



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | | |
|---|------------------------|-----------------|---------------------------|-----------------|
| For the first quarter and three months ended 31 March 2021 | | | | |
| <i>(The figures have not been audited)</i> | | | | |
| | CURRENT QUARTER | | CUMULATIVE QUARTER | |
| | <i>3 months ended</i> | | <i>3 months ended</i> | |
| | <i>31 March</i> | | <i>31 March</i> | |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 83,915 | 68,419 | 83,915 | 68,419 |
| Cost of sales | (78,202) | (65,110) | (78,202) | (65,110) |
| Gross profit | 5,713 | 3,309 | 5,713 | 3,309 |
| Other operating income | 1,207 | 1,879 | 1,207 | 1,879 |
| Selling and promotional expenses | (1,150) | (1,512) | (1,150) | (1,512) |
| Administrative expenses | (4,283) | (6,025) | (4,283) | (6,025) |
| Other operating expenses | (2,067) | (1,402) | (2,067) | (1,402) |
| Results from operating activities | (580) | (3,751) | (580) | (3,751) |
| Finance income | 2,096 | 2,242 | 2,096 | 2,242 |
| Finance costs | (3,191) | (5,984) | (3,191) | (5,984) |
| Net finance costs | (1,095) | (3,742) | (1,095) | (3,742) |
| Other non-operating expense | (1,943) | (6,655) | (1,943) | (6,655) |
| Share of results (net of tax) of equity-accounted: | | | | |
| - associates | (7,561) | (311) | (7,561) | (311) |
| - joint ventures | 284 | 216 | 284 | 216 |
| Loss before tax | (10,895) | (14,243) | (10,895) | (14,243) |
| Tax expense | (893) | (1,231) | (893) | (1,231) |
| Loss for the period | (11,788) | (15,474) | (11,788) | (15,474) |
| Other comprehensive income/(expenses), net of tax | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency translation differences for foreign operations | 3 | 17 | 3 | 17 |
| Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate | (1,344) | - | (1,344) | - |
| Share of other comprehensive income of associates | 7,179 | 11,361 | 7,179 | 11,361 |
| Other comprehensive income for the period | 5,838 | 11,378 | 5,838 | 11,378 |
| Total comprehensive expenses for the period | (5,950) | (4,096) | (5,950) | (4,096) |
| Loss/(Profit) attributable to: | | | | |
| Owners of the Company | (11,486) | (15,510) | (11,486) | (15,510) |
| Non-controlling interests | (302) | 36 | (302) | 36 |
| Loss for the period | (11,788) | (15,474) | (11,788) | (15,474) |
| Total comprehensive (expenses)/income attributable to: | | | | |
| Owners of the Company | (5,648) | (4,132) | (5,648) | (4,132) |
| Non-controlling interests | (302) | 36 | (302) | 36 |
| Total comprehensive expenses for the period | (5,950) | (4,096) | (5,950) | (4,096) |
| Basic loss per ordinary share (EPS) attributable to owners of the Company (sen) | | | | |
| | Note 9 | (2.29) | (3.10) | (2.29) |
| | | (3.10) | (2.29) | (3.10) |

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | |
|--|--------|-------------------------------------|--|
| As at 31 March 2021 <i>(The figures have not been audited)</i> | | | |
| | | Unaudited | Audited |
| | | 31 March 2021 RM'000 | 31 December 2020 RM'000 |
| ASSETS | | | |
| Property, plant and equipment | | 130,655 | 132,892 |
| Interests in associates | | 471,727 | 475,395 |
| Interests in joint ventures | | 2,785 | 2,412 |
| Inventory - Land held for property development | | 172,242 | 172,242 |
| Investment properties | | 77,621 | 78,152 |
| Intangible assets | | 1,304 | 1,475 |
| Deferred tax assets | | 4,458 | 4,433 |
| Other investments | | 3,071 | 3,071 |
| Trade and other receivables | | 59,335 | 60,463 |
| Total non-current assets | | 923,198 | 930,535 |
| Inventories | | 576,517 | 589,771 |
| Contract costs | | 6,156 | 4,938 |
| Contract assets | | 53,047 | 39,580 |
| Trade and other receivables | | 86,607 | 133,253 |
| Deposits and prepayments | | 6,685 | 6,855 |
| Current tax recoverable | | 1,499 | 1,279 |
| Cash and cash equivalents | | 342,093 | 353,313 |
| | | 1,072,604 | 1,128,989 |
| Assets classified as held for sale | | 82 | 82 |
| Total current assets | | 1,072,686 | 1,129,071 |
| Total assets | | 1,995,884 | 2,059,606 |
| EQUITY | | | |
| Share capital | | 454,802 | 454,802 |
| Treasury shares | | (34,748) | (34,748) |
| Reserves | | 923,032 | 928,680 |
| Total equity attributable to owners of the Company | | 1,343,086 | 1,348,734 |
| Non-controlling interests | | 15,604 | 15,906 |
| Total equity | | 1,358,690 | 1,364,640 |
| LIABILITIES | | | |
| Loans and borrowings | Note 8 | 87,566 | 95,752 |
| Deferred tax liabilities | | 22,807 | 23,037 |
| Total non-current liabilities | | 110,373 | 118,789 |
| Loans and borrowings | Note 8 | 223,532 | 218,117 |
| Trade and other payables | | 278,816 | 324,295 |
| Contract liabilities | | 15,774 | 15,940 |
| Provisions | | 3,537 | 3,539 |
| Current tax payable | | 5,162 | 14,286 |
| Total current liabilities | | 526,821 | 576,177 |
| Total liabilities | | 637,194 | 694,966 |
| Total equity and liabilities | | 1,995,884 | 2,059,606 |
| Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital | | 2.61 | 2.63 |

