B U I L D I N G   V A L U E   S P I R I T E D L Y

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

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the fourth quarter and twelve months ended 31 December 2020
(The figures have not been audited)

		CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 December		*12 months ended 31 December*	
		2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue		403,558	79,765	589,953	410,769
Cost of sales		(260,926)	(70,039)	(437,301)	(352,762)
Gross profit		142,632	9,726	152,652	58,007
Other operating income		1,016	1,553	20,304	5,107
Selling and promotional expenses		(1,199)	(1,784)	(4,746)	(8,016)
Administrative expenses		(3,418)	(6,538)	(24,268)	(23,822)
Other operating expenses		(20,999)	(9,669)	(26,339)	(13,224)
Results from operating activities		118,032	(6,712)	117,603	18,052
Finance income		2,990	3,878	9,422	13,477
Finance costs		(4,334)	(6,636)	(20,928)	(26,167)
Net finance costs		(1,344)	(2,758)	(11,506)	(12,690)
Other non-operating (expense)/income		(101)	2,288	(7,701)	2,288
Share of results (net of tax) of equity-accounted:					
- associates		(1,629)	15,301	3,475	54,528
- joint ventures		306	933	873	727
Profit before tax	Note 19	115,264	9,052	102,744	62,905
Tax expense	Note 18	(47,336)	(471)	(51,571)	(4,886)
Profit for the period/year		67,928	8,581	51,173	58,019
Other comprehensive (loss)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(24)	9	(46)	56
Change in fair value of equity investments designated at fair value through other comprehensive income		(8)	(21)	(8)	(21)
Share of other comprehensive loss of associates		(7,464)	(6,180)	(3,718)	(3,298)
Other comprehensive loss for the period/year		(7,496)	(6,192)	(3,772)	(3,263)
Total comprehensive income for the period/year		60,432	2,389	47,401	54,756
Profit/(Loss) attributable to:					
Owners of the Company		71,655	8,466	55,089	56,626
Non-controlling interests		(3,727)	115	(3,916)	1,393
Profit for the period/year		67,928	8,581	51,173	58,019
Total comprehensive income/(loss) attributable to:					
Owners of the Company		64,159	2,274	51,317	53,363
Non-controlling interests		(3,727)	115	(3,916)	1,393
Total comprehensive income for the period/year		60,432	2,389	47,401	54,756
Basic earnings per ordinary share (EPS) attributable to owners of the Company (sen)	Note 9	14.31	1.69	11.00	11.71

The notes set out on pages 5 to 23 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.

B U I L D I N G   V A L U E   S P I R I T E D L Y

NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(The figures have not been audited)

		Unaudited 31 December 2020 RM'000	Audited 31 December 2019 RM'000
ASSETS			
Property, plant and equipment		132,892	152,050
Interests in associates		475,395	483,346
Interests in joint ventures		2,412	2,283
Inventory - Land held for property development		172,242	367,833
Investment properties		78,152	80,343
Intangible assets		1,474	3,516
Deferred tax assets		4,434	12,148
Other investments		3,071	3,079
Trade and other receivables		61,937	56,835
Total non-current assets		**932,009**	**1,161,433**
Inventories		589,771	621,548
Contract costs		4,938	4,514
Contract assets		39,580	111,687
Trade and other receivables		133,331	108,158
Deposits and prepayments		6,855	6,065
Current tax recoverable		1,279	999
Cash and cash equivalents		353,313	226,583
		1,129,067	1,079,554
Assets classified as held for sale		82	2,823
Total current assets		**1,129,149**	**1,082,377**
Total assets		**2,061,158**	**2,243,810**
EQUITY			
Share capital		454,802	454,802
Treasury shares		(34,748)	(34,748)
Reserves		930,232	928,489
Total equity attributable to owners of the Company		**1,350,286**	**1,348,543**
Non-controlling interests		15,906	19,822
Total equity		**1,366,192**	**1,368,365**
LIABILITIES			
Loans and borrowings	Note 8	95,752	139,954
Deferred tax liabilities		23,037	23,977
Total non-current liabilities		**118,789**	**163,931**
Loans and borrowings	Note 8	218,117	343,555
Trade and other payables		324,295	342,307
Contract liabilities		15,940	21,772
Provisions		3,539	3,614
Current tax payable		14,286	266
Total current liabilities		**576,177**	**711,514**
Total liabilities		**694,966**	**875,445**
Total equity and liabilities		**2,061,158**	**2,243,810**
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital		**2.63**	**2.62**

The notes set out on pages 5 to 23 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.

