



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

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fourth quarter and twelve months ended 31 December 2021

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	169,223	402,900	427,816	589,295
Cost of sales	(147,000)	(260,926)	(386,352)	(437,301)
Gross profit	22,223	141,974	41,464	151,994
Other operating income	2,802	122	6,482	19,410
Selling and promotional expenses	(1,013)	(1,199)	(3,909)	(4,746)
Administrative expenses	(5,401)	(3,418)	(18,993)	(24,268)
Other operating expenses	(2,343)	(20,999)	(10,435)	(26,339)
Results from operating activities	16,268	116,480	14,609	116,051
Finance income	2,607	2,990	9,758	9,422
Finance costs	(3,190)	(4,334)	(12,151)	(20,928)
Net finance costs	(583)	(1,344)	(2,393)	(11,506)
Other non-operating expense	(37)	(101)	(2,004)	(7,701)
Share of results (net of tax) of equity-accounted:				
- associates	(77,633)	(1,629)	(79,619)	3,475
- joint ventures	127	306	777	873
(Loss)/Profit before tax	Note 21 (61,858)	113,712	(68,630)	101,192
Tax expense	Note 18 (5,138)	(47,336)	(5,598)	(51,571)
(Loss)/Profit for the period/year	(66,996)	66,376	(74,228)	49,621
Other comprehensive income/(expenses), net of tax				
Items that will not be reclassified subsequently to profit or loss				
Change in fair value of equity investments designated at fair value through other comprehensive income	(43)	(8)	(43)	(8)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(105)	(24)	(5)	(46)
Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate	-	-	(1,344)	-
Share of other comprehensive (expenses)/income of associates	(651)	(7,464)	7,839	(3,718)
Other comprehensive (expenses)/income for the period/year	(799)	(7,496)	6,447	(3,772)
Total comprehensive (expenses)/income for the period/year	(67,795)	58,880	(67,781)	45,849
(Loss)/Profit attributable to:				
Owners of the Company	(68,543)	70,103	(75,958)	53,537
Non-controlling interests	1,547	(3,727)	1,730	(3,916)
(Loss)/Profit for the period/year	(66,996)	66,376	(74,228)	49,621
Total comprehensive (expenses)/income attributable to:				
Owners of the Company	(69,342)	62,607	(69,511)	49,765
Non-controlling interests	1,547	(3,727)	1,730	(3,916)
Total comprehensive (expenses)/income for the period/year	(67,795)	58,880	(67,781)	45,849
Basic (loss)/earnings per ordinary share (EPS) attributable to owners of the Company (sen)	Note 9 (13.69)	14.00	(15.17)	10.69

The notes set out on pages 5 to 24 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 2020.



QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 31 December 2021 <i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2021	2020
	RM'000	RM'000
ASSETS		
Property, plant and equipment	124,879	132,892
Interests in associates	396,062	475,395
Interests in joint ventures	1,904	2,412
Inventory - Land held for property development	172,242	172,242
Investment properties	76,086	78,152
Intangible assets	794	1,475
Deferred tax assets	2,396	4,433
Other investments	3,028	3,071
Trade and other receivables	46,268	60,463
Total non-current assets	823,659	930,535
Inventories	549,053	589,771
Contract costs	4,883	4,938
Contract assets	46,127	39,580
Trade and other receivables	126,996	133,253
Deposits and prepayments	8,179	6,855
Current tax recoverable	1,103	1,279
Cash and cash equivalents	290,172	353,313
	1,026,513	1,128,989
Assets classified as held for sale	82	82
Total current assets	1,026,595	1,129,071
Total assets	1,850,254	2,059,606
EQUITY		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	813,478	928,680
Total equity attributable to owners of the Company	1,233,532	1,348,734
Non-controlling interests	21,768	15,906
Total equity	1,255,300	1,364,640
LIABILITIES		
Loans and borrowings	68,459	95,752
Deferred tax liabilities	22,097	23,037
Total non-current liabilities	90,556	118,789
Loans and borrowings	200,358	218,117
Trade and other payables	292,326	324,295
Contract liabilities	5,566	15,940
Provisions	3,472	3,539
Current tax payable	2,676	14,286
Total current liabilities	504,398	576,177
Total liabilities	594,954	694,966
Total equity and liabilities	1,850,254	2,059,606
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital	2.40	2.63

The notes set out on pages 5 to 24 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 2020.

