



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

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the third quarter and nine months ended 30 September 2023

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 September		9 months ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	142,460	115,702	297,865	295,350
Cost of sales	(136,720)	(111,854)	(278,290)	(274,284)
Gross profit	5,740	3,848	19,575	21,066
Other operating income	2,299	2,847	3,894	4,859
Selling and promotional expenses	(809)	(860)	(3,109)	(2,679)
Administrative expenses	(6,494)	(5,419)	(16,205)	(16,242)
Other operating expenses	(3,048)	(3,513)	(9,788)	(8,229)
Results from operating activities	(2,312)	(3,097)	(5,633)	(1,225)
Finance income	2,371	2,732	6,326	6,025
Finance costs	(2,775)	(3,658)	(8,453)	(8,799)
Net finance costs	(404)	(926)	(2,127)	(2,774)
Other non-operating expense	(132)	(7)	(188)	(25)
Share of results (net of tax) of equity-accounted:				
- associates	14,799	9,966	27,391	27,001
- joint ventures	56	296	61	829
Profit before tax	12,007	6,232	19,504	23,806
Tax expense	(1,592)	(1,543)	(4,505)	(5,183)
Profit for the period	10,415	4,689	14,999	18,623
Other comprehensive income, net of tax				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(4)	1	3	3
Share of other comprehensive income of associates	453	7,979	11,325	15,959
Other comprehensive income for the period	449	7,980	11,328	15,962
Total comprehensive income for the period	10,864	12,669	26,327	34,585
Profit/(Loss) attributable to:				
Owners of the Company	10,661	4,560	15,089	18,224
Non-controlling interests	(246)	129	(90)	399
Profit for the period	10,415	4,689	14,999	18,623
Total comprehensive income/(expenses) attributable to:				
Owners of the Company	11,110	12,540	26,417	34,186
Non-controlling interests	(246)	129	(90)	399
Total comprehensive income for the period	10,864	12,669	26,327	34,585
Basic and diluted earnings per ordinary share (EPS) (sen)	2.13	0.91	3.01	3.64

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022.



QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 30 September 2023 <i>(The figures have not been audited)</i>		
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
ASSETS		
Property, plant and equipment	113,043	117,721
Interests in associates	474,904	440,582
Interests in joint ventures	2,108	2,027
Inventory - Land held for property development	163,712	172,242
Investment properties	86,717	80,503
Intangible assets	-	113
Deferred tax assets	2,109	2,229
Other investments	3,017	3,017
Trade and other receivables	17,411	30,700
Total non-current assets	863,021	849,134
Inventories	546,581	558,215
Contract costs	5,207	4,730
Contract assets	113,450	39,316
Trade and other receivables	80,803	77,365
Deposits and prepayments	10,203	10,449
Current tax recoverable	1,839	1,334
Other financial assets	8,166	15,416
Cash and cash equivalents	215,719	247,758
	981,968	954,583
Assets classified as held for sale	83	83
Total current assets	982,051	954,666
Total assets	1,845,072	1,803,800
EQUITY		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	871,044	844,627
Total equity attributable to owners of the Company	1,291,098	1,264,681
Non-controlling interests	21,860	21,950
Total equity	1,312,958	1,286,631
LIABILITIES		
Loans and borrowings	71,768	87,620
Deferred tax liabilities	20,595	21,167
Total non-current liabilities	92,363	108,787
Loans and borrowings	126,486	145,330
Trade and other payables	306,800	256,017
Contract liabilities	2,602	1,871
Provisions	2,809	3,472
Current tax payable	1,054	1,692
Total current liabilities	439,751	408,382
Total liabilities	532,114	517,169
Total equity and liabilities	1,845,072	1,803,800
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid up share capital	2.51	2.46

