



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

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fourth quarter and twelve months ended 31 December 2022

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	73,216	163,658	368,566	422,251
Cost of sales	(65,578)	(141,540)	(339,862)	(380,892)
Gross profit	7,638	22,118	28,704	41,359
Other operating income	958	2,802	5,817	6,482
Selling and promotional expenses	(1,267)	(1,013)	(3,946)	(3,909)
Administrative expenses	(7,446)	(5,401)	(23,688)	(18,993)
Other operating expenses	(4,557)	(4,976)	(12,786)	(13,068)
Results from operating activities	(4,674)	13,530	(5,899)	11,871
Finance income	2,394	2,607	8,419	9,758
Finance costs	(3,170)	(3,190)	(11,969)	(12,151)
Net finance costs	(776)	(583)	(3,550)	(2,393)
Other non-operating expense	(29)	(37)	(54)	(2,004)
Share of results (net of tax) of equity-accounted:				
- associates	12,764	(77,633)	39,765	(79,619)
- joint ventures	427	127	1,256	777
Profit(Loss) before tax	7,712	(64,596)	31,518	(71,368)
Tax expense	(1,263)	(5,138)	(6,446)	(5,598)
Profit(Loss) for the period/year	6,449	(69,734)	25,072	(76,966)
Other comprehensive (expenses)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Change in fair value of equity investments designated at fair value through other comprehensive income	(11)	(43)	(11)	(43)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	39	(105)	42	(5)
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate	-	-	-	(1,344)
Share of other comprehensive (expenses)/income of associates	(6,943)	(651)	9,016	7,839
Other comprehensive (expenses)/income for the period/year	(6,915)	(799)	9,047	6,447
Total comprehensive (expenses)/income for the period/year	(466)	(70,533)	34,119	(70,519)
Profit(Loss) attributable to:				
Owners of the Company	6,585	(71,250)	24,809	(78,665)
Non-controlling interests	(136)	1,516	263	1,699
Profit(Loss) for the period/year	6,449	(69,734)	25,072	(76,966)
Total comprehensive (expenses)/income attributable to:				
Owners of the Company	(330)	(72,049)	33,856	(72,218)
Non-controlling interests	(136)	1,516	263	1,699
Total comprehensive (expenses)/income for the period/year	(466)	(70,533)	34,119	(70,519)
Basic earnings/(loss) per ordinary share (EPS) attributable to owners of the Company (sen)	1.32	(14.23)	4.95	(15.71)

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 31 December 2022 <i>(The figures have not been audited)</i>			
		Unaudited	Audited
		31 December	31 December
		2022	2021
		RM'000	RM'000
ASSETS			
Property, plant and equipment		117,721	124,879
Interests in associates		440,582	396,062
Interests in joint ventures		2,027	1,904
Inventory - Land held for property development		172,242	172,242
Investment properties		80,503	76,086
Intangible assets		113	794
Deferred tax assets		2,229	2,396
Other investments		3,017	3,028
Trade and other receivables		30,700	46,268
Total non-current assets		849,134	823,659
Inventories		558,215	549,053
Contract costs		4,730	4,883
Contract assets		39,316	43,389
Trade and other receivables		88,704	126,996
Deposits and prepayments		10,449	8,179
Current tax recoverable		1,334	1,103
Cash and cash equivalents		263,174	290,172
		965,922	1,023,775
Assets classified as held for sale		83	82
Total current assets		966,005	1,023,857
Total assets		1,815,139	1,847,516
EQUITY			
Share capital		454,802	454,802
Treasury shares		(34,748)	(34,748)
Reserves		844,627	810,771
Total equity attributable to owners of the Company		1,264,681	1,230,825
Non-controlling interests		21,950	21,737
Total equity		1,286,631	1,252,562
LIABILITIES			
Loans and borrowings	Note 8	87,620	68,459
Deferred tax liabilities		21,167	22,097
Total non-current liabilities		108,787	90,556
Loans and borrowings	Note 8	145,330	200,358
Trade and other payables		267,356	292,326
Contract liabilities		1,871	5,566
Provisions		3,472	3,472
Current tax payable		1,692	2,676
Total current liabilities		419,721	504,398
Total liabilities		528,508	594,954
Total equity and liabilities		1,815,139	1,847,516
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital		2.46	2.40