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



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QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter and three months ended 31 March 2021

(The figures have not been audited)

| | Total equity attributable to owners of the Company | | | | | | | |
|--|---|---|------------------------------------|----------------------------------|--------------------------------------|------------------------------|--|---------------------------------|
| | Non-Distributable | | | | Distributable | | Non-controlling interests RM '000 | Total equity RM '000 |
| | Share capital RM '000 | Foreign currency translation reserve RM '000 | Treasury shares RM '000 | Other reserve RM '000 | Retained earnings RM '000 | Sub-total RM '000 | | |
| <u>For the 3 months ended 31 March 2020 (Unaudited)</u> | | | | | | | | |
| 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> | - | 17 | - | - | - | 17 | - | 17 |
| <i>Share of other comprehensive income of associates</i> | - | 11,361 | - | - | - | 11,361 | - | 11,361 |
| Total other comprehensive income for the period | - | 11,378 | - | - | - | 11,378 | - | 11,378 |
| (Loss)/Profit for the period | - | - | - | - | (15,510) | (15,510) | 36 | (15,474) |
| Total comprehensive income/(expenses) for the period | - | 11,378 | - | - | (15,510) | (4,132) | 36 | (4,096) |
| At 31 March 2020 | 454,802 | 21,314 | (34,748) | 174 | 902,869 | 1,344,411 | 19,858 | 1,364,269 |
| <u>For the 3 months ended 31 March 2021 (Unaudited)</u> | | | | | | | | |
| 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> | - | 3 | - | - | - | 3 | - | 3 |
| <i>Realisation of reserves to profit or loss arising from deemed disposal of equity interest in an associate</i> | - | (1,344) | - | - | - | (1,344) | - | (1,344) |
| <i>Share of other comprehensive income of associates</i> | - | 7,179 | - | - | - | 7,179 | - | 7,179 |
| Total other comprehensive income for the period | - | 5,838 | - | - | - | 5,838 | - | 5,838 |
| Loss for the period | - | - | - | - | (11,486) | (11,486) | (302) | (11,788) |
| Total comprehensive income/(expenses) for the period | - | 5,838 | - | - | (11,486) | (5,648) | (302) | (5,950) |
| At 31 March 2021 | 454,802 | 12,010 | (34,748) | 166 | 910,856 | 1,343,086 | 15,604 | 1,358,690 |