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
For the fourth quarter and twelve months ended 31 December 2021 <i>(The figures have not been audited)</i>								
	Total equity attributable to owners of the Company							
	Non-Distributable				Distributable		Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Treasury shares	Other reserve	Retained earnings	Sub-total		
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
For the 12 months ended 31 December 2020 (Audited)								
At 1 January 2020	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>	-	(46)	-	-	-	(46)	-	(46)
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	(8)	-	(8)	-	(8)
<i>Share of other comprehensive income of associates</i>	-	(3,718)	-	-	-	(3,718)	-	(3,718)
Total other comprehensive expense for the year	-	(3,764)	-	(8)	-	(3,772)	-	(3,772)
Profit/(Loss) for the year	-	-	-	-	53,537	53,537	(3,916)	49,621
Total comprehensive (expenses)/income for the year	-	(3,764)	-	(8)	53,537	49,765	(3,916)	45,849
Distributions to the owners of the Company <i>- Dividends paid to the owners of the Company</i>	-	-	-	-	(49,574)	(49,574)	-	(49,574)
At 31 December 2020	454,802	6,172	(34,748)	166	922,342	1,348,734	15,906	1,364,640
For the 12 months ended 31 December 2021 (Unaudited)								
At 1 January 2021	454,802	6,172	(34,748)	166	922,342	1,348,734	15,906	1,364,640
<i>Foreign currency translation differences for foreign operations</i>	-	(5)	-	-	-	(5)	-	(5)
<i>Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate</i>	-	(1,344)	-	-	-	(1,344)	-	(1,344)
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	(43)	-	(43)	-	(43)
<i>Share of other comprehensive income of associates</i>	-	7,839	-	-	-	7,839	-	7,839
Total other comprehensive income/(expenses) for the year	-	6,490	-	(43)	-	6,447	-	6,447
(Loss)/Profit for the year	-	-	-	-	(75,958)	(75,958)	1,730	(74,228)
Total comprehensive income/(expenses) for the year	-	6,490	-	(43)	(75,958)	(69,511)	1,730	(67,781)
Changes in ownership interests in a subsidiary	-	-	-	-	(6,132)	(6,132)	6,132	-
Distributions to the owners <i>- Dividends paid to the owners of the Company</i>	-	-	-	-	(39,559)	(39,559)	-	(39,559)
<i>- Dividends paid to non-controlling interests</i>	-	-	-	-	-	-	(2,000)	(2,000)
At 31 December 2021	454,802	12,662	(34,748)	123	800,693	1,233,532	21,768	1,255,300

The notes set out on pages 5 to 24 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 2020.

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CONSOLIDATED STATEMENT OF CASH FLOWS		
For the fourth quarter and twelve months ended 31 December 2021		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(68,630)	101,192
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	680	680
- investment properties	2,126	2,125
Change in fair value of equity investments designated at FVOCI	43	8
Depreciation of property, plant and equipment	9,399	9,038
Dividend income from unquoted shares	(42)	(249)
Finance income	(9,758)	(9,422)
Finance costs	12,151	20,928
(Gain)/Loss on disposal of:		
- associate	-	(8)
- property, plant and equipment	(511)	(4,057)
- investment properties	-	66
- assets held for sale	-	(9,729)
- deemed disposal of associates	2,004	7,701
Property, plant and equipment written off	4	32
Net change in impairment loss on financial assets and contract assets	1,348	6,658
Impairment loss on:		
- property, plant and equipment	-	3,323
- intangible asset	-	1,361
Inventories written down	-	554
Share of results of equity-accounted:		
- associates	79,619	(3,475)
- joint ventures	(777)	(873)
Unrealised foreign exchange gain	(159)	(129)
Operating profit before changes in working capital	27,497	125,724
Changes in working capital:		
Inventories	41,004	219,847
Contract assets/liabilities	(16,922)	66,275
Contract cost	105	(340)
Trade and other receivables, deposits and prepayments	17,616	(20,072)
Trade and other payables	(31,602)	(12,865)
Provisions	(67)	(75)
Cash generated from operations	37,631	378,494
Net income taxes paid	(16,179)	(31,332)
Net cash from operating activities	21,452	347,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(1,014)	(1,385)
- investment properties	(59)	-
Proceeds from disposal of:		
- property, plant and equipment	512	7,664
- assets held for sale	-	3,341
- an associate	-	15
Changes in pledged deposits	(58)	(176)
Distribution of profit received from a joint venture	1,530	1,020
Dividends received	4,247	249
Interest received	9,922	9,829
Net cash from investing activities	15,080	20,557
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the:		
- owners of the Company	(39,559)	(49,574)
- non-controlling interests	(2,000)	-
Net repayments of loans and borrowings	(45,779)	(169,684)
Net repayment of finance lease liabilities	(28)	(16)
Interest paid	(12,524)	(21,808)
Net cash used in financing activities	(99,890)	(241,082)
Net (decrease)/increase in cash and cash equivalents	(63,358)	126,637
Effects of exchange rate changes on cash and cash equivalents	159	(83)
Cash and cash equivalents at beginning of year	337,950	211,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	274,751	337,950
Representing by:		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	227,067	289,228
Cash in hand and at banks	47,684	48,722
Total cash and cash equivalents as shown in statement of cash flows	274,751	337,950

