


**NAIM HOLDINGS BERHAD**

Registration No.: 200201017804 (585467-M)

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the first quarter and three months ended 31 March 2020

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 March		3 months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	68,419	141,633	68,419	141,633
Cost of sales	(65,110)	(117,852)	(65,110)	(117,852)
<b>Gross profit</b>	<b>3,309</b>	<b>23,781</b>	<b>3,309</b>	<b>23,781</b>
Other operating income	1,879	1,287	1,879	1,287
Selling and promotional expenses	(1,512)	(2,208)	(1,512)	(2,208)
Administrative expenses	(6,025)	(6,286)	(6,025)	(6,286)
Other operating expenses	(1,402)	(1,019)	(1,402)	(1,019)
<b>Results from operating activities</b>	<b>(3,751)</b>	<b>15,555</b>	<b>(3,751)</b>	<b>15,555</b>
Finance income	2,242	2,352	2,242	2,352
Finance costs	(5,984)	(6,653)	(5,984)	(6,653)
<b>Net finance costs</b>	<b>(3,742)</b>	<b>(4,301)</b>	<b>(3,742)</b>	<b>(4,301)</b>
Other non-operating expense	(6,655)	-	(6,655)	-
Share of results (net of tax) of equity-accounted:				
- associates	(311)	(5,290)	(311)	(5,290)
- joint ventures	216	(252)	216	(252)
<b>(Loss)/Profit before tax</b>	Note 19 <b>(14,243)</b>	<b>5,712</b>	<b>(14,243)</b>	<b>5,712</b>
Tax expense	Note 18 <b>(1,231)</b>	<b>(3,516)</b>	<b>(1,231)</b>	<b>(3,516)</b>
<b>(Loss)/Profit for the period</b>	<b>(15,474)</b>	<b>2,196</b>	<b>(15,474)</b>	<b>2,196</b>
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	17	23	17	23
Share of other comprehensive income/(loss) of associates	11,361	(4,179)	11,361	(4,179)
<b>Other comprehensive income/(loss) for the period</b>	<b>11,378</b>	<b>(4,156)</b>	<b>11,378</b>	<b>(4,156)</b>
<b>Total comprehensive loss for the period</b>	<b>(4,096)</b>	<b>(1,960)</b>	<b>(4,096)</b>	<b>(1,960)</b>
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(15,510)	1,698	(15,510)	1,698
Non-controlling interests	36	498	36	498
<b>(Loss)/Profit for the period</b>	<b>(15,474)</b>	<b>2,196</b>	<b>(15,474)</b>	<b>2,196</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company	(4,132)	(2,458)	(4,132)	(2,458)
Non-controlling interests	36	498	36	498
<b>Total comprehensive loss for the period</b>	<b>(4,096)</b>	<b>(1,960)</b>	<b>(4,096)</b>	<b>(1,960)</b>
<b>Basic earning per ordinary share (EPS) attributable to owners of the Company (sen)</b>	Note 9 <b>(3.10)</b>	<b>0.34</b>	<b>(3.10)</b>	<b>0.34</b>

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
As at 31 March 2020 <i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	149,814	152,050
Interests in associates	487,741	483,346
Interests in joint ventures	2,567	2,283
Inventory - Land held for property development	367,833	367,833
Investment properties	79,812	80,343
Intangible assets	3,345	3,516
Deferred tax assets	12,156	12,148
Other investments	3,078	3,079
Trade and other receivables	55,652	56,835
<b>Total non-current assets</b>	<b>1,161,998</b>	<b>1,161,433</b>
Inventories	623,471	621,548
Contract costs	6,060	4,514
Contract assets	140,542	111,687
Trade and other receivables	79,780	108,158
Deposits and prepayments	8,512	6,065
Current tax recoverable	1,006	999
Cash and cash equivalents	187,896	226,583
	1,047,267	1,079,554
Assets classified as held for sale	2,823	2,823
<b>Total current assets</b>	<b>1,050,090</b>	<b>1,082,377</b>
<b>Total assets</b>	<b>2,212,088</b>	<b>2,243,810</b>
<b>EQUITY</b>		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	924,357	928,489
<b>Total equity attributable to owners of the Company</b>	<b>1,344,411</b>	<b>1,348,543</b>
<b>Non-controlling interests</b>	<b>19,858</b>	<b>19,822</b>
<b>Total equity</b>	<b>1,364,269</b>	<b>1,368,365</b>
<b>LIABILITIES</b>		
Loans and borrowings	127,358	139,954
Deferred tax liabilities	23,777	23,977
<b>Total non-current liabilities</b>	<b>151,135</b>	<b>163,931</b>
Loans and borrowings	324,323	343,555
Trade and other payables	354,431	342,307
Contract liabilities	13,979	21,772
Provisions	3,604	3,614
Current tax payable	347	266
<b>Total current liabilities</b>	<b>696,684</b>	<b>711,514</b>
<b>Total liabilities</b>	<b>847,819</b>	<b>875,445</b>
<b>Total equity and liabilities</b>	<b>2,212,088</b>	<b>2,243,810</b>
<b>Net assets (NA) per ordinary share attributable to owners of the Company (RM)</b>	<b>2.62</b>	<b>2.62</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 2019.



