



**NAIM HOLDINGS BERHAD**

Registration No.: 200201017804 (585467-M)

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the second quarter and six months ended 30 June 2024

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 June		6 months ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	36,240	86,884	117,145	155,405
Cost of sales	(13,226)	(79,928)	(90,191)	(141,570)
<b>Gross profit</b>	<b>23,014</b>	<b>6,956</b>	<b>26,954</b>	<b>13,835</b>
Other operating income	2,104	902	2,830	1,595
Selling and promotional expenses	(1,083)	(1,081)	(2,271)	(2,300)
Administrative expenses	(7,015)	(5,471)	(12,558)	(9,711)
Other operating expenses	(5,794)	(3,657)	(10,788)	(6,740)
<b>Results from operating activities</b>	<b>11,226</b>	<b>(2,351)</b>	<b>4,167</b>	<b>(3,321)</b>
Finance income	1,539	2,055	3,038	3,955
Finance costs	(2,356)	(2,827)	(4,924)	(5,678)
<b>Net finance costs</b>	<b>(817)</b>	<b>(772)</b>	<b>(1,886)</b>	<b>(1,723)</b>
Other non-operating income/(expenses)	5,639	(2)	5,615	(56)
Share of results (net of tax) of equity-accounted:				
- associates	32,156	17,389	44,252	12,592
- joint ventures	4	3	4	5
<b>Profit before tax</b>	<b>48,208</b>	<b>14,267</b>	<b>52,152</b>	<b>7,497</b>
Tax expense	(1,400)	(1,710)	(2,489)	(2,913)
<b>Profit for the period</b>	<b>46,808</b>	<b>12,557</b>	<b>49,663</b>	<b>4,584</b>
<b>Other comprehensive (expenses)/income, 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)	6	-	7
Realisation of reserves to profit or loss arising from the disposal of equity interest in an associate	(3,891)	-	(3,891)	-
Share of other comprehensive (expenses)/income of associates	(380)	10,647	5,101	10,872
<b>Other comprehensive (expenses)/income for the period</b>	<b>(4,272)</b>	<b>10,653</b>	<b>1,210</b>	<b>10,879</b>
<b>Total comprehensive income for the period</b>	<b>42,536</b>	<b>23,210</b>	<b>50,873</b>	<b>15,463</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	46,289	12,594	49,281	4,428
Non-controlling interests	519	(37)	382	156
<b>Profit for the period</b>	<b>46,808</b>	<b>12,557</b>	<b>49,663</b>	<b>4,584</b>
<b>Total comprehensive income/(expenses) attributable to:</b>				
Owners of the Company	42,017	23,247	50,491	15,307
Non-controlling interests	519	(37)	382	156
<b>Total comprehensive income for the period</b>	<b>42,536</b>	<b>23,210</b>	<b>50,873</b>	<b>15,463</b>
<b>Basic and diluted earnings per ordinary share (EPS) (sen)</b>	<b>9.24</b>	<b>2.52</b>	<b>9.84</b>	<b>0.88</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 30 June 2024 <i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 June 2024 RM'000	31 December 2023 RM'000
<b>ASSETS</b>		
Property, plant and equipment	123,582	128,263
Interests in associates	502,716	487,334
Interests in joint ventures	2,113	2,107
Inventory	138,739	165,448
Investment properties	65,102	68,760
Intangible assets	60	60
Deferred tax assets	1,429	1,436
Other investments	3,018	3,018
Trade and other receivables	7,570	13,021
<b>Total non-current assets</b>	<b>844,329</b>	<b>869,447</b>
Inventories	578,742	549,231
Contract costs	7,424	5,972
Contract assets	18,566	81,689
Trade and other receivables	69,222	62,952
Deposits and prepayments	7,515	8,066
Current tax recoverable	1,036	996
Other financial assets	6,994	6,994
Cash and cash equivalents	219,286	220,868
Assets classified as held for sale	2,722	88
<b>Total current assets</b>	<b>911,507</b>	<b>936,856</b>
<b>Total assets</b>	<b>1,755,836</b>	<b>1,806,303</b>
<b>EQUITY</b>		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	937,975	887,484
<b>Total equity attributable to owners of the Company</b>	<b>1,358,029</b>	<b>1,307,538</b>
<b>Non-controlling interests</b>	<b>17,259</b>	<b>16,877</b>
<b>Total equity</b>	<b>1,375,288</b>	<b>1,324,415</b>
<b>LIABILITIES</b>		
Loans and borrowings	56,469	66,682
Deferred tax liabilities	20,414	20,482
<b>Total non-current liabilities</b>	<b>76,883</b>	<b>87,164</b>
Loans and borrowings	115,374	130,282
Trade and other payables	181,993	258,785
Contract liabilities	3,070	3,096
Current tax payable	3,228	2,561
<b>Total current liabilities</b>	<b>303,665</b>	<b>394,724</b>
<b>Total liabilities</b>	<b>380,548</b>	<b>481,888</b>
<b>Total equity and liabilities</b>	<b>1,755,836</b>	<b>1,806,303</b>
<b>Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid-up share capital</b>	<b>2.64</b>	<b>2.54</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the second quarter and six months ended 30 June 2024

