



**NAIM HOLDINGS BERHAD**

Registration No.: 200201017804 (585467-M)

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
For the second quarter and six months ended 30 June 2022				
<i>(The figures have not been audited)</i>				
	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<i>3 months ended</i>		<i>6 months ended</i>	
	<i>30 June</i>		<i>30 June</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	80,481	59,473	179,648	143,388
Cost of sales	(73,695)	(54,687)	(162,430)	(132,889)
<b>Gross profit</b>	<b>6,786</b>	<b>4,786</b>	<b>17,218</b>	<b>10,499</b>
Other operating income	444	1,205	2,012	2,412
Selling and promotional expenses	(940)	(801)	(1,819)	(1,951)
Administrative expenses	(4,893)	(3,972)	(10,823)	(8,255)
Other operating expenses	(2,544)	(2,267)	(4,716)	(4,334)
<b>Results from operating activities</b>	<b>(1,147)</b>	<b>(1,049)</b>	<b>1,872</b>	<b>(1,629)</b>
Finance income	1,735	2,277	3,293	4,373
Finance costs	(2,603)	(2,928)	(5,141)	(6,119)
<b>Net finance costs</b>	<b>(868)</b>	<b>(651)</b>	<b>(1,848)</b>	<b>(1,746)</b>
Other non-operating expense	(2)	(18)	(18)	(1,961)
Share of results (net of tax) of equity-accounted:				
- associates	9,683	(443)	17,035	(8,004)
- joint ventures	282	187	533	471
<b>Profit/(Loss) before tax</b>	<b>7,948</b>	<b>(1,974)</b>	<b>17,574</b>	<b>(12,869)</b>
	Note 21			
Tax expense	(1,152)	(1,349)	(3,640)	(2,242)
	Note 18			
<b>Profit/(Loss) for the period</b>	<b>6,796</b>	<b>(3,323)</b>	<b>13,934</b>	<b>(15,111)</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	(1)	99	2	102
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	7,006	(63)	7,980	7,116
<b>Other comprehensive income for the period</b>	<b>7,005</b>	<b>36</b>	<b>7,982</b>	<b>5,874</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>13,801</b>	<b>(3,287)</b>	<b>21,916</b>	<b>(9,237)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	6,764	(3,253)	13,664	(14,739)
Non-controlling interests	32	(70)	270	(372)
<b>Profit/(Loss) for the period</b>	<b>6,796</b>	<b>(3,323)</b>	<b>13,934</b>	<b>(15,111)</b>
<b>Total comprehensive income/(expenses) attributable to:</b>				
Owners of the Company	13,769	(3,217)	21,646	(8,865)
Non-controlling interests	32	(70)	270	(372)
<b>Total comprehensive income/(expenses) for the period</b>	<b>13,801</b>	<b>(3,287)</b>	<b>21,916</b>	<b>(9,237)</b>
<b>Basic earnings/(loss) per ordinary share (EPS) attributable to owners of the Company (sen)</b>				
	Note 9			
	1.35	(0.65)	2.73	(2.94)

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 SECOND QUARTER ENDED 30 JUNE 2022**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 30 June 2022 <i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	120,807	124,879
Interests in associates	421,060	396,062
Interests in joint ventures	2,606	1,904
Inventory - Land held for property development	172,242	172,242
Investment properties	77,956	76,086
Intangible assets	454	794
Deferred tax assets	2,375	2,396
Other investments	3,028	3,028
Trade and other receivables	39,517	46,268
<b>Total non-current assets</b>	<b>840,045</b>	<b>823,659</b>
Inventories	565,421	549,053
Contract costs	4,680	4,883
Contract assets	28,555	43,389
Trade and other receivables	91,110	126,996
Deposits and prepayments	8,215	8,179
Current tax recoverable	985	1,103
Cash and cash equivalents	272,991	290,172
	971,957	1,023,775
Assets classified as held for sale	82	82
<b>Total current assets</b>	<b>972,039</b>	<b>1,023,857</b>
<b>Total assets</b>	<b>1,812,084</b>	<b>1,847,516</b>
<b>EQUITY</b>		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	832,417	810,771
<b>Total equity attributable to owners of the Company</b>	<b>1,252,471</b>	<b>1,230,825</b>
<b>Non-controlling interests</b>	<b>21,957</b>	<b>21,737</b>
<b>Total equity</b>	<b>1,274,428</b>	<b>1,252,562</b>
<b>LIABILITIES</b>		
Loans and borrowings	58,149	68,459
Deferred tax liabilities	21,664	22,097
<b>Total non-current liabilities</b>	<b>79,813</b>	<b>90,556</b>
Loans and borrowings	191,313	200,358
Trade and other payables	255,964	292,326
Contract liabilities	2,517	5,566
Provisions	3,472	3,472
Current tax payable	4,577	2,676
<b>Total current liabilities</b>	<b>457,843</b>	<b>504,398</b>
<b>Total liabilities</b>	<b>537,656</b>	<b>594,954</b>
<b>Total equity and liabilities</b>	<b>1,812,084</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>2.44</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.