## NAIM HOLDINGS BERHAD

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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter and three months ended 31 March 2020

*(The figures have not been audited)*

	Total equity attributable to owners of the Company							Total equity RM '000
	Non-Distributable				Distributable		Non-controlling interests RM '000	
	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		
<b>For the 3 months ended 31 March 2019 (Unaudited)</b>								
<b>At 1 January 2019</b>	336,092	13,158	(34,748)	215	860,389	1,175,106	17,993	1,193,099
<i>Foreign currency translation differences for foreign operations</i>	-	23	-	-	-	23	-	23
<i>Share of other comprehensive loss of associates</i>	-	(4,159)	-	(20)	-	(4,179)	-	(4,179)
Total other comprehensive loss for the period	-	(4,136)	-	(20)	-	(4,156)	-	(4,156)
Profit for the period	-	-	-	-	1,698	1,698	498	2,196
Total comprehensive (loss)/income for the period	-	(4,136)	-	(20)	1,698	(2,458)	498	(1,960)
Contribution by owners of the Company								
- <i>Issue of ordinary shares via Rights Issue</i>	118,710	-	-	-	-	118,710	-	118,710
Transaction with non-controlling interests								
- <i>Dividends paid by a subsidiary</i>	-	-	-	-	-	-	(1,200)	(1,200)
<b>At 31 March 2019</b>	<b>454,802</b>	<b>9,022</b>	<b>(34,748)</b>	<b>195</b>	<b>862,087</b>	<b>1,291,358</b>	<b>17,291</b>	<b>1,308,649</b>
<b>For the 3 months ended 31 March 2020 (Unaudited)</b>								
<b>At 1 January 2020</b>	454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
<i>Foreign currency translation differences for foreign operations</i>	-	17	-	-	-	17	-	17
<i>Share of other comprehensive income of associates</i>	-	11,361	-	-	-	11,361	-	11,361
Total other comprehensive income for the period	-	11,378	-	-	-	11,378	-	11,378
(Loss)/Profit for the period	-	-	-	-	(15,510)	(15,510)	36	(15,474)
Total comprehensive income/(loss) for the period	-	11,378	-	-	(15,510)	(4,132)	36	(4,096)
<b>At 31 March 2020</b>	<b>454,802</b>	<b>21,314</b>	<b>(34,748)</b>	<b>174</b>	<b>902,869</b>	<b>1,344,411</b>	<b>19,858</b>	<b>1,364,269</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 2019.



## NAIM HOLDINGS BERHAD

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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
For the first quarter and three months ended 31 March 2020		
<i>(The figures have not been audited)</i>		
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(14,243)	5,712
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	170	170
- investment properties	531	539
Depreciation of property, plant and equipment	2,509	1,420
Dividend income from unquoted shares	(83)	-
Finance income	(2,242)	(2,352)
Finance costs	5,984	6,653
(Gain)/Loss on disposal of:		
- property, plant and equipment	(72)	(112)
- assets held for sale	-	(236)
- an associate	6,655	-
Net change in impairment loss on financial assets and contract assets	(567)	-
Share of results of equity-accounted:		
- associates	311	5,290
- joint ventures	(216)	252
Unrealised foreign exchange (gain)/loss	(218)	198
Operating (loss)/profit before changes in working capital	(1,481)	17,534
Changes in working capital:		
Inventories	(1,691)	26,565
Contract assets/liabilities	(36,647)	50,783
Contract cost	(1,546)	519
Trade and other receivables, deposits and prepayments	27,262	(13,731)
Trade and other payables	12,992	(2,892)
Cash (used in)/generated from operations	(1,111)	78,778
Net income taxes paid	(1,432)	(2,323)
<b>Net cash (used in)/from operating activities</b>	<b>(2,543)</b>	<b>76,455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(532)	(5,479)
Proceeds from disposal of:		
- property, plant and equipment	76	139
- assets held for sale	-	750
Changes in pledged deposits	66	(476)
Dividends received	83	-
Interest received	2,683	2,409
<b>Net cash from/(used in) investing activities</b>	<b>2,376</b>	<b>(2,657)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of new shares	-	118,710
Net repayments of loans and borrowings	(31,823)	(22,247)
Repayment of finance lease liabilities	(5)	(5)
Interest paid	(6,857)	(7,040)
<b>Net cash (used in)/from financing activities</b>	<b>(38,685)</b>	<b>89,418</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(38,852)</b>	<b>163,216</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>232</b>	<b>(54)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>211,396</b>	<b>133,453</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>172,776</b>	<b>296,615</b>
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	142,104	219,931
Cash in hand and at banks	30,672	76,684
<b>Total cash and cash equivalents as shown in statement of cash flows</b>	<b>172,776</b>	<b>296,615</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 2019.