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
For the fourth quarter and twelve months ended 31 December 2022								
<i>(The figures have not been audited)</i>								
	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 12 months ended 31 December 2021 (Audited)								
At 1 January 2021, audited	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>	-	(5)	-	-	-	(5)	-	(5)
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	(43)	-	(43)	-	(43)
<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>	-	7,839	-	-	-	7,839	-	7,839
Total other comprehensive income/(expenses) for the year	-	6,490	-	(43)	-	6,447	-	6,447
(Loss)/Profit for the year	-	-	-	-	(78,665)	(78,665)	1,699	(76,966)
Total comprehensive income/(expenses) for the year	-	6,490	-	(43)	(78,665)	(72,218)	1,699	(70,519)
Changes in ownership interests in a subsidiary	-	-	-	-	(6,132)	(6,132)	6,132	-
Distributions to the owners	-	-	-	-	-	-	-	-
- Dividends paid to the owners of the Company	-	-	-	-	(39,559)	(39,559)	-	(39,559)
- Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)
At 31 December 2021	454,802	12,662	(34,748)	123	797,986	1,230,825	21,737	1,252,562
For the 12 months ended 31 December 2022 (Unaudited)								
At 1 January 2022, audited	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>	-	42	-	-	-	42	-	42
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	(11)	-	(11)	-	(11)
<i>Share of other comprehensive income of associates</i>	-	9,016	-	-	-	9,016	-	9,016
Total other comprehensive income/(expenses) for the year	-	9,058	-	(11)	-	9,047	-	9,047
Profit for the year	-	-	-	-	24,809	24,809	263	25,072
Total comprehensive income/(expenses) for the year	-	9,058	-	(11)	24,809	33,856	263	34,119
Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder	-	-	-	-	-	-	(50)	(50)
At 31 December 2022	454,802	21,720	(34,748)	112	822,795	1,264,681	21,950	1,286,631

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CASH FLOWS		
For the fourth quarter and twelve months ended 31 December 2022		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	31,518	(71,368)
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	681	681
- investment properties	1,750	2,125
Change in fair value of equity investments designated at FVOCI	11	43
Depreciation of property, plant and equipment	10,259	9,399
Dividend income from unquoted shares	(125)	(42)
Finance income	(8,419)	(9,758)
Finance costs	11,969	12,151
(Gain)/Loss on disposal of:		
- property, plant and equipment	(39)	(511)
- deemed disposal of associate(s)	54	2,004
Property, plant and equipment written off	-	4
Net change in impairment loss on financial assets and contract assets	(2,319)	4,011
Inventories written down	-	26
Share of results of equity-accounted:		
- associates	(39,765)	79,619
- joint ventures	(1,256)	(777)
Unrealised foreign exchange gain	(247)	(159)
Operating profit before changes in working capital	4,072	27,448
Changes in working capital:		
Inventories	(9,041)	40,978
Contract assets/liabilities	2,661	(16,816)
Contract costs	153	105
Trade and other receivables, deposits and prepayments	51,657	17,586
Trade and other payables	(24,776)	(31,644)
Provisions	-	(67)
Cash generated from operations	24,726	37,590
Net income taxes paid	(8,822)	(16,181)
Net cash from operating activities	15,904	21,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(1,748)	(972)
- investment properties	(7,757)	(59)
Proceeds from disposal of:		
- property, plant and equipment	39	512
Redemption and cancellation of preference shares by a subsidiary	(50)	-
Changes in pledged deposits	5	(58)
Distribution of profit received from a joint venture	1,530	1,530
Dividends received	4,331	4,248
Interest received	8,389	9,922
Net cash from investing activities	4,739	15,123
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the:		
- owners of the Company	-	(39,559)
- non-controlling interests	-	(2,000)
Net repayments of loans and borrowings	(35,716)	(45,779)
Net repayment of hire purchases	(151)	(28)
Interest paid	(12,016)	(12,524)
Net cash used in financing activities	(47,883)	(99,890)
Net decrease in cash and cash equivalents	(27,240)	(63,358)
Effects of exchange rate changes on cash and cash equivalents	247	159
Cash and cash equivalents at beginning of year	274,751	337,950
CASH AND CASH EQUIVALENTS AT END OF YEAR	247,758	274,751
Representing by:		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	203,852	227,067
Cash in hand and at banks	43,906	47,684
Total cash and cash equivalents as shown in statement of cash flows	247,758	274,751