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 The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The condensed consolidated interim financial statements of the Group as at and for the year ended 31 December 2021 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 2020. 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 2020.

The annual financial statements of the Group as at and for the year ended 31 December 2020 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 2020, 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 June 2020 and 1 January 2021:

- Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

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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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 April 2021**
 - Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*
- **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 and Disclosure of Accounting Policies*
 - Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
 - Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- **MFRSs effective from a date yet to be determined**
 - Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above MFRSs and associated amendments is not expected to have any material financial impact on the financial statements of the Group.



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3. Seasonality or cyclicity of operations

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

4. Estimates

The preparation of the condensed consolidated interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the areas of estimation uncertainty comprise those disclosed in the annual financial statements as at and for the year ended 31 December 2020.

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 December 2021 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 RM1.8 million (31.12.2020: RM1.4 million), of which RM0.8 million (31.12.2020: RM0.1 million) was in the form of finance lease assets.

Property, plant and equipment with a carrying amount of about RM5,000 (31.12.2020: RM3.6 million) were either disposed of and/or written off during the year under review.

7. Changes in the composition of the Group

Acquisition of new subsidiary

On 4 August 2021, a direct subsidiary, Naim Land Sdn. Bhd. ("NLSB") subscribed for 2 ordinary shares in Naim Mortgage Sdn. Bhd. ("NMSB"), representing 100% of the equity interest therein, for a cash consideration of RM2. The acquisition did not have a material impact on the Group's assets and liabilities due to the dormancy of NMSB since its incorporation.



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7. Changes in the composition of the Group (continued)

Additional investment in an existing subsidiary

In December 2021, NLSB acquired the remaining 30% equity interest in Jelas Kemuncak Resources Sdn. Bhd. (“JKRSB”) from its minority shareholder at a cash consideration of RM1. The resultant equity interest held by the Group therein had increased from 70% to 100% following the said acquisition.

This change in the ownership interest in JKR was accounted for as an equity transaction between the Group and non-controlling interest holder. The change in the Group’s share of net assets of about RM6.1 million was adjusted against the Group’s retained earnings.

Dilution in equity interest in existing associates

(i) Perdana Petroleum Berhad (“PPB”)

During the current year under review, following the conversion of some 1.7 million redeemable convertible preference shares (“RCPS”) into ordinary shares in PPB by RCPS holders, the Group’s equity interest in PPB had further decreased from 3.48% as at 31 December 2020 to 3.47% as at 31 December 2021. 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 RM214,000 was recognised as other non-operating expense in profit or loss.

(ii) Dayang Enterprise Holdings Berhad (“DEHB”)

The Group’s equity interest in DEHB decreased from 26.42% to 24.22% following a private placement exercise effected by DEHB during March 2021. The dilution in equity interest was accounted for as deemed disposal with a resultant loss of RM1.8 million was recognised as part of other non-operating expense in profit or loss.

(iii) Miri Specialist Hospital Sdn. Bhd. (“MSHSB”)

In November 2021, following a new share allotment exercise effected by an associate, MSHSB in which the Group had elected not subscribe for its entitlement, the Group’s equity interest in MSHSB was diluted from 30.00% to 15.53% as a result.