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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Naim Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements of the Group as at and for the period ended 31 March 2020 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*.

These 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 2019. 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 2019.

The annual financial statements of the Group as at and for the year ended 31 December 2019 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 2019, 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 2020:

- Amendment to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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



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### QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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

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

##### 2.1 Standards, amendments and interpretations yet to be effective

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

- ***MFRSs effective for annual periods beginning on or after 1 June 2020***
  - Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions*
- ***MFRSs effective for annual periods beginning on or after 1 January 2021***
  - MFRS 17, *Insurance Contracts*
- ***MFRSs effective for annual periods beginning on or after 1 January 2022***
  - Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
  - 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 MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
  - Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract*
  - Amendment to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*
- ***MFRSs effective 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 MFRS standards and associated amendments is not expected to have any material financial impact on the financial statements of the Group.

#### 3. Seasonality or cyclicity of operations

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

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**QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020****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 2019.

**5. Debt and equity securities**

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

There was no share buy-back during the period under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 March 2020 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 (31.3.2019: RM5.5 million) which were satisfied in cash.

Property, plant and equipment with a carrying amount of about RM4,000 (31.3.2019: RM27,000) were either disposed of and/or written off during the period under review.

**7. Changes in the composition of the Group*****Dilution in equity interest in an existing associate, Perdana Petroleum Berhad ("PPB")***

Following the conversion of some 1.43 billion redeemable convertible preference shares ("RCPS") into ordinary shares in PPB by the RCPS holders during the period under period, the Group's resultant equity interest in PPB had decreased from 9.89% to 3.49%. The dilution in the equity interest in PPB, after considering both direct and indirect interests held therein, was accounted for as a deemed disposal and a loss of RM6.7 million was recognised as other non-operating expense in the profit or loss.

As the conversion of the RCPS into ordinary shares in PPB is on-going, the full impact of the dilution of the Company's equity interests in PPB can only be determined at a later stage when the conversion is complete and the relevant information has been obtained to facilitate the calculation of the impact. The Group's equity interest in PPB, after the full conversion of RCPS, is expected to be 3.43%.

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



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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 8. Loans and borrowings

		31 March 2020 RM'000	31 December 2019 RM'000
<b>Non-current</b>			
Secured	- Term loans	127,358	139,949
	- Finance lease	-	5
		127,358	139,954
<b>Current</b>			
Unsecured	- Revolving credits	274,000	294,000
Secured	- Term loans	50,301	49,533
	- Finance lease	22	22
		324,323	343,555
Total		451,681	483,509

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

##### Basic EPS

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

	3 months ended 31 March	
	2020	2019
(Loss)/Profit attributable to owners of the Company (RM'000)	(15,510)	1,698
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	(3.10)	0.34

##### 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 during the period under review.

##### 11. Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (GMD) (being the Chief Operating Decision Maker), reviews internal management reports for resource allocation and decision making at least on a quarterly basis.

The following summary describes the operations in each of the Group's existing reporting segments.

Property development - Development and construction of residential and commercial properties (including sale of vacant land).

Construction - Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).