(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 6 months ended 30 June 2023 (Unaudited)</u></b>								
<b>At 1 January 2023, audited</b>	454,802	21,720	(34,748)	112	822,795	1,264,681	21,950	1,286,631
<i>Foreign currency translation differences for foreign operations</i>	-	7	-	-	-	7	-	7
<i>Share of other comprehensive income of associates</i>	-	10,872	-	-	-	10,872	-	10,872
Total other comprehensive income for the period	-	10,879	-	-	-	10,879	-	10,879
Profit for the period	-	-	-	-	4,428	4,428	156	4,584
Total comprehensive income for the period	-	10,879	-	-	4,428	15,307	156	15,463
<b>At 30 June 2023</b>	<b>454,802</b>	<b>32,599</b>	<b>(34,748)</b>	<b>112</b>	<b>827,223</b>	<b>1,279,988</b>	<b>22,106</b>	<b>1,302,094</b>
<b><u>For the 6 months ended 30 June 2024 (Unaudited)</u></b>								
<b>At 1 January 2024, audited</b>	454,802	29,542	(34,748)	113	857,829	1,307,538	16,877	1,324,415
<i>Realisation of reserves to profit or loss arising from the disposal of an associate</i>	-	(3,891)	-	-	-	(3,891)	-	(3,891)
<i>Share of other comprehensive income of associates</i>	-	5,101	-	-	-	5,101	-	5,101
Total other comprehensive income for the period	-	1,210	-	-	-	1,210	-	1,210
Profit for the period	-	-	-	-	49,281	49,281	382	49,663
Total comprehensive income for the period	-	1,210	-	-	49,281	50,491	382	50,873
<b>At 30 June 2024</b>	<b>454,802</b>	<b>30,752</b>	<b>(34,748)</b>	<b>113</b>	<b>907,110</b>	<b>1,358,029</b>	<b>17,259</b>	<b>1,375,288</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.  
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

**QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the second quarter and six months ended 30 June 2024		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	52,152	7,497
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	-	113
- investment properties	1,024	1,430
Depreciation of property, plant and equipment	5,104	4,903
Dividend income from unquoted shares	(83)	(2)
Finance income	(3,038)	(3,955)
Finance costs	4,924	5,678
(Gain)/Loss on disposal of:		
- an associate	(5,615)	56
- property, plant and equipment	-	(80)
Net change in impairment loss on financial assets and contract assets	813	-
Share of results of equity-accounted:		
- associates	(44,252)	(12,592)
- joint ventures	(4)	(5)
Unrealised foreign exchange gain	(153)	(309)
Operating profit before changes in working capital	10,872	2,734
Changes in working capital:		
Inventories	(2,785)	11,021
Contract assets/liabilities	63,097	(1,131)
Contract costs	(1,452)	(45)
Trade and other receivables, deposits and prepayments	(1,210)	(33,297)
Trade and other payables	(76,429)	20,621
Provisions	-	(648)
Cash used in operations	(7,907)	(745)
Net income taxes paid	(1,925)	(3,525)
<b>Net cash used in operating activities</b>	<b>(9,832)</b>	<b>(4,270)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(440)	(2,470)
- investment properties	-	(5,070)
Proceeds from disposal of:		
- property, plant and equipment	-	80
- an associate	27,283	-
Changes in pledged deposits	-	2,817
Dividends received from:		
- an associate	8,412	4,206
- unquoted shares	83	2
Interest received	3,167	4,069
<b>Net cash from investing activities</b>	<b>38,505</b>	<b>3,634</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayments of loans and borrowings	(25,040)	(15,723)
Net repayment of hire purchases	(81)	(77)
Interest paid	(5,287)	(5,788)
<b>Net cash used in financing activities</b>	<b>(30,408)</b>	<b>(21,588)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,735)</b>	<b>(22,224)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>153</b>	<b>309</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>220,868</b>	<b>247,758</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>219,286</b>	<b>225,843</b>
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	157,003	181,802
Cash in hand and at banks	62,283	44,041
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>219,286</b>	<b>225,843</b>

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023.