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**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the second quarter and six months ended 30 June 2022

(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
<b>For the 6 months ended 30 June 2021 (Unaudited)</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>	-	102	-	-	-	102	-	102
<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>	-	7,116	-	-	-	7,116	-	7,116
Total other comprehensive income for the period	-	5,874	-	-	-	5,874	-	5,874
Loss for the period	-	-	-	-	(14,739)	(14,739)	(372)	(15,111)
Total comprehensive income/(expenses) for the period	-	5,874	-	-	(14,739)	(8,865)	(372)	(9,237)
<b>At 30 June 2021</b>	<b>454,802</b>	<b>12,046</b>	<b>(34,748)</b>	<b>166</b>	<b>907,603</b>	<b>1,339,869</b>	<b>15,534</b>	<b>1,355,403</b>
<b>For the 6 months ended 30 June 2022 (Unaudited)</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>	-	2	-	-	-	2	-	2
<i>Share of other comprehensive income of associates</i>	-	7,980	-	-	-	7,980	-	7,980
Total other comprehensive income for the period	-	7,982	-	-	-	7,982	-	7,982
Profit for the period	-	-	-	-	13,664	13,664	270	13,934
Total comprehensive income for the period	-	7,982	-	-	13,664	21,646	270	21,916
Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder	-	-	-	-	-	-	(50)	(50)
<b>At 30 June 2022</b>	<b>454,802</b>	<b>20,644</b>	<b>(34,748)</b>	<b>123</b>	<b>811,650</b>	<b>1,252,471</b>	<b>21,957</b>	<b>1,274,428</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.



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QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2022

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the second quarter and six months ended 30 June 2022		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	17,574	(12,869)
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	340	340
- investment properties	1,063	1,063
Depreciation of property, plant and equipment	4,423	4,702
Dividend income from unquoted shares	(1)	(1)
Finance income	(3,293)	(4,373)
Finance costs	5,141	6,119
(Gain)/Loss on disposal of:		
- property, plant and equipment	-	(155)
- deemed disposal of associate(s)	18	1,961
Net change in impairment loss on financial assets and contract assets	(623)	416
Share of results of equity-accounted:		
- associates	(17,035)	8,004
- joint ventures	(533)	(471)
Unrealised foreign exchange gain	(262)	(145)
Operating profit before changes in working capital	6,812	4,591
Changes in working capital:		
Inventories	(16,269)	15,579
Contract assets/liabilities	11,785	(8,316)
Contract costs	203	(422)
Trade and other receivables, deposits and prepayments	43,141	44,975
Trade and other payables	(36,234)	(48,885)
Provisions	-	(5)
Cash generated from operations	9,438	7,517
Net income taxes paid	(2,204)	(12,091)
<b>Net cash from/(used in) operating activities</b>	<b>7,234</b>	<b>(4,574)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(450)	(260)
- investment properties	(2,933)	-
Proceeds from disposal of:		
- property, plant and equipment	-	155
Redemption and cancellation of preference shares by a subsidiary	(50)	-
Changes in pledged deposits	44	(22)
Dividends received	1	1
Interest received	3,377	4,613
<b>Net cash (used in)/from investing activities</b>	<b>(11)</b>	<b>4,487</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayments of loans and borrowings	(19,280)	(20,429)
Net repayment of hire purchases	(75)	(16)
Interest paid	(5,267)	(6,595)
<b>Net cash used in financing activities</b>	<b>(24,622)</b>	<b>(27,040)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,399)</b>	<b>(27,127)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>262</b>	<b>145</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>257,614</b>	<b>310,968</b>
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	212,846	260,608
Cash in hand and at banks	44,768	50,360
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>257,614</b>	<b>310,968</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 SECOND QUARTER ENDED 30 JUNE 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 30 June 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 SECOND QUARTER ENDED 30 JUNE 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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#### 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 30 June 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 RM0.5 million (30.6.2021: RM0.3 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 260,000 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 RM18,000 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