Others - All other business segments with profit contributions less than 10%. This includes manufacture and sale of buildings and construction materials, provision of sand extraction and land filling services, property investment and management 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 FIRST QUARTER ENDED 31 MARCH 2020

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>For the 3 months ended 31 March</b>										
Revenue from external customers	19,822	49,034	44,323	87,321	4,274	5,278	-	-	68,419	141,633
Inter segment revenue	-	-	-	-	1,053	709	( 1,053)	( 709)	-	-
<b>Total segment revenue</b>	<u>19,822</u>	<u>49,034</u>	<u>44,323</u>	<u>87,321</u>	<u>5,327</u>	<u>5,987</u>	<u>( 1,053)</u>	<u>( 709)</u>	<u>68,419</u>	<u>141,633</u>
Segment (loss)/profit	( 990)	8,550	( 813)	5,022	( 3,609)	160	( 411)	( 411)	( 5,823)	13,321
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	( 266)	( 456)	369	592	( 980)	-	-	-	( 877)	136
- joint ventures	-	-	216	( 252)	-	-	-	-	216	( 252)
	<u>( 1,256)</u>	<u>8,094</u>	<u>( 228)</u>	<u>5,362</u>	<u>( 4,589)</u>	<u>160</u>	<u>( 411)</u>	<u>( 411)</u>	<u>( 6,484)</u>	<u>13,205</u>
Unallocated expense									( 1,670)	( 2,067)
Loss on deemed disposal of interests in an associate, PPB									( 6,655)	-
Share of results (net of tax) of associates, DEHB group <sup>1</sup> (in oil and gas segment)									566	( 5,426)
Tax expense									( 1,231)	( 3,516)
(Loss)/Profit for the period									( 15,474)	2,196
Other comprehensive income/(loss), net of tax									11,378	( 4,156)
<b>Total comprehensive loss for the period</b>									<u>( 4,096)</u>	<u>( 1,960)</u>
Non-controlling interests									( 36)	( 498)
<b>Total comprehensive loss attributable to the owners of the Company</b>									<u>( 4,132)</u>	<u>( 2,458)</u>

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



# NAIM HOLDINGS BERHAD

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## QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2020

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 12. Subsequent event

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 2019 till the date of this quarterly report, except for those disclosed in Note 22.

#### 14. Capital expenditure commitments

	31 March 2020 RM'000	31 December 2019 RM'000
<b><i>Property, plant and equipment</i></b>		
- Authorised but not contracted for	2,965 =====	2,967 =====

#### 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 2019.

#### 16. Related parties

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

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

	3 months ended 31 March	
	2020 RM'000	2019 RM'000
Directors of the Company	1,207	1,285
Other key management personnel	1,307	1,720
	2,514 =====	3,005 =====



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#### 16. Related parties (continued)

##### ii) Other related party transactions

	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Transactions with associates</u>				
Construction contract cost	53,578	38,525	( 42,478)	( 19,113)
Construction contract sum billed	( 260)	( 4,098)	3,901	5,321
Sale of construction raw materials	-	-	223	223
	=====	=====	=====	=====

##### Transaction with certain members of the key management personnel of the Group

Consultant fee paid	5	15	-	-
	=====	=====	=====	=====

##### Transaction with key management personnel

Consultant fee paid	45	45	-	-
	=====	=====	=====	=====



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

#### 17. Review of Group performance

##### *Current 3-month vs corresponding preceding 3-month review (March 2020 vs March 2019)*

	Cumulative quarters	
	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
Revenue	68,419	141,633
(Loss)/Profit before tax	(14,243)	5,712

The Group recorded lower revenue of RM68.4 million for the period under review, as compared to RM141.6 million reported in the corresponding quarter of 2019. The decrease was mainly attributable to the Property and Construction division, which recorded a 53% decrease in its revenue when compared against that achieved in the corresponding period of 2019.

At the same time, the Group reported a loss before tax of RM14.2 million, compared to a profit before tax of RM5.7 million reported in March 2019. The fluctuation in net results was explained as follows:

- loss reported from all segments of RM5.8 million, against a segment profit achieved in March 2019 of RM13.3 million.
- an accounting loss of RM6.7 million arising from the deemed dilution in equity interest in an associate, Perdana Petroleum Bhd. ("PPB"), as explained in Note 7.

##### *Current 3-month vs immediate preceding 3-month review (March 2020 vs December 2019)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2020	31 December 2019
	RM'000	RM'000
Revenue	68,419	79,765
(Loss)/Profit before tax	(14,243)	8,759

When compared to the immediate preceding quarter (October to December 2019), group revenue and performance had declined, mainly attributable to lower work progress achieved at site and lower new property sales secured during this 3-month period. In addition, an accounting loss of RM6.7 million arising from the deemed disposal of some equity interest in PPB had also contributed partly to the current period's loss.