# NAIM HOLDINGS BERHAD

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## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### 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 6-month period ended 30 June 2024 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 set of complete annual financial statements and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2023. 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 audited consolidated financial statements as at and for the year ended 31 December 2023.

The annual audited financial statements of the Group as at and for the year ended 31 December 2023 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 audited financial statements for the year ended 31 December 2023, except as explained below.

During the current period under review, the Group has adopted the following amendments to the Malaysian Financial Reporting Standards (“MFRSs”) which are effective for annual periods beginning on 1 January 2024:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*



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### QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

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

The adoption of the above MFRSs amendments did not have any material financial impact on the financial statements of the Group.

##### 2.1 MFRSs and/or amendments yet to be effective for adoption

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

- ***MFRSs effective for annual periods beginning on or after 1 January 2025***
  - *Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
- ***MFRSs effective for annual periods beginning on or after 1 January 2026***
  - *Amendments to MFRS 9, Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*
- ***MFRSs effective for annual periods beginning on or after 1 January 2027***
  - *MFRS 18, Presentation and Disclosure in Financial Statements*
  - *MFRS 19, Subsidiaries without Public Accountability: Disclosures*
- ***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 initial applications of the above-mentioned MFRSs and amendments are not expected to have any material financial impacts on the current period and prior periods' 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.

## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### 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 audited financial statements for the year ended 31 December 2023.

#### 5. Debt and equity securities

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

There was no share buy-back during the period under review. The total number of ordinary shares repurchased in earlier periods retained as treasury shares as of 30 June 2024 remains at 13,056,000 shares.

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

During the current period, the Group incurred about RM0.4 million (30.6.2023: RM7.5 million) for the acquisition of property, plant and equipment and/or investment properties (including assets under construction, where applicable), which were satisfied in cash.

Some fully depreciated property, plant and equipment were also either disposed of and/or written off during the period under review.

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

##### ***Disposal of equity interest in an existing associate, Perdana Petroleum Berhad ("PPB")***

During the current period under review, an additional 4,360,965 redeemable convertible preference shares ("RCPS") in PPB were converted into ordinary shares by the RCPS holders of PPB. The RCPS conversion had led to a dilution in the Company's equity interest in PPB. A loss of about RM336,000 (30.6.2023: RM56,000) was recognised in profit or loss to account for the dilution.

In June 2024, the Company disposed of its entire 3.46% equity interest held in PPB for a cash consideration of RM27.3 million, net of associated transaction costs. The Group recognised a net gain of about RM6.0 million as a result.

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



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## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 8. Loans and borrowings

		30 June 2024 RM'000	31 December 2023 RM'000
<b>Non-current</b>			
Secured	- Term loans	56,227	66,357
	- Hire purchases	242	325
		56,469	66,682
<b>Current</b>			
Unsecured	- Revolving credits	95,000	110,000
Secured	- Term loans	20,208	20,118
	- Hire purchases	166	164
		115,374	130,282
	Total	171,843	196,964

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

##### **Basic and diluted earnings per ordinary share**

The calculation of the basic and diluted EPS was based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding excluding treasury shares bought back in previous years, presented as follows:

	6 months ended 30 June	
	2024	2023
Profit attributable to ordinary shareholders (RM'000)	49,281	4,428
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic and diluted EPS (sen)	9.84	0.88

#### 10. Dividend

No dividend was declared/paid by the Board during the current quarter under review.



## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business 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 and other accommodation operations, education 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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### QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

##### 11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the period ended 30 June</b>										
Revenue from external customers	16,389	39,214	83,626	106,413	17,130	9,778	-	-	117,145	155,405
Inter segment revenue	-	-	2,101	21,298	1,735	1,261	(3,836)	(22,559)	-	-
Total segment revenue	16,389	39,214	85,727	127,711	18,865	11,039	(3,836)	(22,559)	117,145	155,405
Segment profit/(loss)	(5,262)	4,698	13,084	1,396	(1,778)	(5,210)	(1,361)	(3,823)	4,683	(2,939)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	482	1,779	3,750	328	-	-	-	-	4,232	2,107
- joint ventures	-	-	4	5	-	-	-	-	4	5
	(4,780)	6,477	16,838	1,729	(1,778)	(5,210)	(1,361)	(3,823)	8,919	(827)
Unallocated expense									(2,402)	(2,105)
Net gain/(loss) on disposal of equity interest in an associate, PPB									5,615	(56)
Share of results (net of tax) of associates, DEHB group <sup>1</sup> (in oil and gas segment)									40,020	10,485
Tax expense									(2,489)	(2,913)
Profit for the period									49,663	4,584
Other comprehensive income, net of tax									1,210	10,879
Total comprehensive income for the period									50,873	15,463
Non-controlling interests									(382)	(156)
Total comprehensive income attributable to the owners of the Company									50,491	15,307