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the third quarter and nine months ended 30 September 2023
(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 9 months ended 30 September 2022 (Unaudited)</u>								
At 1 January 2022, audited	454,802	12,662	(34,748)	123	797,986	1,230,825	21,737	1,252,562
<i>Foreign currency translation differences for foreign operations</i>	-	3	-	-	-	3	-	3
<i>Share of other comprehensive income of associates</i>	-	15,959	-	-	-	15,959	-	15,959
Total other comprehensive income for the period	-	15,962	-	-	-	15,962	-	15,962
Profit for the period	-	-	-	-	18,224	18,224	399	18,623
Total comprehensive income for the period	-	15,962	-	-	18,224	34,186	399	34,585
Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder	-	-	-	-	-	-	(50)	(50)
At 30 September 2022	454,802	28,624	(34,748)	123	816,210	1,265,011	22,086	1,287,097
<u>For the 9 months ended 30 September 2023 (Unaudited)</u>								
At 1 January 2023, audited	454,802	21,720	(34,748)	112	822,795	1,264,681	21,950	1,286,631
<i>Foreign currency translation differences for foreign operations</i>	-	3	-	-	-	3	-	3
<i>Share of other comprehensive income of associates</i>	-	11,325	-	-	-	11,325	-	11,325
Total other comprehensive income for the period	-	11,328	-	-	-	11,328	-	11,328
Profit/(Loss) for the period	-	-	-	-	15,089	15,089	(90)	14,999
Total comprehensive income/(expense) for the period	-	11,328	-	-	15,089	26,417	(90)	26,327
At 30 September 2023	454,802	33,048	(34,748)	112	837,884	1,291,098	21,860	1,312,958

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS		
For the third quarter and nine months ended 30 September 2023		
<i>(The figures have not been audited)</i>		
	Unaudited	Unaudited
	30 September	30 September
	2023	2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,504	23,806
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	113	510
- investment properties	2,459	1,228
Depreciation of property, plant and equipment	7,342	7,811
Dividend income from unquoted shares	(2)	(63)
Finance income	(6,326)	(6,025)
Finance costs	8,453	8,799
(Gain)/Loss on disposal of:		
- property, plant and equipment	(135)	-
- investment properties	(1,396)	-
- deemed disposal of an associate	188	25
Net change in impairment loss on financial assets and contract assets	-	(2,906)
Share of results of equity-accounted:		
- associates	(27,391)	(27,001)
- joint ventures	(61)	(829)
Unrealised foreign exchange gain	(341)	(509)
Operating profit before changes in working capital	2,407	4,846
Changes in working capital:		
Inventories	20,191	(10,552)
Contract assets/liabilities	(73,403)	9,287
Contract costs	(477)	158
Trade and other receivables, deposits and prepayments	9,983	25,924
Trade and other payables	50,907	(3,763)
Provisions	(663)	-
Cash generated from operations	8,945	25,900
Net income taxes paid	(6,120)	(5,697)
Net cash from operating activities	2,825	20,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(2,691)	(905)
- investment properties	(8,907)	(4,940)
Proceeds from disposal of:		
- property, plant and equipment	135	-
- investment properties	1,630	-
Redemption and cancellation of preference shares by a subsidiary	-	(50)
Changes in pledged deposits	7,250	33
Distribution of profit received from a joint venture	-	1,530
Dividends received from:		
- an associate	4,206	-
- unquoted shares	2	63
Interest received	6,440	6,108
Net cash from investing activities	8,065	1,839
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of loans and borrowings	(34,579)	(27,490)
Net repayment of hire purchases	(117)	(112)
Interest paid	(8,574)	(8,834)
Net cash used in financing activities	(43,270)	(36,436)
Net decrease in cash and cash equivalents	(32,380)	(14,394)
Effects of exchange rate changes on cash and cash equivalents	341	509
Cash and cash equivalents at beginning of period	247,758	274,751
CASH AND CASH EQUIVALENTS AT END OF PERIOD	215,719	260,866
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	169,890	207,681
Cash in hand and at banks	45,829	53,185
Total cash and cash equivalents as shown in statement of cash flows	215,719	260,866

The notes set out on pages 5 to 21 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 30 September 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures.

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134, *Interim Financial Reporting* in Malaysia and IAS 134, *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all of the information required for a set of complete annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022. 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 2022.

The annual financial statements of the Group as at and for the year ended 31 December 2022 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 2022, except as explained below.

During the current period under review, the Group has adopted the following Malaysian Financial Reporting Standards (“MFRSs”) and amendments of the MFRSs which are effective for annual periods beginning on 1 January 2023:

- Amendments to MFRS 101, *Presentation of Financial Statements – 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*
- Amendments to MFRS 112, *Income Taxes – International Tax Reform - Pillar Two Model Rules*



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

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

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 but are neither effective yet nor early adopted by the Group:

- ***MFRSs effective for annual periods beginning on or after 1 January 2024***
 - Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
 - Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
 - Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
- ***MFRSs effective for annual periods beginning on or after 1 January 2025***
 - Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
- ***MFRSs effective from a date yet to be determined***
 - Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial applications of the abovementioned MFRSs and amendments are not expected to have any material financial impacts on the financial statements of the Group.