		30 June 2022 RM'000	31 December 2021 RM'000
<b>Non-current</b>			
Secured	- Term loans	57,580	67,812
	- Hire purchases	569	647
		58,149	68,459
<b>Current</b>			
Unsecured	- Revolving credits	167,500	172,000
Secured	- Term loans	23,659	28,207
	- Hire purchases	154	151
		191,313	200,358
		249,462	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:

	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)	13,664	(14,739)
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	2.73	(2.94)

##### Diluted EPS

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





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#### 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 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>For the 6 months ended 30 June</b>										
Revenue from external customers	52,880	47,399	118,280	86,269	8,488	9,720	-	-	179,648	143,388
Inter segment revenue	-	-	38,193	13,567	1,228	1,132	(39,421)	(14,699)	-	-
Total segment revenue	52,880	47,399	156,473	99,836	9,716	10,852	(39,421)	(14,699)	179,648	143,388
Segment profit/(loss)	5,580	2,318	1,645	699	(3,412)	(3,458)	(2,447)	(1,068)	1,366	(1,509)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	3,051	1,530	737	5,548	-	-	-	-	3,788	7,078
- joint ventures	-	-	533	471	-	-	-	-	533	471
	8,631	3,848	2,915	6,718	(3,412)	(3,458)	(2,447)	(1,068)	5,687	6,040
Unallocated expense									(1,342)	(1,866)
Loss on deemed disposal of interests in associates, DEHB and PPB									(18)	(1,961)
Share of results (net of tax) of associates, DEHB group <sup>1</sup> (in oil and gas segment)									13,247	(15,082)
Tax expense									(3,640)	(2,242)
Profit/(Loss) for the period									13,934	(15,111)
Other comprehensive income, net of tax									7,982	5,874
Total comprehensive income/(expenses) for the period									21,916	(9,237)
Non-controlling interests									(270)	372
Total comprehensive income/(expenses) attributable to the owners of the Company									21,646	(8,865)

<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 SECOND QUARTER ENDED 30 JUNE 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

	30 June 2022 RM'000	31 December 2021 RM'000
<b><i>Property, plant and equipment</i></b>		
- Authorised but not contracted for	6,000	15,000
<b><i>Investment properties</i></b>		
- Authorised and contracted for	3,400	4,850
- Authorised but not contracted for	23,500	25,150
	32,900	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:

	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Directors of the Company	1,939	1,957
Other key management personnel	2,601	2,040
	<u>4,540</u>	<u>3,997</u>

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

	Transaction value		Balance	
	6 months ended		outstanding	
	30 June		as at 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with associates</u>				
Construction contract costs	75,249	38,738	(11,434)	(9,272)
Construction contract sum billed	-	(2,093)	2,523	2,684
	<u>-</u>	<u>(2,093)</u>	<u>2,523</u>	<u>2,684</u>



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#### 17. Review of Group performance

##### *Current 6-month vs corresponding preceding 6-month review (June 2022 vs June 2021)*

	Cumulative quarters	
	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Revenue	179,648	143,388
Profit/(Loss) before tax	17,574	(12,869)

The Group recorded higher revenue of RM179.6 million in the current period under review, against RM143.4 million reported in the corresponding period of 2021. The increase was mainly attributable to the Property Development and Construction divisions, which had recorded a 28% rise in their revenue when compared against that achieved in the corresponding period of 2021.

At the same time, the Group reported a profit before tax of RM17.6 million, compared to the loss before tax of RM12.9 million reported in June 2021. The fluctuation in net results was explained as follows:

- improved performance recorded by both the Property and Construction divisions, mainly due to increased work progress from projects and new property sales achieved [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 RM15.1 million in June 2021 to a profit of RM13.2 million in the current period under review.

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

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2022	31 March 2022
	RM'000	RM'000
Revenue	80,481	99,167
Profit before tax	7,948	9,626

When compared to the immediate preceding quarter (January to March 2022), group revenue and profit had declined. This was mainly attributable to lower work progress achieved from certain on-going construction projects as well as lower new property sales secured during the current period.