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the fourth quarter and twelve months ended 31 December 2020
(The figures have not been audited)

	Total equity attributable to owners of the Company							
	Non-Distributable				Distributable			
	Share capital RM '000	Foreign currency translation reserve RM '000	Treasury shares RM '000	Other reserve RM '000	Retained earnings RM '000	Sub-total RM '000	Non-controlling interests RM '000	Total equity RM '000
For the 12 months ended 31 December 2019 (Audited)								
At 1 January 2019	336,092	13,158	(34,748)	215	860,389	1,175,106	17,993	1,193,099
Foreign currency translation differences for foreign operations	-	56	-	-	-	56	-	56
Change in fair value of equity investments designated at FVOCI	-	-	-	(21)	-	(21)	-	(21)
Share of other comprehensive loss of associates	-	(3,278)	-	(20)	-	(3,298)	-	(3,298)
Total other comprehensive loss for the year	-	(3,222)	-	(41)	-	(3,263)	-	(3,263)
Profit for the year	-	-	-	-	56,626	56,626	1,393	58,019
Total comprehensive (loss)/income for the year	-	(3,222)	-	(41)	56,626	53,363	1,393	54,756
Changes in ownership interests in a subsidiary	-	-	-	-	1,364	1,364	1,636	3,000
Contribution by owners of the Company								
- Issue of ordinary shares via Rights Issue	118,710	-	-	-	-	118,710	-	118,710
Transaction with non-controlling interests								
- Dividends paid by a subsidiary	-	-	-	-	-	-	(1,200)	(1,200)
At 31 December 2019	454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
For the 12 months ended 31 December 2020 (Unaudited)								
At 1 January 2020	454,802	9,936	(34,748)	174	918,379	1,348,543	19,822	1,368,365
Foreign currency translation differences for foreign operations	-	(46)	-	-	-	(46)	-	(46)
Change in fair value of equity investments designated at FVOCI	-	-	-	(8)	-	(8)	-	(8)
Share of other comprehensive loss of associates	-	(3,718)	-	-	-	(3,718)	-	(3,718)
Total other comprehensive loss for the year	-	(3,764)	-	(8)	-	(3,772)	-	(3,772)
Profit/(Loss) for the year	-	-	-	-	55,089	55,089	(3,916)	51,173
Total comprehensive (loss)/income for the year	-	(3,764)	-	(8)	55,089	51,317	(3,916)	47,401
Transaction with owners of the Company								
- Dividends paid	-	-	-	-	(49,574)	(49,574)	-	(49,574)
At 31 December 2020	454,802	6,172	(34,748)	166	923,894	1,350,286	15,906	1,366,192

The notes set out on pages 5 to 23 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.

B U I L D I N G   V A L U E   S P I R I T E D L Y

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

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
For the fourth quarter and twelve months ended 31 December 2020
(The figures have not been audited)