Although the Group’s shareholding in MSHSB is less than 20% following the dilution in equity interest, the Group determines that it still has significant influence in the investee because of the two representatives it currently has on the board of MSHSB. The dilution in equity interest in MSHSB was accounted for as a deemed disposal. However, there was no impact arising from the dilution in equity interest in MSHSB as the carrying amount of the said investment had been previously reduced to zero following its share of losses up to its interest in the said associate.

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



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8. Loans and borrowings

		31 December 2021 RM'000	31 December 2020 RM'000
Non-current			
Secured	- Term loans	67,812	95,709
	- Hire purchases	647	43
		68,459	95,752
Current			
Unsecured	- Revolving credits	172,000	167,000
Secured	- Term loans	28,207	51,089
	- Finance lease	-	17
	- Hire purchases	151	11
		200,358	218,117
Total		268,817	313,869

9. Earnings per ordinary share ("EPS")

Basic EPS

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

	12 months ended 31 December	
	2021	2020
(Loss)/Profit attributable to owners of the Company (RM'000)	(75,958)	53,537
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic EPS (sen)	(15.17)	10.69

Diluted EPS

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



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10. Dividend

On 9 July 2021, the Board declared an interim single-tier tax exempt dividend in the aggregate amount of about RM39.6 million, being an interim dividend of RM0.079 per ordinary share, in respect of the current financial year ended 31 December 2021. The dividend was subsequently paid to the shareholders on 6 August 2021. The said dividend payment was made using the proceeds from land disposal which was completed on 21 October 2020.

Save as above, there was no other dividend declared/paid by the Board during the current quarter and year under review.

11. Operating segments

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

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

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

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, hotel operation as well as quarry operation.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the GMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms. Unallocated items mainly comprise corporate and headquarters expenses and other investment income, which are managed on a group basis and are not allocated to any operating segment.

Segment assets and liabilities

The GMD reviews the statements of financial position of subsidiaries for resource allocation and decision making instead of a summary of consolidated assets and liabilities by segments. As such, information on segment assets and segment liabilities is not presented.



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11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
For the 12 months ended 31 December										
Revenue from external customers	92,582	445,001	315,858	125,630	19,376	18,664	-	-	427,816	589,295
Inter segment revenue	-	-	-	-	2,828	7,263	(2,828)	(7,263)	-	-
Total segment revenue	<u>92,582</u>	<u>445,001</u>	<u>315,858</u>	<u>125,630</u>	<u>22,204</u>	<u>25,927</u>	<u>(2,828)</u>	<u>(7,263)</u>	<u>427,816</u>	<u>589,295</u>
Segment profit/(loss)	8,568	160,057	12,699	(21,876)	(5,237)	(25,734)	(698)	(1,239)	15,332	111,208
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	2,370	(5,300)	7,347	(1,143)	-	(1,585)	-	-	9,717	(8,028)
- joint ventures	-	-	777	873	-	-	-	-	777	873
	<u>10,938</u>	<u>154,757</u>	<u>20,823</u>	<u>(22,146)</u>	<u>(5,237)</u>	<u>(27,319)</u>	<u>(698)</u>	<u>(1,239)</u>	<u>25,826</u>	<u>104,053</u>
Unallocated expense									(3,116)	(6,663)
Loss on deemed disposal of interests in associates, DEHB and PPB									(2,004)	(7,701)
Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment)									(89,336)	11,503
Tax expense									(5,598)	(51,571)
(Loss)/Profit for the year									<u>(74,228)</u>	<u>49,621</u>
Other comprehensive income/(expense), net of tax									6,447	(3,772)
Total comprehensive (expenses)/income for the year									<u>(67,781)</u>	<u>45,849</u>
Non-controlling interests									(1,730)	3,916
Total comprehensive (expenses)/income attributable to the owners of the Company									<u>(69,511)</u>	<u>49,765</u>

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



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12. Subsequent events

There are no material events subsequent to the end of the period reported on, that has not been reflected in the condensed consolidated interim financial statements for the said period, made up to the date of this quarterly report.

13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2020 till the date of this quarterly report, except for those disclosed in Note 22.

14. Capital expenditure commitments

	31 December 2021 RM'000	31 December 2020 RM'000
<i>Property, plant and equipment</i>		
- Authorised but not contracted for	15,000	5,536
<i>Investment properties</i>		
- Authorised and contracted for	4,850	-
- Authorised but not contracted for	25,150	-
	<u>45,000</u>	<u>5,536</u>
	=====	=====

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 2020.