<sup>1</sup> Share of results of DEHB Group comprises the share of results from two associates, DEHB and Perdana Petroleum Berhad ("PPB") during the period.



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## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### 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 have 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 2023 till the date of this quarterly report, except for those disclosed in Note 22.

#### 14. Capital expenditure commitments

	<b>30 June 2024 RM'000</b>	<b>31 December 2023 RM'000</b>
<b><i>Property, plant and equipment</i></b>		
- Authorised but not contracted for	20,000	20,000

#### 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 audited financial statements as at and for the year ended 31 December 2023.



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## QUARTERLY REPORT - FOR THE SECOND QUARTER ENDED 30 JUNE 2024

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 16. Related parties

##### i) Transactions with key management personnel

###### Compensations payable/paid to key management personnel

	6 months ended 30 June	
	2024 RM'000	2023 RM'000
Directors of the Company	1,867	1,886
Other key management personnel	2,240	1,915
	<u>4,107</u>	<u>3,801</u>

###### Other transactions with key management personnel

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sale of property	-	3,339	-	2,922

##### ii) Other related party transactions

	Transaction value 6 months ended 30 June		Balance outstanding as at 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Transactions with associates</u>				
Construction contract costs	67,069	73,465	(7,690)	(33,194)
Construction contract sum billed	-	-	2,256	2,256
Dividend income receivable	(8,412)	(4,206)	-	-
Rental of equipment	-	39	-	-
Rental income from premises	(50)	-	-	-
Sales of goods	(316)	(70)	207	-



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#### 17. Review of Group performance

##### *Current 6-month vs. corresponding preceding 6-month review (June 2024 vs. June 2023)*

	Cumulative quarters	
	6 months ended	
	30 June 2024	30 June 2023
	RM'000	RM'000
Revenue	117,145	155,405
Profit before tax	52,152	7,497

The Group recorded lower revenue of RM117.1 million during the period under review, against the revenue of RM155.4 million reported in June 2023, mainly due to lower property sales secured as well as lower work progress achieved at project sites.

On the other hand, the Group reported a higher net profit before tax of RM52.2 million, compared to the net profit before tax of RM7.5 million recorded in the corresponding period of 2023. The fluctuation in the net results was analysed as follows:

- improved segment profit of about RM4.7 million (30.6.2023: loss of RM2.9 million) from our core businesses, mainly from some cost savings reported from certain completed projects [see Notes 11 and 17.1 for details].
- improved performance from our major associates, Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad. The share of net results (after tax) of the DEHB Group had increased substantially, from RM10.5 million in June 2023 to a profit of RM40.0 million during the current period under review.

##### *Current 3-month vs. immediate preceding 3-month review (June 2024 vs. March 2024)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2024	31 March 2024
	RM'000	RM'000
Revenue	36,240	80,905
Profit before tax	48,208	3,944

When compared to the immediate preceding quarter (January to March 2024), the group revenue had decreased, mainly due to lower work progress achieved at project sites.



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

#### *Current 3-month vs. immediate preceding 3-month review (June 2024 vs. March 2024) (continued)*

However, the Group recorded a higher net profit during the quarter, mainly due to some cost savings arising from the amicable settlement of a litigation with a contractor. In addition, a higher share of net profit from our major associate, DEHB Group, from RM7.0 million in the immediate preceding quarter to RM33.0 million during the current quarter, had led to the overall increase in the current quarter's performance.

Detailed reviews 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 6-month vs. corresponding preceding 6-month review (June 2024 vs. June 2023)*

	Cumulative quarters	
	6 months ended	
	30 June 2024	30 June 2023
	RM'000	RM'000
Revenue	16,389	39,214
Segment (loss)/profit	(5,262)	4,698

The Property Development segment recorded a drop in its revenue and performance during the current period under review. The Group managed to secure new property sales of about RM27.3 million during the period, against the sales of about RM35.8 million achieved in the corresponding period of 2023. The segment performance was also partly impacted by lower work progress achieved, particularly from the newly launched development projects.