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



QUARTERLY REPORT - FOR THE FIRST QUARTER ENDED 31 MARCH 2021

| CONSOLIDATED STATEMENT OF CASH FLOWS | | |
|--|-------------------------------------|-------------------------------------|
| For the first quarter and three months ended 31 March 2021 | | |
| <i>(The figures have not been audited)</i> | | |
| | Unaudited | Unaudited |
| | 31 March 2021 RM'000 | 31 March 2020 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (10,895) | (14,243) |
| <i>Adjustments for:</i> | | |
| Amortisation of: | | |
| - intangible asset | 170 | 170 |
| - investment properties | 531 | 531 |
| Depreciation of property, plant and equipment | 2,393 | 2,509 |
| Dividend income from unquoted shares | - | (83) |
| Finance income | (2,096) | (2,242) |
| Finance costs | 3,191 | 5,984 |
| (Gain)/Loss on disposal of: | | |
| - property, plant and equipment | (62) | (72) |
| - deemed disposal of associates | 1,943 | 6,655 |
| Net change in impairment loss on financial assets and contract assets | - | (567) |
| Share of results of equity-accounted: | | |
| - associates | 7,561 | 311 |
| - joint ventures | (284) | (216) |
| Unrealised foreign exchange gain | (139) | (218) |
| Operating profit/(loss) before changes in working capital | 2,313 | (1,481) |
| Changes in working capital: | | |
| Inventories | 5,948 | (1,691) |
| Contract assets/liabilities | (13,633) | (36,647) |
| Contract cost | (1,202) | (1,546) |
| Trade and other receivables, deposits and prepayments | 55,089 | 27,262 |
| Trade and other payables | (45,262) | 13,002 |
| Provisions | (2) | (10) |
| Cash generated from/(used in) operations | 3,251 | (1,111) |
| Net income taxes paid | (10,582) | (1,432) |
| Net cash used in operating activities | (7,331) | (2,543) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (242) | (532) |
| Proceeds from disposal of: | | |
| - property, plant and equipment | 62 | 76 |
| Changes in pledged deposits | (11) | 66 |
| Dividends received | - | 83 |
| Interest received | 2,328 | 2,683 |
| Net cash from investing activities | 2,137 | 2,376 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net repayments of loans and borrowings | (2,763) | (31,823) |
| Net repayment of finance lease liabilities | (8) | (5) |
| Interest paid | (3,406) | (6,857) |
| Net cash used in financing activities | (6,177) | (38,685) |
| Net decrease in cash and cash equivalents | (11,371) | (38,852) |
| Effects of exchange rate changes on cash and cash equivalents | 139 | 232 |
| Cash and cash equivalents at beginning of year | 337,950 | 211,396 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 326,718 | 172,776 |
| Representing by: | | |
| Deposits with licensed banks with maturities less than three months, net of deposits pledged | 275,789 | 142,104 |
| Cash in hand and at banks | 50,929 | 30,672 |
| Total cash and cash equivalents as shown in statement of cash flows | 326,718 | 172,776 |

The notes set out on pages 5 to 22 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 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 period ended 31 March 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 period 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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

2.1 Standards, amendments and interpretations yet to be effective

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

- **MFRSs effective for annual periods beginning on or after 1 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*
- **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.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclical fluctuations during the period 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 March 2021 is 13,056,000 shares.

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

During the current period, the Group acquired property, plant and equipment costing about RM0.2 million (31.3.2020: RM0.5 million) which were satisfied in cash.

Some fully depreciated property, plant and equipment (31.3.2020: with carrying amount of RM4,000) were either disposed of and/or written off during the current period under review.



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7. Changes in the composition of the Group

Dilution in equity interest in an existing associate, Perdana Petroleum Berhad (“PPB”)

During the current period under review, following the conversion of some 1.0 million redeemable convertible preference shares (“RCPS”) into ordinary shares in PPB by the RCPS holders, the Group’s equity interest in PPB had further decreased from 3.48% as of 31 December 2020 to 3.47%. 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 RM153,000 was recognised as other non-operating expense in the profit or loss.

Dilution in equity interest in an existing associate, 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 recognised as part of other non-operating expense in the profit or loss.

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



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

| | | 31 March 2021 RM'000 | 31 December 2020 RM'000 |
|--------------------|---------------------|-------------------------|----------------------------|
| Non-current | | | |
| Secured | - Term loans | 87,525 | 95,709 |
| | - Hire purchases | 41 | 43 |
| | | 87,566 | 95,752 |
| Current | | | |
| Unsecured | - Revolving credits | 177,000 | 167,000 |
| Secured | - Term loans | 46,510 | 51,089 |
| | - Finance lease | 11 | 17 |
| | - Hire purchases | 11 | 11 |
| | | 223,532 | 218,117 |
| Total | | 311,098 | 313,869 |

9. Earnings per ordinary share ("EPS")

Basic EPS

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

| | 3 months ended 31 March | |
|---|----------------------------|----------|
| | 2021 | 2020 |
| Loss attributable to owners of the Company (RM'000) | (11,486) | (15,510) |
| Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000) | 500,743 | 500,743 |
| Basic EPS (sen) | (2.29) | (3.10) |

Diluted EPS

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

10. Dividend

No dividend was declared/paid during the period under review.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments