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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	
	2021 RM'000	2020 RM'000
Directors of the Company	3,837	5,071
Other key management personnel	4,363	4,423
	8,200	9,494
	8,200	9,494

ii) Other related party transactions

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Transactions with associates</u>				
Construction contract costs	161,528	110,601	(20,569)	(26,831)
Construction contract sum billed	(2,093)	(260)	2,523	2,541
Dividend income receivable	(4,206)	-	-	-
Sale of property, plant and equipment	(160)	-	-	-
Sale of construction raw materials	-	-	223	223
	-	-	223	223



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17. Review of Group performance

Current 12-month vs corresponding preceding 12-month review (December 2021 vs December 2020)

	Cumulative quarters	
	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
Revenue	427,816	589,295
(Loss)/Profit before tax	(68,630)	101,192

The Group recorded lower revenue of RM427.8 million in the current year under review, against RM589.3 million of revenue reported in 2020.

The higher revenue reported in the last financial year ended 31 December 2020 was mainly due to proceeds of RM340 million from a land sale which had generated a net profit (before tax) of about RM145.4 million to the group. When compared to the previous corresponding period of 2020 and excluding the proceeds from the said land sale, the Group showed an improvement in its revenue in the current year under review, mainly contributed by higher construction revenue arising from increased work progress at site.

However, the Group registered a net loss before tax of RM68.6 million during the year, mainly attributable to a substantial share of loss of about RM89.3 million (2020: share of profit of RM11.5 million) from its associate, Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad ("PPB"). The decline in the performance reported by both DEHB and PPB was mainly due to substantial impairment losses made on certain marine vessels included in property, plant and equipment (including the associated goodwill attached thereto) and additional depreciation expense arising from the change in the useful life of certain marine vessels during the current year.

On the other hand, the Group had recorded an improvement in the performance of its core businesses. The Segment performance as reported in Note 11 had improved, from a segment loss before tax of about RM34.2 million (excluding profit from the land disposal as mentioned above) in 2020 to a segment profit before tax of RM15.3 million in the current year. Increased work progress from the construction and development projects as well as some income savings reported from certain completed projects had led to the overall improvement in the segment results as reported by the core businesses.



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17. Review of Group performance (continued)

Current 3-month vs immediate preceding 3-month review (December 2021 vs September 2021)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2021	30 September 2021
	RM'000	RM'000
Revenue	169,223	115,205
(Loss)/Profit before tax	(61,858)	6,097

When compared to the immediate preceding quarter (July to September 2021), group revenue had increased. This was attributable to higher work progress achieved from existing on-going development and construction projects as well as higher new property sales secured during this 3-month period.

Nevertheless, the Group had suffered loss before tax of RM61.9 million during the 3-month period, mainly due to a substantial share of loss of about RM79.0 million from its major associates, DEHB and PPB, as compared to a share of profit of about RM4.7 million reported thereby in the immediate preceding 3-month period. The loss was mitigated by some income savings recorded from certain completed projects during the current quarter.

Detailed review of the performance and prospects of each operating segment (as shown in Note 11) are discussed in Section 17.1 below.

17.1 Review of performance of operating segments and current year prospects

a) *Property development*

Current 12-month vs corresponding preceding 12-month review (December 2021 vs December 2020)

	Cumulative quarters	
	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
Revenue	92,582	445,001
Segment profit	8,568	160,057

Higher work progress achieved from existing on-going development projects and some cost savings reported from certain completed projects had contributed positively to this Segment revenue and profit in the year under review. At the same time, the Group managed to achieve new property sales of about RM80.0 million, compared to sales of RM107.7 million achieved in 2020.



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17. Review of Group performance (continued)

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

a) *Property development (continued)*

Current 12-month vs corresponding preceding 12-month review (December 2021 vs December 2020) (continued)

Substantial revenue and segment profit was reported in the last financial year ended 31 December 2020, mainly due to net profit (before tax) from disposal of lands and property assets of about RM161.4 million as well as a cost reimbursement grant received of about RM12.3 million for an integrated development project.