	Unaudited 31 December 2020 RM'000	Audited 31 December 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	102,744	62,905
Adjustments for:		
Amortisation of:		
- intangible asset	680	680
- investment properties	2,125	2,075
Change in fair value of equity investments	8	21
Depreciation of property, plant and equipment	9,036	5,648
Dividend income from unquoted shares	(249)	(4)
Finance income	(9,422)	(13,477)
Finance costs	20,928	26,167
(Gain)/Loss on disposal of:		
- property, plant and equipment	(4,057)	(416)
- investment properties	66	-
- rights to redeemable convertible preference shares (“RCPS”) of an associate	-	(2,288)
- assets held for sale	(10,623)	(235)
- an associate	7,693	-
Property, plant and equipment written off	34	5
Net change in impairment loss on financial assets and contract assets	6,658	4,570
Impairment loss on:		
- property, plant and equipment	3,323	-
- intangible asset	1,361	-
- inventory	554	-
Share of results of equity-accounted:		
- associates	(3,475)	(54,528)
- joint ventures	(873)	(727)
Unrealised foreign exchange (gain)/loss	(129)	358
Operating profit before changes in working capital	126,382	30,754
Changes in working capital:		
Inventories	219,849	38,170
Contract assets/liabilities	66,274	72,050
Contract cost	(340)	1,002
Trade and other receivables, deposits and prepayments	(20,728)	60,920
Trade and other payables	(12,685)	(106,244)
Provisions	(74)	(4,380)
Cash generated from operations	378,678	92,272
Net income taxes paid	(31,332)	(1,126)
Net cash from operating activities	347,346	91,146
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,445)	(27,702)
Proceeds from disposal of:		
- property, plant and equipment	7,664	192
- assets held for sale	3,341	750
- an associate	15	-
- subsidiary	-	3,000
- rights to redeemable convertible preference shares of an associate	-	2,288
Changes in pledged deposits	(176)	(570)
Increase in investment in an associate	-	(23,453)
Distribution of profit received from a joint venture	1,020	3,060
Dividends received	249	4
Interest received	9,829	12,988
Net cash from/(used in) investing activities	20,497	(29,443)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the:		
- owners of the Company	(49,574)	-
- non-controlling interests	-	(1,200)
Proceeds from issuance of new shares	-	118,710
Net repayments of loans and borrowings	(169,684)	(74,208)
Net proceeds from finance lease liabilities	44	(22)
Interest paid	(21,992)	(26,856)
Net cash (used in)/from financing activities	(241,206)	16,424
Net increase in cash and cash equivalents	126,637	78,127
Effects of exchange rate changes on cash and cash equivalents	(83)	(184)
Cash and cash equivalents at beginning of year	211,396	133,453
CASH AND CASH EQUIVALENTS AT END OF YEAR	**337,950**	**211,396**
Representing by:		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	289,228	157,748
Cash in hand and at banks	48,722	53,648
Total cash and cash equivalents as shown in statement of cash flows	337,950	211,396

The notes set out on pages 5 to 23 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.

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 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*.

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 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 year 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.

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***
  - Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, *Interest Rate Benchmark Reform - Phase 2*
- ***MFRSs effective for annual periods beginning on or 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)*
  - 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 for annual periods beginning on or after 1 January 2023***
  - Amendments to MFRS 17, *Insurance Contracts*
  - Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- ***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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Seasonality or cyclicality 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 2019 as well as those disclosed below:

The COVID-19 pandemic, first declared a Public Health Emergency in January 2020, has brought about various adverse social economic impacts globally, resulting in disruptions to businesses worldwide. Businesses in Malaysia have not been spared from the pandemic, particularly those in the hotel and retail industries and property market in which the Group operates. Property sales have slowed down due to even weaker buying sentiments in the property market as consumers remain cautious in view of the uncertainties post COVID-19, coupled with the ongoing huge overhang in the property market and increased competition. Occupancy rates and footfall to retail shopping malls and hotels fall below the normal business level. As the business operations of the Group are badly affected by the pandemic, the Group has performed detailed assessment of its group of assets (comprising property, plant and equipment, intangible assets and inventories) to determine whether any impairment loss needs to be made against the assets concerned. A total impairment loss of about RM5.2 million has been made during the year under review against some assets (comprising hotel properties, intangible assets and some completed developed inventories) when their carrying amounts have been assessed to be lower than their estimated recoverable amounts [also see Note 19 for details].

5. Debt and equity securities

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

There was no share buy-back during the year under review. The number of ordinary shares repurchased in earlier periods retained as treasury shares as at 31 December 2020 is 13,056,000 shares.

6. Property, plant and equipment - *acquisitions and disposals*

During the current year, the Group acquired property, plant and equipment costing about RM1.4 million (31.12.2019: RM27.7 million), of which RM0.1 million (31.12.2019: Nil) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of about RM3.6 million (31.12.2019: RM75,000) 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 an existing associate, Perdana Petroleum Berhad ("PPB")

Following the conversion of some 1.44 billion redeemable convertible preference shares ("RCPS") into ordinary shares in PPB by the RCPS holders during the year under review, the Group's resultant equity interest in PPB had decreased from 9.89% to 3.48%. 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 about RM7.7 million was recognised as other non-operating expense in the profit or loss.

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 of the RCPS into ordinary shares in PPB 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 changes in the composition of the Group during the year under review.

8. Loans and borrowings

			31 December 2020 RM'000	31 December 2019 RM'000
Non-current				
Secured	-	Term loans	95,709	139,949
	-	Finance lease	43	5
			95,752	139,954
Current				
Unsecured	-	Revolving credits	167,000	294,000
Secured	-	Term loans	51,089	49,533
	-	Finance lease	28	22
			218,117	343,555
Total			313,869	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:

	12 months ended 31 December	
	2020	**2019**
Profit attributable to owners of the Company (RM'000)	55,089	56,626
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	483,397
Basic EPS (sen)	11.00	11.71

Diluted EPS

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

10. Dividend

On 23 October 2020, the Board declared an interim single-tier tax exempt dividend in the aggregate amount of RM50 million, being an interim dividend of RM0.099 per ordinary share, in respect of the financial year ended 31 December 2020. The dividend was subsequently paid to the shareholders on 20 November 2020. The said dividend payment was made using the proceeds from the land disposal which was completed on 21 October 2020.