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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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 year ended 31 December 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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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 – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
 - 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 for annual periods beginning on or after 1 January 2024***
 - Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
 - Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- ***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.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclical fluctuations during the year 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 2021.

5. Debt and equity securities

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the year under review.

There was no share buy-back during the year under review. The total number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2022 remains at 13,056,000 shares.

6. *Acquisitions and/or disposals of property, plant and equipment and investment properties*

During the current year, the Group incurred about RM9.5 million (31.12.2021: RM1.8 million) for the acquisition of property, plant and equipment and investment properties (including assets under construction), which were satisfied in cash and/or borrowings. Some fully depreciated property, plant and equipment (31.12.2021: with carrying amount of RM5,000) were either disposed of and/or written off during the year under review.

7. Changes in the composition of the Group

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

During the current year under review, some 795,000 redeemable convertible preference shares ("RCPS") in PPB were converted into ordinary shares by the RCPS holders of PPB. Although the Group's resultant equity interest in PPB following the conversion of RCPS 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 RM54,000 was recognised as other non-operating expense in profit or loss for the current year under review. Save as disclosed, there were no other major changes in the composition of the Group during the year under review.



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8. Loans and borrowings

		31 December 2022 RM'000	31 December 2021 RM'000
Non-current			
Secured	- Term loans	87,130	67,812
	- Hire purchases	490	647
		87,620	68,459
Current			
Unsecured	- Revolving credits	120,000	172,000
Secured	- Term loans	25,173	28,207
	- Hire purchases	157	151
		145,330	200,358
	Total	232,950	268,817

9. Earnings per ordinary share ("EPS")

Basic EPS

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

	12 months ended 31 December	
	2022 RM'000	2021 RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)	24,809	(78,665)
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	4.95	(15.71)

Diluted EPS

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



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10. Dividend

No dividend was declared/paid by the Board during the current quarter/year 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 and vacant lot with infrastructure).
- 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 trading 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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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
For the year ended 31 December										
Revenue from external customers	85,618	92,582	265,352	310,293	17,596	19,376	-	-	368,566	422,251
Inter segment revenue	-	-	54,872	36,796	2,794	2,828	(57,666)	(39,624)	-	-
Total segment revenue	85,618	92,582	320,224	347,089	20,390	22,204	(57,666)	(39,624)	368,566	422,251
Segment profit/(loss)	6,520	8,970	1,551	9,961	(8,706)	(5,237)	(3,981)	(698)	(4,616)	12,996
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	4,096	2,370	4,730	7,347	-	-	-	-	8,826	9,717
- joint ventures	-	-	1,256	777	-	-	-	-	1,256	777
	10,616	11,340	7,537	18,085	(8,706)	(5,237)	(3,981)	(698)	5,466	23,490
Unallocated expense									(4,833)	(3,518)
Loss on deemed disposal of interests in associates, DEHB and PPB									(54)	(2,004)
Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment)									30,939	(89,336)
Tax expense									(6,446)	(5,598)
Profit/(Loss) for the year									25,072	(76,966)
Other comprehensive income, net of tax									9,047	6,447
Total comprehensive income/(expenses) for the year									34,119	(70,519)
Non-controlling interests									(263)	(1,699)
Total comprehensive income/(expenses) attributable to the owners of the Company									33,856	(72,218)

¹ Share of results of DEHB Group comprises the share of results from two associates, DEHB and Perdana Petroleum Berhad ("PPB")