Current 3-month vs immediate preceding 3-month review (December 2021 vs September 2021)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2021	30 September 2021
	RM'000	RM'000
Revenue	30,722	14,461
Segment profit	5,722	528

Property Development showed an increase in revenue and performance during the current 3-month period, mainly attributable to higher property sales secured and higher work progress of existing on-going development projects. The Group had secured additional new property sales of about RM21.0 million during the current quarter, against that achieved in the immediate preceding quarter (July to September 2021) of about RM8.4 million. In addition, some cost savings achieved from a development project had also contributed positively to the current quarter's performance.

Prospects

Since entering Phase 4 of the National Recovery Plan in last quarter of 2021, market sentiments started to show some signs of improvement albeit at a slower pace. Gradual growth in economy is anticipated in the year to come with the resumption of more business activities across various industries, aided by several government initiatives to drive the overall market recovery.



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17. Review of Group performance (continued)

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

a) *Property development (continued)*

Prospects (continued)

The property market remains soft but is expected to stabilise and recover gradually in the short to medium term, on the back of low bank interest rates and various government stimulus initiatives. The property overhang issues particularly for high-rise properties, higher-priced properties and commercial properties continue a concern; most developers currently focus on the sale of existing launched stocks while new launches are either deferred and/or introduced to market in small phases with competitive prices.

In the year to come and depending on the market, the Group expects sales activities to increase gradually. Continuous understanding and meeting customers' needs by building and delivering properties that are value for money in term of quality and service will be our primary emphasis and focus in the near term. A more cautious approach has been adopted towards new product launches (i.e. timing and size of project) and product types (including product re-design that accommodate new living trends and allow for some environmental social and governance (ESG) elements).

Continuous sale and marketing initiatives (such as digital marketing, various enhanced and value-added services packages etc.) will be introduced along the way to sell off our property stocks to improve the performance of this segment and reduce associated holding costs. At the same time, we also closely manage and monitor the development progress and construction costs to ensure that the properties are completed and handed over to buyers on time while minimising the possibility of costs overrun and sustaining the property profit.

As part of our medium-term plans to sustain the performance of this Segment, we are also looking into various possible business opportunities to acquire new land in strategic locations within Sarawak and/or Malaysia, particularly for mass affordable housing development equipped with various facilities and amenities.



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17. Review of Group performance (continued)

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

b) Construction

Current 12-month vs corresponding preceding 12-month review (December 2021 vs December 2020)

	Cumulative quarters	
	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
Revenue	315,858	125,630
Segment profit/(loss)	12,699	(21,876)

The Construction segment showed an improvement in both revenue and performance during the year under review, mainly contributed by higher work progress achieved from the existing on-going projects. During the year, the Group also managed to recover additional income savings from certain completed projects upon the finalisation of contract sum with clients (including some variation works which were previously not recognised in the accounts on prudent basis pending the completion of detailed assessment by the clients); this savings had positively contributed to the segment performance.

Current 3-month vs immediate preceding 3-month review (December 2021 vs September 2021)

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2021	30 September 2021
	RM'000	RM'000
Revenue	134,366	95,223
Segment profit	10,728	1,897

Improved work progress achieved from the current on-going construction projects as well as recovery of some income savings from certain completed project as explained above had led to higher revenue and profit for the Construction segment for the current 3-month period under review.



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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

Tightened project planning, execution and monitoring are in place to make sure construction projects are completed within the targeted schedule and to achieve the expected margin.

At the same time, we also continuously build up and replenish our order book to sustain the performance of this Segment. Nonetheless, we are cautious and selective in project tendering and focus particularly on those projects where we have proven track records and experiences, supported by current project management resources.

c) *Other Segment*

Current 12-month vs corresponding preceding 12-month review (December 2021 vs December 2020)

	Cumulative quarters	
	12 months ended 31 December	
	2021	2020
	RM'000	RM'000
Revenue	19,376	18,664
Segment loss	(5,237)	(25,734)

The Other segment revenue and performance had shown an improvement in the current year under review. The improvement was mainly contributed by lower loss reported by our hotel operation which had recorded higher occupancy rates during the current year.

Higher segment loss reported in the last financial year 2020 was due to loss reported by the hotel operation resulted from the substantially low room occupancy rates as well as impairment losses of about RM10.6 million made against some assets, including financial assets of this Segment.