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.

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
For the 12 months ended 31 December										
Revenue from external customers	445,659	163,674	125,630	225,819	18,664	21,276	-	-	589,953	410,769
Inter segment revenue	-	-	-	-	7,263	4,825	(7,263)	(4,825)	-	-
Total segment revenue	445,659	163,674	125,630	225,819	25,927	26,101	(7,263)	(4,825)	589,953	410,769
Segment profit/(loss)	161,609	1,573	(21,876)	18,084	(25,734)	(2,396)	(1,239)	(1,492)	112,760	15,769
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	(5,300)	(5,171)	(1,143)	2,480	(1,585)	(1,247)	-	-	(8,028)	(3,938)
- joint ventures	-	-	873	727	-	-	-	-	873	727
	156,309	(3,598)	(22,146)	21,291	(27,319)	(3,643)	(1,239)	(1,492)	105,605	12,558
Unallocated expense									(6,663)	(8,119)
Loss on deemed disposal of interests in an associate, PPB									(7,701)	-
Share of results (net of tax) of associates, DEHB group[1] (in oil and gas segment)									11,503	58,466
Tax expense									(51,571)	(4,886)
Profit for the year									51,173	58,019
Other comprehensive loss, net of tax									(3,772)	(3,263)
Total comprehensive income for the year									47,401	54,756
Non-controlling interests									3,916	(1,393)
Total comprehensive income attributable to the owners of the Company									51,317	53,363

[1] *Share of results of DEHB Group comprises the share of results from two associates, DEHB and Perdana Petroleum Berhad*

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

14. Capital expenditure commitments

	31 December 2020 RM'000	31 December 2019 RM'000
Property, plant and equipment		
- Authorised but not contracted for	5,536	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 year under review are as follows:

	12 months ended 31 December 2020 RM'000	12 months ended 31 December 2019 RM'000
Directors of the Company	5,071	5,118
Other key management personnel	4,423	5,673
	9,494	10,791

ii) Other related party transactions

	Transaction value 12 months ended 31 December 2020 RM'000	Transaction value 12 months ended 31 December 2019 RM'000	Balance outstanding as at 31 December 2020 RM'000	Balance outstanding as at 31 December 2019 RM'000
<u>Transactions with associates</u>				
Construction contract cost	110,601	122,634	(26,831)	(8,680)
Construction contract sum billed	(260)	(8,198)	2,541	3,875
Sale of construction raw materials	-	-	223	223
<u>Transaction with certain members of the key management personnel of the Group</u>				
Consultant fee paid	80	240	-	-
Sales of properties	589	-	-	-

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance

Current 12-month vs corresponding preceding 12-month review (December 2020 vs December 2019)

	Cumulative quarters	
	12 months ended 31 December	
	2020	**2019**
	RM'000	**RM'000**
Revenue	589,953	410,769
Profit before tax	102,744	62,905

When compared to year 2019, the Group recorded higher revenue and profit before tax in the year under review, mainly attributable to a land sale transaction amounting to RM340.0 million. The said land sale had generated a net profit (before tax) of about RM145.9 million to the Property Development segment.

Despite the positive profit contributions from the said land sale transaction, the Group did not perform as anticipated. The Construction and Other segments performed below expectation when compared to the year 2019. Both segments had registered a substantial loss of RM47.6 million, against a profit of RM15.7 million in the corresponding period of 2019. The performance of these two segments was partly impacted by the Covid-19 pandemic. Site work progress were slowed down due to closure of operations during the Movement Control Order (MCO) imposed by the Government from mid March 2020 to about mid May 2020. Hotel operation also experienced lower occupancy rates during this pandemic period. Higher fixed costs with the lower level of revenue generated had led to losses reported in both segments. In addition, about RM11.9 million of impairment loss was made against some assets and receivables of these two segments.

At the same time, the Group also reported a lower share of profit (after tax) of RM3.5 million from its associates in current year, against a share of profit of RM54.5 million recorded in 2019.