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12. Subsequent events

There are no material events subsequent to the end of the year 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 December 2022 RM'000	31 December 2021 RM'000
<i>Property, plant and equipment</i>		
- Authorised but not contracted for	15,000	15,000
<i>Investment properties</i>		
- Authorised and contracted for	1,200	4,850
- Authorised but not contracted for	30,000	25,150
	46,200	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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Related parties

i) Transactions with key management personnel

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

	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Directors of the Company	3,790	3,837
Other key management personnel	4,180	4,363
	<u>7,970</u>	<u>8,200</u>

ii) Other related party transactions

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with associates</u>				
Construction contract costs	157,130	161,528	(12,940)	(20,569)
Construction contract sum billed	-	(2,093)	2,256	2,523
Dividend income receivable	(4,206)	(4,206)	-	-
Sales of goods	(66)	-	-	-
Sale of property, plant and equipment	-	(160)	-	-
	<u>-</u>	<u>(160)</u>	<u>-</u>	<u>-</u>



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17. Review of Group performance

Current 12-month vs corresponding preceding 12-month review (December 2022 vs December 2021)

	Cumulative quarters	
	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Revenue	368,566	422,251
Profit/(Loss) before tax	31,518	(71,368)

When compared to 2021, lower group revenue of RM368.6 million was recorded during the year under review, mainly contributed by lower property sales secured as well as lower construction work progress achieved at the site. This then led to a segment loss of about RM4.6 million registered by our core businesses, against a segment profit of about RM13.0 million reported in the corresponding period of 2021 [see Notes 11 and 17.1 for details].

On the other hand, the Group reported a net profit before tax of RM31.5 million, compared to a loss before tax of RM71.4 million reported in 2021, mainly attributable to the improved performance recorded by our major associates, Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad. The share of results (after tax) of the DEHB Group had improved from a loss of RM89.3 million in 2021 to a profit of RM30.9 million in the current year under review.

Current 3-month vs immediate preceding 3-month review (December 2022 vs September 2022)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2022	30 September 2022
	RM'000	RM'000
Revenue	73,216	115,702
Profit before tax	7,712	6,232

When compared to the immediate preceding quarter (July to September 2022), group revenue had declined mainly attributable to lower property sales and lower construction work progress achieved from the ongoing projects during the 3-month period. However, the group profit before tax had improved marginally, partly due to some cost savings arising from a completed housing project. At the same time, our major associate, DEHB had continued to contribute positively to the group in the current 3-month period with a net share of profit amounting to about RM4.5 million (July to September 2022: RM13.2 million).



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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's prospects

a) *Property development*

Current 12-month vs corresponding preceding 12-month review (December 2022 vs December 2021)

	Cumulative quarters	
	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Revenue	85,618	92,582
Segment profit	6,520	8,970

Property Development showed a decline in its revenue and performance during the current year under review, mainly attributable to lower property sales secured as well as the incurrence of some fixed overheads and interest expenses. New property sales of about RM53.9 million were secured during the year, approximately 33% lower than that achieved in 2021 of about RM80.0 million.

Current 3-month vs immediate preceding 3-month review (December 2022 vs September 2022)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2022	30 September 2022
	RM'000	RM'000
Revenue	13,625	19,113
Segment profit/(loss)	3,496	(2,556)

Despite the increased work progress achieved by the ongoing development projects, lower revenue of RM13.6 million was recorded for the current 3-month period, mainly contributed by substantially lower property sales. Nevertheless, the segment's performance had improved during the 3-month period, partly due to some cost savings arising from a completed housing project.



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17. Review of Group performance (continued)

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

a) *Property development (continued)*

Prospects

The property market remains soft but is expected to gradually recover in the short to medium term. Property overhang issues, declining customers' purchasing power, interest rate hikes and rising inflationary pressure are among the key concerns and challenges faced by the property market, leading a continuing weakening of overall market sentiment. Most developers focus on the clearance of their existing stocks (completed and/or under construction) while new launches are either deferred and/or introduced to the market in small phases with competitive prices. The developers are also facing various challenges in completing their projects, such as elevated building materials costs, labour shortages and rising financing costs.