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

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

- Property development - Development and construction of residential and commercial properties (including sale of vacant land).
- 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 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| For the 3 months ended 31 March | | | | | | | | | | |
| Revenue from external customers | 30,818 | 19,822 | 48,340 | 44,323 | 4,757 | 4,274 | - | - | 83,915 | 68,419 |
| Inter segment revenue | - | - | - | - | 588 | 1,053 | (588) | (1,053) | - | - |
| Total segment revenue | <u>30,818</u> | <u>19,822</u> | <u>48,340</u> | <u>44,323</u> | <u>5,345</u> | <u>5,327</u> | <u>(588)</u> | <u>(1,053)</u> | <u>83,915</u> | <u>68,419</u> |
| Segment profit/(loss) | 1,272 | (990) | (97) | (813) | (1,583) | (3,609) | (251) | (411) | (659) | (5,823) |
| Share of results (net of tax) of: | | | | | | | | | | |
| - associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group") | 190 | (266) | 670 | 369 | - | (980) | - | - | 860 | (877) |
| - joint ventures | - | - | 284 | 216 | - | - | - | - | 284 | 216 |
| | <u>1,462</u> | <u>(1,256)</u> | <u>857</u> | <u>(228)</u> | <u>(1,583)</u> | <u>(4,589)</u> | <u>(251)</u> | <u>(411)</u> | <u>485</u> | <u>(6,484)</u> |
| Unallocated expense | | | | | | | | | (1,016) | (1,670) |
| Loss on deemed disposal of interests in associates, DEHB and PPB | | | | | | | | | (1,943) | (6,655) |
| Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment) | | | | | | | | | (8,421) | 566 |
| Tax expense | | | | | | | | | (893) | (1,231) |
| Loss for the period | | | | | | | | | (11,788) | (15,474) |
| Other comprehensive income, net of tax | | | | | | | | | 5,838 | 11,378 |
| Total comprehensive expenses for the period | | | | | | | | | (5,950) | (4,096) |
| Non-controlling interests | | | | | | | | | 302 | (36) |
| Total comprehensive expenses attributable to the owners of the Company | | | | | | | | | <u>(5,648)</u> | <u>(4,132)</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 March 2021 RM'000 | 31 December 2020 RM'000 |
|--------------------------------------|-------------------------|----------------------------|
| <i>Property, plant and equipment</i> | | |
| - Authorised but not contracted for | 5,392 ===== | 5,536 ===== |

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 period under review are as follows:

| | 3 months ended 31 March | |
|--------------------------------|----------------------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| Directors of the Company | 972 | 1,207 |
| Other key management personnel | 987 | 1,307 |
| | 1,959 | 2,514 |
| | 1,959 | 2,514 |

ii) Other related party transactions

| | Transaction value 3 months ended 31 March | | Balance outstanding as at 31 March | |
|---------------------------------------|---|----------------|--|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| <u>Transactions with associates</u> | | | | |
| Construction contract cost | 22,025 | 53,578 | (12,704) | (42,478) |
| Construction contract sum billed | (890) | (260) | 2,563 | 3,901 |
| Sale of construction raw materials | - | - | 223 | 223 |
| | - | - | 223 | 223 |
| | - | - | 223 | 223 |



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17. Review of Group performance

Current 3-month vs corresponding preceding 3-month review (March 2021 vs March 2020)

| | Cumulative quarters | |
|-----------------|-------------------------|--------|
| | 3 months ended 31 March | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Revenue | 83,915 | 68,419 |
| Loss before tax | 10,895 | 14,243 |

The Group recorded higher revenue of RM83.9 million for the period under review, as compared to RM68.4 million reported in the corresponding quarter of 2020. The increase was mainly attributable to the Property division, which recorded a 55% increase in its revenue when compared against that achieved in the corresponding period of 2020.

At the same time, the Group reported a lower loss before tax of RM10.9 million, compared to the loss of RM14.2 million reported in March 2020. The fluctuation in net results was explained as follows:

- lower loss reported from all business segments of RM0.7 million, against the loss of RM5.8 million reported in March 2020;
- an accounting loss of about RM1.9 million arising from the dilution in equity interest in its associates, Dayang Enterprise Holdings Bhd. ("DEHB") and Perdana Petroleum Berhad ("PPB") (see Note 7 for details);
- share of loss (after tax) of RM8.4 million from its associate, DEHB and PPB, in the current period, against a share of profit of RM0.6 million recorded in the corresponding quarter of 2020.