#### *Current 3-month vs. immediate preceding 3-month review (June 2024 vs. March 2024)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2024	31 March 2024
	RM'000	RM'000
Revenue	7,515	8,874
Segment loss	(2,206)	(3,056)

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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)***

***Current 3-month vs. immediate preceding 3-month review  
(June 2024 vs. March 2024) (continued)***

This segment continued to record some decline in its revenue and performance, partly due to the lower work progress achieved by existing ongoing projects. The Group managed to secure property sales of about RM12.4 million during the current 3-month period, approximately 17% lower than that achieved in the immediate preceding quarter of about RM14.9 million.

***Prospects***

While the property market is expected to remain soft for 2024, we maintain a positive outlook on the upcoming growth prospects. Despite persistent challenges such as the current property overhang issue and shifting consumer purchasing power due to interest rate adjustments and inflationary pressures, the property market in Sarawak has started to show some signs of gradual recovery, buoyed by government initiatives and the resumption of full economic activities.

Similar to most local developers, we have continuously put various sales and marketing initiatives to clear our existing inventory while cautiously introducing new projects at competitive prices amid rising costs of materials and financing. Our primary emphasis and focus in the near term will be continuous understanding and meeting customers' needs by offering quality properties and services, with a cautious approach to new product launches, carefully considering factors such as product features, quality, timing, and project scale.

In the years to come and depending on the market, we anticipate the sales activities to gradually improve in the regions we operate in. Several medium housing developments are in the pipeline for near-term phase-by-phase launches to cater to the anticipated demand in the market.

Aligned with the Group's theme for the year 2024 - '*Crafting Homes for Generations*', we are adapting designs to reflect emerging living trends, including multigenerational active living. As the market shows a growing interest in environmentally sustainable properties, living standards and quality of work, we are also looking into various ways to integrate environmental, social, and governance (ESG) elements into our new product offerings.



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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 (continued)*

To enhance the performance of this segment, we have also intensified digital sales and marketing efforts while continuously enhancing and fostering more sustainable customer relationships through various stakeholders' engagement activities. This includes the introduction of some rewards programmes for Naim customers and other stakeholders. At the same time, we are also exploring opportunities to expand our customer base and promote our products beyond Sarawak and even Malaysia, through the Sarawak-Malaysia My Second Home (SMM2H) programme.

###### b) *Construction*

###### *Current 6-month vs. corresponding preceding 6-month review (June 2024 vs. June 2023)*

	Cumulative quarters	
	6 months ended	
	30 June 2024	30 June 2023
	RM'000	RM'000
Revenue	83,626	106,413
Segment profit	13,084	1,396

When compared to the corresponding period of 2023, the Construction revenue had declined by about 21%, mainly due to lower work progress particularly from those substantially completed projects.

This Segment however reported a higher profit of about RM13.1 million, as result of some cost savings arising from the amicable settlement of a litigation with a contractor.





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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)

*Current 3-month vs. immediate preceding 3-month review  
(June 2024 vs. March 2024)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2024	31 March 2024
	RM'000	RM'000
Revenue	18,852	64,774
Segment profit/(loss)	14,186	(1,102)

The lower construction revenue for the current 3-month period was mainly due to lower work progress achieved, particularly from those substantially completed projects.

On the other hand, the segment performance had improved substantially as a result of some cost savings arising from the settlement of a litigation with a contractor.

#### **Prospects**

The current projects on hand are under close monitoring and management to ensure that these projects are completed within the targeted timeline and achieve the expected returns.



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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

##### *Current 6-month vs. corresponding preceding 6-month review (June 2024 vs. June 2023)*

	Cumulative quarters	
	6 months ended	
	30 June 2024	30 June 2023
	RM'000	RM'000
Revenue	17,130	9,778
Segment loss	(1,778)	(5,210)

Other segment recorded an improvement in its revenue and performance during the current period under review, mainly due to higher quarry sales as well as improved hotel room occupancy and rates.

##### *Current 3-month vs. immediate preceding 3-month review (June 2024 vs. March 2024)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 June 2024	31 March 2024
	RM'000	RM'000
Revenue	9,873	7,257
Segment profit/(loss)	361	(2,139)

When compared to the immediate preceding quarter, both the revenue and performance of this Segment had improved during the current 3 months, mainly due to higher quarry sales and the improvement in the hotel and accommodation operation.