3. Seasonality or cyclicity of operations

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



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Estimates

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

The significant judgements made by management in applying the Group's accounting policies and the areas of estimation uncertainty comprise those disclosed in the annual financial statements as at and for the year ended 31 December 2022.

5. Debt and equity securities

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

There was no share buy-back during the period under review. The total number of ordinary shares repurchased in earlier periods retained as treasury shares as of 30 September 2023 remains at 13,056,000 shares.

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

During the current period, the Group incurred about RM11.6 million (30.9.2022: RM5.8 million) for the acquisition of property, plant and equipment and investment properties (including assets under construction), which were satisfied in cash. Some fully depreciated property, plant and equipment were either disposed of and/or written off during the period under review.

7. Changes in the composition of the Group

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

During the current period under review, some 2.6 million redeemable convertible preference shares ("RCPS") in PPB were converted into ordinary shares by the RCPS holders of PPB. Although the Group's resultant equity interest in PPB following the conversion of RCPS did not vary much from the 3.47% as of 31 December 2022, the dilution in the equity interest in PPB arising from the RCPS conversion was accounted for as a deemed disposal. A loss of about RM188,000 was recognised as other non-operating expense in profit or loss for the current period under review.

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



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Loans and borrowings

		30 September 2023 RM'000	31 December 2022 RM'000
Non-current			
Secured	- Term loans	71,401	87,130
	- Hire purchases	367	490
		71,768	87,620
Current			
Unsecured	- Revolving credits	106,250	120,000
Secured	- Term loans	20,073	25,173
	- Hire purchases	163	157
		126,486	145,330
Total		198,254	232,950

9. Earnings per ordinary share ("EPS")

Basic and diluted earnings per ordinary share

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

	9 months ended 30 September	
	2023	2022
Profit attributable to ordinary shareholders (RM'000)	15,089	18,224
Weighted average number of ordinary shares, net of treasury shares bought back in previous years ('000)	500,743	500,743
Basic and diluted EPS (sen)	3.01	3.64



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Dividend

No dividend was declared/paid by the Board during the current quarter 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 and vacant lot with infrastructure).
- Construction - Construction of buildings, roads, bridges and other infrastructure and engineering works (including oil and gas related construction projects).
- Others - All other business segments with profit contributions less than 10%. This includes trading of building and construction materials, provision of sand extraction and land filling services, property investment and management, hotel 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.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
For the period ended 30 September										
Revenue from external customers	58,390	71,993	223,519	209,959	15,956	13,398	-	-	297,865	295,350
Inter segment revenue	-	-	32,868	47,188	1,963	2,274	(34,831)	(49,462)	-	-
Total segment revenue	58,390	71,993	256,387	257,147	17,919	15,672	(34,831)	(49,462)	297,865	295,350
Segment profit/(loss)	7,872	3,024	49	5,318	(7,345)	(5,989)	(6,939)	(3,742)	(6,363)	(1,389)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	2,767	3,262	(5,156)	(2,716)	-	-	-	-	(2,389)	546
- joint ventures	-	-	61	829	-	-	-	-	61	829
	10,639	6,286	(5,046)	3,431	(7,345)	(5,989)	(6,939)	(3,742)	(8,691)	(14)
Unallocated expense									(1,397)	(2,610)
Loss on deemed disposal of interests in an associate, PPB									(188)	(25)
Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment)									29,780	26,455
Tax expense									(4,505)	(5,183)
Profit for the period									14,999	18,623
Other comprehensive income, net of tax									11,328	15,962
Total comprehensive income for the period									26,327	34,585
Non-controlling interests									90	(399)
Total comprehensive income attributable to the owners of the Company									26,417	34,186

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



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

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

13. Contingencies

There were no contingent liabilities in respect of the Group that had arisen since 31 December 2022 till the date of this quarterly report, except for those disclosed in Note 22.