Current 3-month vs immediate preceding 3-month review (March 2021 vs December 2020)

| | Current | Immediate preceding |
|--------------------------|----------------|---------------------|
| | 3 months ended | 3 months ended |
| | 31 March 2021 | 31 December 2020 |
| | RM'000 | RM'000 |
| Revenue | 83,915 | 402,900 |
| (Loss)/Profit before tax | (10,895) | 113,712 |

When compared to the immediate preceding quarter (October to December 2020), group revenue and profit had decreased substantially. This was mainly due to a land disposal completed in the immediate preceding quarter which generated a net gain (before tax) of about RM145.4 million to the Group.



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17. Review of Group performance (continued)

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

17.1 Review of performance of operating segments and current year prospects

a) Property

Current 3-month vs corresponding preceding 3-month review (March 2021 vs March 2020)

| | Cumulative quarters | |
|-----------------------|-------------------------|--------|
| | 3 months ended 31 March | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Revenue | 30,818 | 19,822 |
| Segment profit/(loss) | 1,272 | (990) |

Property Segment recorded an improvement in its revenue and performance for the current period, partly due to higher new property sales achieved of RM34.9 million (31.3.2020: RM15.3 million). Increased work progress at site also contributed to the current quarter's achievement.

Current 3-month vs immediate preceding 3-month review (March 2021 vs December 2020)

| | Current | Immediate preceding |
|----------------|----------------|---------------------|
| | 3 months ended | 3 months ended |
| | 31 March 2021 | 31 December 2020 |
| | RM'000 | RM'000 |
| Revenue | 30,818 | 382,252 |
| Segment profit | 1,272 | 150,702 |

During the immediate preceding 3-month period (October to December 2020), the segment reported a substantial amount of revenue and profit, following the completion of a land sale of about RM340 million. The land disposal had contributed a net profit (before tax) of about RM145.4 million to the Group.

When excluding the said land sale from the profit reported in the immediate preceding period, the Group however showed a decline in its Property revenue and profit in the current 3-month period. The decrease was mainly due to lower work progress achieved for the development projects. At the same time, the Group only managed to secure new property sales of about RM34.9 million during the current 3-month period, against that achieved in the immediate preceding quarter of RM46.5 million.



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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 (continued)*

Prospects

The coronavirus (COVID-19) outbreak 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 recent implementation of Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) in various states, our performance is not expected to fare well in the near term. The business activities of the Group remain subdued - lower rate of sales conversion, disruption of work progress due to labour shortage, anticipated increase in cost of construction due to material price surge and tightening liquidity position with low debts collections.

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 retrenchments and pay cuts.

Nevertheless, we continuously emphasise in meeting customers’ demand by building and delivering properties that are value for money in term of quality and service. At the same time, a more cautious approach has been adopted towards new product launches (i.e. timing and size of launches) and product types. Various initiatives (including digital marketing and online sales/bookings) have been introduced along the way to sell off the existing property stocks to improve the performance of this segment and reduce associated holding costs. In addition, we are managing and monitoring closely the development progress and construction costs to ensure that the properties are completed and handed over to buyers on time as well as minimise the possibility of costs overrun and sustain the property profit.



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17. Review of Group performance (continued)

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

b) Construction

Current 3-month vs corresponding preceding 3-month review (March 2021 vs March 2020)

| | Cumulative quarters | |
|--------------|-------------------------|--------|
| | 3 months ended 31 March | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Revenue | 48,340 | 44,323 |
| Segment loss | 97 | 813 |

The Group achieved a higher Construction revenue of RM48.3 million, a 9% increase when compared against that achieved in March 2020. The increase was contributed by higher work progress achieved from the on-going projects. The segment also registered a lower loss in current period, due to the incurrence of lower overheads.

Current 3-month vs immediate preceding 3-month review (March 2021 vs December 2020)

| | Current | Immediate preceding |
|--------------|----------------|---------------------|
| | 3 months ended | 3 months ended |
| | 31 March 2021 | 31 December 2020 |
| | RM'000 | RM'000 |
| Revenue | 48,340 | 14,073 |
| Segment loss | 97 | 17,492 |

Both Construction revenue and performance had improved in the current 3-month, mainly due to higher work progress achieved from the on-going projects.

Higher segment loss of RM17.5 million reported in the immediate preceding 3-month period (October to December 2020) was mainly due to additional general cost provision of some RM16.0 million made on prudent basis for contract disputes which were currently under assessment.