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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

#### *Current 3-month vs corresponding preceding 3-month review (March 2020 vs March 2019)*

	Cumulative quarters	
	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
Revenue	19,822	49,034
Segment (loss)/profit	(990)	8,550

Property Segment recorded a drop in its revenue and performance for the current period, mainly due to lower new property sales achieved of RM15.3 million (31.3.2019: RM57.0 million). Changes in property mix sold and incurrence of fixed overhead costs also contributed partly to the overall drop in this segment performance.

#### *Current 3-month vs immediate preceding 3-month review (March 2020 vs December 2019)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2020	31 December 2019
	RM'000	RM'000
Revenue	19,822	43,718
Segment loss	(990)	(2,683)

The decrease in Property revenue in the current 3-month period was mainly due to lower new Property sales recorded and lower work progress achieved. The Group had managed to secure new property sales of RM15.3 million during the current 3-month period, a 38% lower than that achieved in the immediate preceding quarter.

The segment also registered a marginal loss of RM1.0 million in the current 3-month period, mainly due to changes in property mix sold and incurrence of fixed overhead costs.

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The outbreak of coronavirus (COVID-19) pandemic since January 2020 has severe negative impacts on the global economy, causing widespread disruptions to businesses that are driven by a fall in demand. The various industries across Malaysia have been similarly impacted by the pandemic.

Following the implementation of the Movement Control Order (MCO) by the government since mid-March 2020, the business activities of the Group had declined – substantially lower revenue due to the closure of operations, virtually no construction works at site, delay in execution of sales and tightening liquidity position with low level debts collections. Despite various business segments having progressively resumed their operations since May 2020 after the announcement of the Conditional MCO, the Group anticipates the weaker buying sentiments in the property market to continue as consumers remain cautious in view of the uncertainties expected post COVID-19, coupled with the ongoing huge overhang in the property market, increased competitions and job insecurity due to rising corporate retrenchments and pay cuts. Some work progress at site may be lower than expected due to short term disruptions to the supply chain of building/construction materials as a result of delay in shipments/deliveries. Project monitoring and costs controls measures are put in place to make sure the projects are completed on time and to minimize the possibility of costs overrun. Appropriate right sizing and cost cutting exercises are being carried out across all operations as part of the process to better manage costs.

Nevertheless, our main focus remains on our existing three main flagship/integrated developments in Miri, Bintulu and Kuching. We have adopted a cautious approach towards new product launches (e.g. timing and size of launches) and product types, to be more selective and sensitive to buyers' demand and market conditions in near term. Various initiatives will be introduced along the way to sell off the existing property stocks to improve the performance of this segment and reduce associated holding costs.



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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

##### *Current 3-month vs corresponding preceding 3-month review (March 2020 vs March 2019)*

	Cumulative quarters	
	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
Revenue	44,323	87,321
Segment (loss)/profit	(813)	5,022

Despite the increased work progress from the existing on-going project, both Construction revenue and performance had declined more than 50%, mainly due to declined number of projects on hand.

Higher segment profit of RM5.0 million reported in the last March 2019 was mainly due to recovery of some cost savings from certain substantially completed projects.

##### *Current 3-month vs immediate preceding 3-month review (March 2020 vs December 2019)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2020	31 December 2019
	RM'000	RM'000
Revenue	44,323	31,293
Segment (loss)/profit	(813)	1,190

Higher Construction revenue of RM44.3 million was reported in the current 3-month, against RM31.3 million reported in the immediate preceding 3-month (October to December 2019), mainly due to higher work progress achieved from the on-going project.

However, the segment registered a loss of RM0.8 million, against a profit of RM1.2 million in the immediate preceding 3 month (October to December 2019). The drop in the segment performance was mainly due to the completion of majority projects on hand in the preceding period of 2019 as well as incurrence of fixed overheads.





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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)

###### *Prospects*

As explained in Note 17.1(a) under Prospects of Property segment on the anticipated impact of COVID 19 to the Group's business activities, the Group has progressively resumed its construction activities since mid-May 2020. Tightened project planning, execution and monitoring are in place to catch up on the work progress that has been delayed particularly during the period of the MCO. This is to make sure the projects are completed within targeted schedule and to achieve the expected margin.

To sustain the performance of this Segment, we will continuously build up and replenish our order book. Nonetheless, we are cautious and selective in project tendering and focus particularly on those projects where we have proven records and experiences, supported with current project management resources.