14. Capital expenditure commitments

	30 September 2023 RM'000	31 December 2022 RM'000
<i>Property, plant and equipment</i>		
- Authorised but not contracted for	500	15,000
<i>Investment properties</i>		
- Authorised and contracted for	180	1,200
- Authorised but not contracted for	-	30,000
	680	46,200

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 2022.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Related parties

i) Transactions with key management personnel

Compensations payable/paid to key management personnel

	9 months ended 30 September	
	2023 RM'000	2022 RM'000
Directors of the Company	2,815	2,848
Other key management personnel	2,603	4,105
	<u>5,418</u>	<u>6,953</u>

Other transactions with key management personnel

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sale of property	<u>3,339</u>	-	<u>1,781</u>	-

ii) Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Transactions with associates</u>				
Construction contract costs	104,831	127,821	(16,810)	(24,474)
Construction contract sum billed	-	-	2,256	2,523
Dividend income receivable	(4,206)	-	-	-
Rental of equipment	39	-	-	-
Rental income from premises	(6)	-	-	-
Sales of goods	<u>(120)</u>	-	<u>-</u>	<u>-</u>



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance

Current 9-month vs. corresponding preceding 9-month review (September 2023 vs. September 2022)

	Cumulative quarters	
	9 months ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
Revenue	297,865	295,350
Profit before tax	19,504	23,806

The Group recorded higher revenue of RM297.9 million in the current period under review, against RM295.4 million reported in the corresponding period of 2022. The increase was mainly contributed by increased work progress achieved by the existing on-going projects and improved property sales performance.

However, the Group reported a lower net profit before tax of RM19.5 million, compared against RM23.8 million reported in the corresponding period of 2022. The fluctuation in the net results was analysed as follows:

- higher segment loss of about RM6.4 million recorded by our core businesses, against the segment loss of about RM1.4 million registered in September 2022 [see Notes 11 and 17.1 for details].
- Improved profit contribution from our major associates, Dayang Enterprise Holdings Bhd. ("DEHB") and its subsidiary, Perdana Petroleum Berhad. The share of net profit (after tax) of the DEHB Group had improved, from RM26.5 million in September 2022 to RM29.8 million in the current period under review.

Current 3-month vs. immediate preceding 3-month review (September 2023 vs. June 2023)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2023	30 June 2023
	RM'000	RM'000
Revenue	142,460	86,884
Profit before tax	12,007	14,267

When compared to the immediate preceding quarter (April to June 2023), group revenue had improved, mainly attributable to higher work progress achieved at sites during the current 3-month period. However, segment profit declined due to a lower net share of results from the associates of RM14.8 million during the current 3-month period, compared to a net share of profit of RM17.4 million in the immediate preceding quarter.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

17.1 Review of performance of operating segments and current year's prospects

a) *Property development*

Current 9-month vs. corresponding preceding 9-month review (September 2023 vs. September 2022)

	Cumulative quarters	
	9 months ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
Revenue	58,390	71,993
Segment profit	7,872	3,024

The Property Development segment showed a decline in its revenue during the current period under review, mainly attributable to lower work progress achieved particularly by those newly launched projects during the period. However, the Group had secured higher property sales of about RM57.9 million during the 9-month period (January to September 2022: RM50.3 million). Property profit had also improved as a result of some cost savings arising from completion of certain projects and changes in the product mix sold.

Current 3-month vs. immediate preceding 3-month review (September 2023 vs. June 2023)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2023	30 June 2023
	RM'000	RM'000
Revenue	19,176	17,419
Segment profit	3,174	753

Both Property Development revenue and profit had improved, mainly contributed by higher property sales of about RM22.1 million (April to June 2023: RM17.1 million) as well as increased work progress at development sites. New launches of affordable housing during the current quarter had also led to better sales performance for this segment.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

a) *Property development (continued)*

Prospects

The property market remains soft but is expected to gradually recover in the short to medium term. Property overhang issues, declining customers' purchasing power, interest rate hikes and rising inflationary pressure are among the key concerns and challenges faced by the property market, leading to a continuing weakening of the overall market sentiment. Most developers primarily focus on clearing their existing stocks (completed and/or under construction) as much as possible while new launches are introduced to the market in small phases with competitive prices. The developers are also facing various challenges in completing their projects, including rising building materials costs and rising financing costs.

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

Continuous sales and marketing initiatives such as digital marketing, various enhanced and value-added service packages have been introduced along the way to sell off our property stocks to improve the performance of this segment and reduce associated holding costs. In addition to continuously targeting the local market, we are also looking into potential opportunities to promote our products outside Sarawak.

At the same time, we have also closely managed and monitored the development progress and development costs to ensure that the properties are completed within the planned budget and handed over to buyers on a timely schedule.

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.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

b) Construction

Current 9-month vs. corresponding preceding 9-month review (September 2023 vs. September 2022)

	Cumulative quarters	
	9 months ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
Revenue	223,519	209,959
Segment profit	49	5,318

When compared to the corresponding preceding period of 2022, the revenue for the Construction segment had increased by 6%, mainly due to higher work progress achieved from the existing ongoing construction projects. Recognition of some variation works performed at sites had also contributed positively to the increase in contract revenue. On the other hand, the segment reported a marginal profit due to the incurrence of fixed overheads and interest expenses.