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17. Review of Group performance (continued)

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

b) Construction (continued)

Prospects

As explained in Note 17.1(a) under Prospects of Property segment on the anticipated impact of COVID 19 to the Group's business activities, tightened project planning, execution and monitoring are in place to catch up on the work progress that has been delayed particularly during the MCO and CMCO periods. This is to make sure the projects are completed within the targeted schedule and to achieve the expected margin. 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 3-month vs corresponding preceding 3-month review (March 2021 vs March 2020)

| | Cumulative quarters | |
|--------------|-------------------------|--------|
| | 3 months ended 31 March | |
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Revenue | 4,757 | 4,274 |
| Segment loss | 1,583 | 3,609 |

The Other segment revenue and performance had shown an improvement in the current 3-month period. The improvement was mainly contributed by lower loss reported by our hotel operation which had recorded an improvement in its occupancy rates during the current quarter.



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17. Review of Group performance (continued)

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

c) Other Segment (continued)

Current 3-month vs immediate preceding 3-month review (March 2021 vs December 2020)

| | Current | Immediate preceding |
|--------------|----------------|---------------------|
| | 3 months ended | 3 months ended |
| | 31 March 2021 | 31 December 2020 |
| | RM'000 | RM'000 |
| Revenue | 4,757 | 6,575 |
| Segment loss | 1,583 | 16,627 |

When compared to the immediate preceding quarter, Other segment showed a decline in its revenue during the current 3 months, mainly attributable to lower trading and quarry sales achieved. However, the segment performance had improved following the improvement in our hotel performance with increased occupancy rates during the current 3-month period.

Higher loss of RM16.7 million reported in the immediate preceding quarter (October to December 2020) was mainly due to the impact of impairment loss of some RM10.6 million made against some segment assets.

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 expects lower contributions from this segment in the near term, particularly in the retail leasing and hotel businesses which experienced a fall in demand due to travel restrictions and the implementation of various preventative MCO/CMCO measures across the states. We continuously implement various cost controls measures to bring down overheads. At the same time, we also monitor and manage closely on the debt collections of retail leasing business while providing necessary support and assistance to our tenants during this difficult period. In addition, we are exploring into possible options to sell off or divest some non-performing operations to minimise further loss and realise some cash.



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17. Review of Group performance (continued)

17.2 Review of performance of major associate

For the current period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited loss after tax attributable to owners of about RM27.5 million, against a profit of RM9.3 million achieved in March 2020. The decline in DEHB's performance was mainly due to lower vessel utilisation resulted from delayed work orders and increased operational costs during the period under review.

18. Tax expense

Despite the group loss before tax being RM1.7 million for the period under review (excluding other non-operating expense and the share of results from the associates and joint ventures), the Group incurred tax expense of RM0.9 million, mainly due to higher non-deductible expenses as well as the effect of unrecognised deferred tax assets arising from certain loss making operations.

19. Additional disclosures on loss before tax

| | 3 months ended 31 March | |
|---|----------------------------|----------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Loss before tax is arrived at after (crediting)/charging: | | |
| (Gain)/Loss on disposal of: | | |
| - property, plant and equipment | (62) | (72) |
| - deemed disposal of associates | 1,943 | 6,655 |
| Interest income from fixed deposits and cash funds | (737) | (786) |
| Other interest income | (1,359) | (1,456) |
| Amortisation of: | | |
| - intangible assets | 170 | 170 |
| - investment properties | 531 | 531 |
| Depreciation of property, plant and equipment | 2,393 | 2,509 |
| Foreign exchange (gain)/loss: | | |
| - unrealised | (139) | (218) |
| - realised | - | 42 |
| Interest expense on loans and borrowings | 3,191 | 5,984 |
| Net change in impairment loss on financial assets and contract assets | - | (567) |



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19. Additional disclosures on profit before tax (continued)

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 period under review.

20. Profit guarantee

The Group did not issue any profit guarantee.

21. Derivative financial instruments

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

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 ended 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 its solicitor to vigorously contest the claim.

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.

On 6 May 2021, both parties agreed for the Court proceedings to be stayed in favour of arbitration.



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22. Update of material litigations status (continued)

(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.

However, the Writ of Summons and Statement of Claim were withdrawn on 3 May 2021 and re-filed on the same day as the first filing was done under incorrect Court coding. The re-filed Writ of Summons and Statement of Claim has been served on the defendant who has entered appearance on 19 May 2021.

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 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 27 May 2021.