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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)*

##### *Prospects*

The Group expects contributions from this segment to gradually improve in the near term, particularly in the retail leasing and hotel businesses in Bintulu and Miri. Various revitalisation initiatives by the Group have been underway for some time now, aimed at enhancing occupancy rates and investment yields, which we believe may take some time to yield fruitful results. Some proposed initiative plans include the introduction of new anchor stores, food & beverage, and other exciting retail offerings, as well as some proposed upgrades to the physical mall infrastructure of the malls.

Amidst the changing landscape of work culture, including the rise of remote work and the expansion of e-commerce, we remain committed to keeping our rental rates competitive to achieve fair yields. We also continuously implement various cost control measures to streamline operations and mitigate overheads, particularly during low operation activity periods. Efforts to optimise revenue streams also extend to more prudent debt management practices, with close monitoring and management of collections from retail leasing businesses.

Additionally, Sarawak's focus on education sector development presents good opportunities for growth and diversification. We believe that through our upcoming investment in education infrastructure and initiatives including technological advancements in learning platforms by our education business, we could capitalise on these trends and contribute to the region's educational landscape in which we operate in the years to come.

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

For the period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited net profit after tax attributable to owners of about RM159.3 million, against a net profit after tax of RM48.7 million in the corresponding period of 2023. The improvement in DEHB's performance during the current period was mainly due to higher work orders/contracts as well as increased vessel chartering margin and vessel utilisation rates.



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#### 18. Tax expense

The Group reported a higher tax expense of about RM2.5 million for the current period, despite the small net profit (excluding other non-operating income and shares of after-tax results of associates and joint ventures), mainly due to higher non-deductible expenses and the effect of non-recognition of additional deferred tax assets arising from certain loss-making and low-performing operations.

#### 19. Additional disclosures on profit before tax

	6 months ended 30 June	
	2024 RM'000	2023 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>		
(Gain)/Loss on disposal of:		
- property, plant and equipment	-	(80)
- an associate	(5,615)	56
Interest income from fixed deposits and cash funds	(2,082)	(2,291)
Other interest income	(956)	(1,664)
Amortisation of:		
- intangible assets	-	113
- investment properties	1,024	1,430
Depreciation of property, plant and equipment	5,104	4,903
Foreign exchange (gain)/loss:		
- unrealised	(153)	(309)
- realised	15	1
Interest expense on loans and borrowings	4,924	5,678
Net change in impairment loss on financial assets and contract assets	813	-

Save as disclosed, there were no material provisions for, and write-off of, inventories, gain or loss arising from the disposal of financial derivatives or other exceptional items for the period under review.

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The Group did not issue any profit guarantee.

**21. Derivative financial instruments**

The Group does not have any outstanding financial derivatives as at 30 June 2024.

**22. Update of material litigation*****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.

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, NESB agreed to the appointment of a sole arbitrator. The appointed Arbitrator had ordered, *inter-alia*, for the hearing dates to be fixed in July 2024 and August 2024.

Subsequent to the submission by both parties in May 2024 of their expert witnesses' assessment and rebuttal reports as directed by the arbitrator, the parties agreed to settle the claims and counter-claims via the execution of a Settlement Agreement on 16 July 2024 without any admission of liability and with no liberty to commence proceedings against each other. Accordingly, the parties have informed the arbitrator that they have withdrawn their respective claims against each other and applied for an order for the arbitration proceedings to be terminated.



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#### 23. Status of corporate proposals

##### *Status of Utilisation of Proceeds from the Disposal of Land in prior year*

As at 30 June 2024, there are no changes in the utilisation status of the sale proceeds arising from the prior year's land disposal by a wholly-owned subsidiary, Petrochemical Hub Sdn. Bhd. amounting RM340 million, summarised as follows:

Details of utilisation	Utilisation		Approved timeframe for utilisation	Extended timeframe for utilisation
	Approved RM'000	Actual RM'000		
Capital investment	15,000	-	Within 24 months from completion	Within 48 months from completion, expiring on 20 October 2024
Repayment of bank borrowings	117,000	117,000	Within 12 months from completion	-
Dividends to shareholders	90,000	90,000	Within 12 months from completion	-
Working capital for property development activities	75,000	75,000	Within 18 months from completion	-
Estimated expenses in relation to the Disposal	43,000	43,000	Within 9 months from completion	-
<b>Total sales proceeds</b>	<b>340,000</b>	<b>325,000</b>		

Save as disclosed, there are no other 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 annual audited financial statements for the financial year ended 31 December 2023 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 29 August 2024.