same time, we will also monitor and manage collection of debts from the retail leasing business closely while providing necessary support and assistance to our tenants during this economy recovery period.

##### 17.2 Review of performance of major associates

For the current period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited profit after tax attributable to owners of about RM13.8 million, against a loss after tax of RM27.5 million achieved in March 2021. The improvement in DEHB's performance during the current period was mainly due to increased work orders, higher vessel utilisation, receipt of insurance claims as well as lower depreciation charges.

#### 18. Tax expense

Despite the group profit before tax being only about RM2.0 million for the period under review (excluding other non-operating expense and share of results from associates and joint ventures), the Group reported tax expense of about RM2.5 million, mainly due to higher non-deductible expenses as well as the effect of additional deferred tax assets not recognised arising from certain loss-making operations.

#### 19. Profit guarantee

The Group did not issue any profit guarantee.

#### 20. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 March 2022.



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#### 21. Additional disclosures on profit/loss before tax

	3 months ended 31 March	
	2022 RM'000	2021 RM'000
<b>Profit/Loss before tax is arrived at after (crediting)/charging:</b>		
(Gain)/Loss on disposal of:		
- property, plant and equipment	-	( 62)
- deemed disposal of associates	16	1,943
Interest income from fixed deposits and cash funds	( 770)	( 737)
Other interest income	( 788)	( 1,359)
Amortisation of:		
- intangible assets	170	170
- investment properties	531	531
Depreciation of property, plant and equipment	2,229	2,393
Foreign exchange gain:		
- unrealised	( 44)	( 139)
Interest expense on loans and borrowings	2,538	3,191
Net change in impairment loss on financial assets and contract assets	( 623)	-

Save as disclosed, there were no 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.

#### 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 was 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.

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. On 11 April 2022, both NESB and the subcontractor agreed and confirmed the appointment of the arbitrator. Preliminary meeting with the arbitrator has been set on 23 May 2022.

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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 2022. Notwithstanding, in the event that the claim is allowed by the Arbitrator, 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.

**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 2021 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 26 May 2022.