##### c) Other Segment

###### *Current 3-month vs corresponding preceding 3-month review (March 2020 vs March 2019)*

	Cumulative quarters	
	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
Revenue	4,274	5,278
Segment (loss)/profit	(3,609)	160

The drop in Other segment revenue was mainly due to lower trading and quarry sales.

In addition to lower sales achieved, incurrence of fixed overheads also partly contributed to the loss of RM3.6 million reported during the period.



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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)

##### *Current 3-month vs immediate preceding 3-month review (March 2020 vs December 2019)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 March 2020	31 December 2019
	RM'000	RM'000
Revenue	4,274	4,754
Segment loss	(3,609)	(595)

When compared to the immediate preceding quarter, Other segment showed a slight decline in revenue during the current 3 months, mainly attributable to lower trading and quarry sales during the current quarter.

At the same time, Other segment reported higher loss during the current 3 months, due to the incurrence of fixed overheads.

##### **Prospects**

The Group expects lower contributions from this segment in the near term. Various cost controls measures will be implemented to cut down the overheads costs. We are also looking into possible options to sell off or divest some non-performing operations to minimize further loss and realise some cash.

Our first business hotel under the trade name of "Fairfield by Marriott Bintulu Paragon" had commenced its operation in December 2019. Despite facing huge challenges in the hospitality industry in view of the COVID-19, we anticipate hotel performance to be slowly built up and improve over a period of time, depending on local market demand, competitive room rates and occupancy rates.



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

##### 17.2 Review of performance of major associate

For the current period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited profit after tax attributable to owners of about RM9.3 million, against a loss of RM4.1 million registered in March 2019. The improvement in DEHB's performance was mainly due to higher maintenance work orders performed during the period under review.

#### 18. Tax expense

Despite the group loss before tax being only RM7.5 million for the period under review (excluding other non-operating expense and the share of results from the associates and joint ventures), the Group incurred tax expense of RM1.2 million, mainly due to higher non-deductible expenses as well as the effect of unrecognised deferred tax assets arising from certain loss making operations.

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

	3 months ended	
	31 March	
	2020	2019
	RM'000	RM'000
<b>Loss/Profit before tax is arrived at after (crediting)/charging:</b>		
(Gain)/Loss on disposal of:		
- property, plant and equipment	( 72)	( 112)
- assets held for sale	-	( 236)
- an associate	6,655	-
Interest income from fixed deposits and cash funds	( 786)	( 795)
Other interest income	( 1,456)	( 1,557)
Amortisation of:		
- intangible assets	170	170
- investment properties	531	539
Depreciation of property, plant and equipment	2,509	1,420
Foreign exchange (gain)/loss:		
- unrealised	( 218)	198
- realised	42	1
Interest expense on loans and borrowings	5,984	6,653
Reversal of allowance of impairment loss on receivables	( 567)	-

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Save as disclosed, there were neither impairment of assets, 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.

**20. Profit guarantee**

The Group did not issue any profit guarantee.

**21. Derivative financial instruments**

The Group does not have any outstanding financial derivatives as at 31 March 2020.

**22. Update of material litigations status*****Land issue***

On 20 March 2017, Naim Land Sdn. Bhd. ("NLSB") received a Writ of Summons from 2 persons suing on behalf of themselves and their other siblings and families, claiming against NLSB, the Superintendent of Land & Survey, Miri Division and the State Government of Sarawak to have native customary rights ("NCR") over an area of approximately 47.15 acres within parcels of land described as Lots 8837 and Lot 6182 both of Block 11 Kuala Baram Land District and Lot 820 Block 13 Kuala Baram Land District, which is within NLSB's existing township areas. The land was previously alienated by the State Government of Sarawak in 1997 and due land premium had been settled in prior years.

NLSB filed its Defence to the claim on 26 May 2017 and had on 3 July 2017 filed a Notice of Application for certain questions or issues of law to be determined before or without a full trial of the action and consequentially, if appropriate, to strike out the plaintiff's Statement of Claim. Parties had exchanged affidavits in respect of the said application and ruling on the same was delivered on 17 January 2018; wherein the judge ruled that there was no merit in NLSB's application and dismissed the application with costs of RM1,000, and had set down the matter for trial from 21 to 25 May 2018. However, NLSB had filed a Notice of Appeal to the Court of Appeal on 1 February 2018 against the Judge's ruling, which appeal is awaiting hearing. The main trial is held in abeyance pending disposal of NLSB's appeal to the Court of Appeal.

There are no changes in the litigation status during the period under review.



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**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 2019 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 June 2020.