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#### 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 6-month vs corresponding preceding 6-month review (June 2022 vs June 2021)*

	Cumulative quarters	
	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Revenue	52,880	47,399
Segment profit	5,580	2,318

Property Development Segment recorded an improvement in its revenue for the current period, partly due to increased work progress at site. In addition, the Group also reported new property sales of about RM38.2 million (January to June 2021: RM50.6 million).

During the current 6-month period, the Segment also reported higher profit of about RM5.6 million, 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  
(June 2022 vs March 2022)***

	<b>Current</b>	<b>Immediate preceding</b>
	<b>3 months ended</b>	<b>3 months ended</b>
	<b>30 June 2022</b>	<b>31 March 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	27,360	25,520
Segment profit	1,455	4,125

This Segment showed a slight improvement in revenue during the current 3-month period, mainly attributable to increased work progress achieved from the existing on-going development projects. The Group had secured additional new property sales of about RM15.1 million during the current quarter, against that achieved in the immediate preceding quarter (January to March 2022) of about RM23.1 million.

However, the segment profit had declined during the current 3-month period, mainly due to the changes in product mix sold.

***Prospects***

Since entering the “transition to endemic” phase, 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.

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 sales and marketing initiatives (such as digital marketing, various enhanced and value-added service packages etc.) is 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 have also closely managed and monitored 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 6-month vs corresponding preceding 6-month review  
(June 2022 vs June 2021)**

	Cumulative quarters	
	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Revenue	118,280	86,269
Segment profit	1,645	699

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  
(June 2022 vs March 2022)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2022	31 March 2022
	RM'000	RM'000
Revenue	48,961	69,319
Segment profit	886	759

When compared to the immediate preceding quarter (January to March 2022), the Construction Segment recorded lower revenue during the current quarter, mainly due to lower work progress achieved from the current on-going construction projects. The segment continued to report a marginal profit of some RM0.9 million during the period under review.

#### ***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 6-month vs corresponding preceding 6-month review (June 2022 vs June 2021)*

	Cumulative quarters	
	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
Revenue	8,488	9,720
Segment loss	(3,412)	(3,458)

The drop in Other segment revenue was mainly due to lower trading sales as well as lower occupancy rates reported by the hotel operation. At the same time, this segment continued to register a loss due to the incurrence of some fixed overheads and interest expense.

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

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2022	31 March 2022
	RM'000	RM'000
Revenue	4,160	4,328
Segment loss	(1,954)	(1,458)

When compared to the immediate preceding quarter, both revenue and performance for Other Segment had declined, mainly due to lower occupancy rates reported by the hotel operation as well as 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 to gradually improve in the near term, particularly in the retail leasing and hotel businesses. We will keep our rental rates competitive in order to retain tenants while maintaining a fair 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 have also monitored and managed 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 RM55.8 million, against a loss after tax of RM49.4 million achieved in June 2021. The improvement in DEHB's performance during the current period was mainly due to increased work orders/contracts, higher vessel utilisation, receipt of insurance claims, reversal of impairment loss on trade receivables as well as lower depreciation charges.

#### 18. Tax expense

The Group reported higher tax expense of about RM3.6 million, when compared to the net profit excluding tax and shares of results from associates and joint ventures, 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 30 June 2022.



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

	6 months ended 30 June	
	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	-	(155)
- deemed disposal of associates	18	1,961
Interest income from fixed deposits and cash funds	(1,647)	(1,792)
Other interest income	(1,646)	(2,581)
Amortisation of:		
- intangible assets	340	340
- investment properties	1,063	1,063
Depreciation of property, plant and equipment	4,423	4,702
Foreign exchange (gain)/loss:		
- unrealised	(262)	(145)
- realised	2	-
Interest expense on loans and borrowings	5,141	6,119
Net change in impairment loss on financial assets and contract assets	(623)	416

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

##### ***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 work packages. 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.



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#### 22. Update of material litigations status (continued)

##### *Contract litigation (continued)*

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 was held on 23 May 2022. On 18 July 2022, the subcontractor filed their statement of claim and preliminary internal assessment of their current documentation is weak. Currently, our solicitor is drafting the statement of defence and counterclaim and to file the same by 12 September 2022.

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 25 August 2022.