Current 3-month vs immediate preceding 3-month review (December 2020 vs September 2020)

	Current	**Immediate preceding**
	3 months ended	**3 months ended**
	31 December 2020	**30 September 2020**
	RM'000	**RM'000**
Revenue	403,558	87,943
Profit before tax	115,264	7,951

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

17. Review of Group performance (continued)

Current 3-month vs immediate preceding 3-month review (December 2020 vs September 2020) (continued)

When compared to the immediate preceding quarter (July to September 2020), group revenue and profit had increased substantially, mainly due to the net profit arising from disposal of land amounting to about RM145.9 million. Higher work progress achieved during the current 3-month period also contributed to the improvement in both revenue and profit.

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 12-month vs corresponding preceding 12-month review (December 2020 vs December 2019)

	Cumulative quarters	
	12 months ended 31 December	
	2020	2019
	RM'000	RM'000
Revenue	445,659	163,674
Segment profit	161,609	1,573

Property Segment recorded a huge increase in revenue and segment profit for the current year, mainly due to the net profit from disposal of lands and property assets amounting to about RM163.5 million as well as a cost reimbursement grant received of approximately RM12.3 million for an integrated development project.

Nevertheless, the Group had recorded lower new property sales of RM107.7 million (2019: RM159.5 million). Sales activities were substantially lower during the year, resulted from the closure of operations following the implementation of MCO. The segment performance was further moderated by huge discounts given on some selected properties stocks during the Super Deals promotion in conjunction with our 25th years' anniversary celebration as part of strategies to clear off the existing property stocks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

a) Property **(continued)**

Current 3-month vs immediate preceding 3-month review (December 2020 vs September 2020)

	Current 3 months ended 31 December 2020 RM'000	Immediate preceding 3 months ended 30 September 2020 RM'000
Revenue	382,910	31,996
Segment profit	152,254	8,595

During the current 3-month period, the segment reported a substantial increase in both revenue and profit, following the completion of the land sale transaction of RM340 million. The land disposal contributed a net profit (before tax) of about RM145.9 million to the Group.

At the same time, the Group also managed to secure new property sales of about RM46.5 million during the current 3-month period, against that achieved in the immediate preceding quarter of RM29.9 million, due to the 'Super Deals' promotion during October 2020.

Prospects

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

Following the implementation of the 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 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.

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

17. Review of Group performance (continued)

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

a) Property **(continued)**

Prospects (continued)

Project monitoring and costs controls measures are currently put in place to make sure the projects are completed on time and to minimise 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.

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 the near term. Various initiatives will be introduced along the way to sell the existing property stocks to improve the performance of this segment and reduce associated holding costs.

b) Construction

Current 12-month vs corresponding preceding 12-month review (December 2020 vs December 2019)

	Cumulative quarters	
	12 months ended 31 December	
	2020	2019
	RM'000	RM'000
Revenue	125,630	225,819
Segment (loss)/profit	(21,876)	18,084

Despite the increased work progress from the existing on-going projects, both Construction revenue and performance had declined by more than 50%, mainly due to a diminishing number of projects on hand. The performance for this segment was lower compared to last financial year as a result of contribution from lower margin projects as well as the incurrence of fixed overheads costs and interest expense. The segment loss was also partly due to additional general cost provision of some RM16.0 million made on prudent basis for contract disputes which were currently under assessment.

Higher segment profit of RM18.1 million reported in 2019 was mainly due to recovery of some cost savings from certain substantially completed projects.

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

17. Review of Group performance (continued)

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

b) Construction (continued)

Current 3-month vs immediate preceding 3-month review (December 2020 vs September 2020)

	Current 3 months ended 31 December 2020 RM'000	Immediate preceding 3 months ended 30 September 2020 RM'000
Revenue	14,073	51,487
Segment loss	17,492	2,110

Lower Construction revenue of RM14.1 million was reported in the current 3-month, against RM51.5 million reported in the immediate preceding 3-month (July to September 2020), mainly due to lower work progress achieved from the on-going projects.

The Segment had registered a higher loss of RM17.5 million during the current period, mainly due to additional general cost provision made on contract disputes as explained in the preceding page.

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 the 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 track records and experiences, supported by current project management resources.