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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
(December 2021 vs September 2021)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2021	30 September 2021
	RM'000	RM'000
Revenue	4,135	5,521
Segment loss	(45)	(1,734)

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

This segment continued to register a loss due to the incurrence of fixed overheads and interest expense, particularly from the quarry and mall operations.

Prospects

The Group expects contributions from this segment will be gradually improved in the near term, particularly in the retail leasing and hotel businesses when the market reopens. Rental market remains competitive in order to retain tenants while maintaining a fair return yield, coupled with the changing working culture (i.e. work-from-home culture) and rising e-commerce businesses. We continuously implement various cost control measures to bring down overheads. At the same time, we also monitor and manage closely on the debts collection of retail leasing business while providing necessary support and assistance to our tenants during this economy recovery period.



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17. Review of Group performance (continued)

17.2 Review of performance of major associates

For the current year under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited loss after tax attributable to owners of about RM318.9 million, against a profit after tax of RM56.4 million achieved in 2020.

The net loss reported by DEHB was mainly due to impairment loss made by its subsidiary, Perdana Petroleum Berhad ("PPB") on certain marine vessels and the resultant impairment of goodwill arising from DEHB's investment in PPB. PPB has also during the year made additional depreciation charge following a change in the estimated useful life of certain of its marine vessels.

Despite the substantial losses reported, DEHB group (including PPB) is still financially strong with a solid asset base of approximately RM2.3 billion. Its unaudited consolidated net assets as at 31 December 2021 remain strong and healthy at about RM1.3 billion with total cash and bank balances of about RM418.7 million. In addition, DEHB group still has estimated call orders of about RM1.9 billion, which will contribute positively to its performance in future years.

18. Tax expense

Despite the group profit before tax of about RM12.2 million for the year under review (excluding other non-operating expense and the share of results from the associates and joint ventures), the Group reported tax expense of about RM5.6 million, mainly due to the effect of derecognition of deferred tax assets previously recognised and the effect of additional deferred tax assets not recognised arising from certain loss-making operations.

19. Profit guarantee

The Group did not issue any profit guarantee.

20. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 2021.



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21. Additional disclosures on loss/profit before tax

	12 months ended	
	2021	2020
	RM'000	RM'000
Loss/Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(511)	(4,057)
- investment properties	-	66
- asset held for sale	-	(9,729)
- deemed disposal of associates	2,004	7,701
Interest income from fixed deposits and cash funds	(4,080)	(3,946)
Other interest income	(5,678)	(5,476)
Amortisation of:		
- intangible assets	680	680
- investment properties	2,126	2,125
Depreciation of property, plant and equipment	9,399	9,038
Foreign exchange (gain)/loss:		
- unrealised	(159)	(129)
Interest expense on loans and borrowings	12,151	20,928
Property, plant and equipment written off	4	32
Net change in impairment loss on financial assets and contract assets	1,348	6,658
Impairment loss on:		
- property, plant and equipment	-	3,323
- intangible asset	-	1,361
Inventories written down	-	554

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



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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 was for damages and/or compensation in the sum of about RM32.93 million, or alternatively a sum of about RM29.60 million, costs of engaging an expert and/or the continuous costs until the completion of the suit, judgement interest and costs.

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. The matter is now pending the appointment of an arbitrator to be agreed by both parties.

Based on our records, the Group is of the view that the claim by the subcontractor is frivolous. As such, the Group does not expect the claim to succeed and is of the view that the claim does not have material financial and/or operational impact on the Group’s results for the financial year ended 31 December 2021. Notwithstanding, in the event that the claim is allowed by the Arbitrator, the financial impact is limited to what is claimed by the subcontractor in the Statement of Claim. The Group has instructed its solicitor to vigorously contest the claim.

(b) *Litigation against a trade debtor*

On 30 April 2021, a 70% owned subsidiary, Jelas Kemuncak Resources Sdn. Bhd. (“JKRSB”) filed a Writ of Summons and Statement of Claim against its trade debtor, Sia Bintangor Holdings Sdn. Bhd. for a total outstanding debt of RM15.9 million, interest thereon and costs.

Following the execution of final settlement agreement by all parties on 28 December 2021, both parties had withdrawn its claims and counterclaims on 25 January 2022.

23. Status of corporate proposals

There are no corporate proposals announced and/or not completed at the date of this quarterly report.



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24. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 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 24 February 2022.