In the years to come and depending on the market, the Group expects sales activities to improve 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 terms of quality and service. A more cautious approach has been adopted towards new product launches (i.e. timing and size of the 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.) have been 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.



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17. Review of Group performance (continued)

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

b) Construction

Current 12-month vs corresponding preceding 12-month review (December 2022 vs December 2021)

	Cumulative quarters	
	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Revenue	265,352	310,293
Segment profit	1,551	9,961

Both Construction revenue and profit had declined, mainly contributed by lower work progress achieved from existing ongoing construction projects as well as incurrence of fixed overheads.

Current 3-month vs immediate preceding 3-month review (December 2022 vs September 2022)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2022	30 September 2022
	RM'000	RM'000
Revenue	55,393	91,679
Segment (loss)/profit	(3,767)	3,673

The Segment recorded a decline in its revenue and performance during the current 3-month period, mainly attributable to a decrease in work progress at the site for its existing ongoing construction projects.

Higher segment profit was reported in the immediate preceding quarter (i.e. July to September 2022), partly due to the recovery of a sum amounting to RM2.3 million previously provided for as doubtful contract receivable.



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17. Review of Group performance (continued)

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

b) *Construction (continued)*

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.

c) *Other Segment*

Current 12-month vs corresponding preceding 12-month review (December 2022 vs December 2021)

	Cumulative quarters	
	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Revenue	17,596	19,376
Segment loss	(8,706)	(5,237)

The drop in Other Segment revenue was mainly due to 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 expenses.



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17. Review of Group performance (continued)

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

c) *Other Segment* (continued)

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

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2022	30 September 2022
	RM'000	RM'000
Revenue	4,198	4,910
Segment loss	(2,717)	(2,577)

When compared to the immediate preceding quarter, the Other Segment showed a slight decline in revenue during the current 3 months, mainly due to lower hotel occupancy rates achieved during the period.

This segment continued to register a loss due to the incurrence of fixed overheads and interest expenses, particularly from its low-performing operations.

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 while initiating various revamping activities to improve the current occupancy rates and yield in the near term. At the same time, we have also monitored and managed the collection of debts from the retail leasing business closely while providing necessary support and assistance to our tenants during this economic recovery period.



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17. Review of Group performance (continued)

17.2 Review of performance of major associates

For the year under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited profit after tax attributable to owners of about RM124.2 million, against a loss after tax of RM316.6 million incurred in 2021. The improvement in DEHB's performance during the current year was mainly due to increased work orders/contracts, higher vessel utilisation, receipt of insurance claims, reversal of impairment loss on property, plant and equipment as well as lower depreciation charges.

The higher loss of RM316.6 million registered by DEHB during the last financial year 2021 was mainly due to an impairment loss of some RM350 million provided for property, plant and equipment and goodwill.

18. Tax expense

The Group reported higher tax expense of about RM6.4 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 and low-performing 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 December 2022.



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21. Additional disclosures on profit/loss before tax

	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Profit/Loss before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(39)	(511)
- deemed disposal of associates	54	2,004
Interest income from fixed deposits and cash funds	(4,077)	(4,080)
Other interest income	(4,342)	(5,678)
Amortisation of:		
- intangible assets	681	681
- investment properties	1,750	2,215
Depreciation of property, plant and equipment	10,259	9,399
Foreign exchange (gain)/loss:		
- unrealised	(247)	(159)
- realised	2	-
Interest expense on loans and borrowings	11,969	12,151
Property, plant and equipment written off	-	4
Inventories written down	-	26
Net change in impairment loss on financial assets and contract assets	(2,319)	4,011

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 year 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 were 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. A preliminary meeting with the arbitrator was held on 23 May 2022. On 18 July 2022, the subcontractor filed their statement of claim and our preliminary internal assessment of their current documentation is weak. NESB had filed a statement of defence and counterclaim on 11 October 2022. The subcontractor submitted a reply and their defence to NESB's counterclaim on 20 December 2022, of which NESB is currently performing internal assessment and review.

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 a 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 22 February 2023.