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

17. Review of Group performance (continued)

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

c) Other Segment

Current 12-month vs corresponding preceding 12-month review (December 2020 vs December 2019)

	Cumulative quarters	
	12 months ended 31 December	
	2020	2019
	RM'000	RM'000
Revenue	18,664	21,276
Segment loss	25,734	2,396

The drop in Other segment revenue and performance was partly due to lower trading and quarry sales. Loss reported from the hotel operation of about RM15.5 million resulted from the substantially lower than expected occupancy rates since the imposition of MCO period also contributed to the overall segment loss during the year under review.

Following the deterioration in Other segment's performance, the Group had performed a detailed assessment on its assets for this segment. About RM10.6 million impairment loss was made against some assets and financial assets of this Segment; this had partly led to higher loss reported by the Segment.

Current 3-month vs immediate preceding 3-month review (December 2020 vs September 2020)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2020	30 September 2020
	RM'000	RM'000
Revenue	6,575	4,460
Segment loss	16,627	2,138

When compared to the immediate preceding quarter, Other segment showed an slight improvement in its revenue during the current 3 months, mainly attributable to higher trading and quarry sales. However, this segment continued to register a loss due to the loss reported from hotel operation as well as the impact of impairment loss of RM10.6 million made against some segment assets as explained above.

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

17. Review of Group performance (continued)

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

c) Other Segment (continued)

Prospects

The Group expects lower contributions from this segment in the near term. Various cost controls measures will be implemented to bring down overheads costs. We are also looking into possible options to sell off or divest some non-performing operations to minimise 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 during the current Covid-19 pandemic, we are hopeful the hotel performance will improve over time particularly after the post government Covid-19 vaccination programme with higher occupancy and average room rates in near future.

17.2 Review of performance of major associate

For the current year under review, our associate, Dayang Enterprise Holdings Bhd. (“DEHB”), reported an unaudited profit after tax attributable to owners of about RM57.6 million, against that achieved in 2019 of RM230.9 million. The decline in DEHB’s performance was mainly due to lower vessel utilisation resulted from delayed work orders, increased operational costs and impairment loss provision made against its vessels during the year under review.

18. Tax expense

Despite the group profit before tax being RM106.1 million for the year under review (excluding other non-operating expense and the share of results from the associates and joint ventures), the Group incurred tax expense of RM51.6 million, mainly due to higher non-deductible expenses, realisation of deferred tax arising from assets disposal as well as the effect of unrecognised deferred tax assets arising from certain loss making operations. Included in the tax expense was also tax expense of about RM38.1 million incurred in relation to the land sale transaction.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

19. Additional disclosures on profit before tax

	12 months ended 31 December	
	2020	**2019**
	RM'000	**RM'000**
Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(4,057)	(416)
- assets held for sale	(10,623)	(235)
- investment properties	66	-
- an associate	7,693	-
- rights to redeemable convertible preference shares ("RCPS") of an associate	-	(2,288)
Interest income from fixed deposits and cash funds	(3,946)	(7,433)
Other interest income	(5,476)	(6,044)
Amortisation of:		
- intangible assets	680	680
- investment properties	2,125	2,075
Depreciation of property, plant and equipment	9,036	5,648
Foreign exchange (gain)/loss:		
- unrealised	(129)	358
- realised	-	(59)
Interest expense on loans and borrowings	20,928	26,167
Property, plant and equipment written off	34	5
Net change in impairment loss on financial assets and contract assets	6,658	4,570
Impairment loss on:		
- property, plant and equipment	3,323	-
- intangible asset	1,361	-
- inventories	554	-

Save as disclosed, there were neither 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.

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 December 2020.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

22. Update of material litigations status

(a) Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. ("NESB") received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed works package projects. The claims against NESB is 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.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact on the Group's results for the financial year ending 31 December 2020. Notwithstanding, in the event that the claim is allowed by the Court, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed our solicitors to vigorously contest the claim.

The Group noted that the subcontractor had on 25 April 2017 issued three (3) separate Payment Claims, totalling some RM29.60 million, under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against NESB; the subject matter of which is similar to that as contained in the Statement of Claim. The subcontractor however failed to and/or did not pursue the matter then after NESB responded with its Payment Response dated 11 May 2017.

(b) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

22. Update of material litigations status (continued)

(b) Land issue (continued)

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.

In mid-July 2020, NLSB and the Plaintiffs respectively agreed to withdraw its appeal to the Court of Appeal and their claim in the High Court against each other. In pursuance thereof, at the High Court on 24 July 2020, the Plaintiffs' action against NLSB was discontinued and struck out with no liberty to file afresh and no order as to costs.

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 26 February 2021.