Current 3-month vs. immediate preceding 3-month review (September 2023 vs. June 2023)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2023	30 June 2023
	RM'000	RM'000
Revenue	117,106	64,315
Segment (loss)/profit	(1,347)	423

During the current 3-month period, the Segment revenue improved by 82% mainly due to the recognition of some variation works performed at sites and increased work progress achieved from the existing ongoing construction projects. Nevertheless, the Segment registered a loss of RM1.3 million during the current period, mainly contributed by the incurrence of fixed overheads and interest expenses.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

b) *Construction (continued)*

Prospects

We continue to manage and monitor the execution of construction projects closely as they progress, to make sure that they are completed within the planned schedule and 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 for which we have proven track records and experiences, supported by current project management resources.

c) *Other Segment*

Current 9-month vs. corresponding preceding 9-month review (September 2023 vs. September 2022)

	Cumulative quarters	
	9 months ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
Revenue	15,956	13,398
Segment loss	(7,345)	(5,989)

Despite higher trading and quarry sales performance, this Segment continuously recorded a loss due to the incurrance of some fixed overheads and interest expenses. Lower than anticipated hotel room occupancy rates had also adversely impacted the overall revenue and performance for this Segment.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

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

c) *Other Segment* (continued)

*Current 3-month vs. immediate preceding 3-month review
(September 2023 vs. June 2023)*

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2023	30 June 2023
	RM'000	RM'000
Revenue	6,178	5,150
Segment loss	(2,135)	(2,457)

When compared to the immediate preceding quarter, higher revenue was reported during the current 3 months, mainly attributable to higher trading sales and quarry sales recorded in the period.

Nevertheless, this segment continued to register a loss due to the incurrence of fixed overheads and interest expenses, particularly from its low-performing operations.

Prospects

The Group expects contributions from this segment to gradually improve in the near term, particularly in the retail leasing and hotel businesses in Bintulu and Miri. Various revamping activities commenced since the last financial year, aiming to improve the current occupancy rates and investment yield, which we believe may take some time to yield fruitful results.

Meanwhile, we will keep our rental rates competitive to achieve a fair yield as well as to cater to the changing working culture (i.e. work-from-home culture) and rising e-commerce businesses. We will continuously implement various cost control measures to bring down overheads, particularly when the operations level is low. At the same time, we have also monitored and managed the collection of debts from the retail leasing business closely while providing necessary support and assistance to our tenants.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance (continued)

17.2 Review of performance of major associates

For the period under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited net profit after tax attributable to owners of about RM125.1 million, against a net profit after tax of RM108.7 million in the corresponding period of 2022. The improvement in DEHB's performance during the current period was mainly due to higher work orders/contracts, as well as vessel charter and utilisation rates.

18. Tax expense

The Group reported higher tax expense of about RM4.5 million for the current period, despite the net loss incurred (excluding shares of after-tax results of associates and joint ventures), mainly due to the effect of non-recognition of additional deferred tax assets arising from certain loss-making and low-performing operations.

19. Additional disclosures on profit before tax

	9 months ended	
	30 September	
	2023	2022
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(135)	-
- investment properties	(1,396)	-
- deemed disposal of an associate	188	25
Interest income from fixed deposits and cash funds	(3,727)	(2,634)
Other interest income	(2,599)	(3,391)
Amortisation of:		
- intangible assets	113	510
- investment properties	2,459	1,228
Depreciation of property, plant and equipment	7,342	7,811
Foreign exchange (gain)/loss:		
- unrealised	(341)	(509)
- realised	14	2
Interest expense on loans and borrowings	8,453	8,799
Net change in impairment loss on financial assets and contract assets	-	(2,906)

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 period under review.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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 30 September 2023.

22. Update of material litigation

Contract litigation

On 12 November 2020, Naim Engineering Sdn. Bhd. (“NESB”) received a Writ of Summons together with a Statement of Claim from a subcontractor in respect of two completed work packages. The claims against NESB were for damages and/or compensation in the sum of about RM32.93 million, or alternatively a sum of about RM29.60 million, costs of engaging an expert and/or the continuous costs until the completion of the suit, judgement interest and costs.

Following the stay of proceedings in favour of arbitration as agreed by both parties, a Notice of Arbitration dated 16 July 2021 was received on 19 July 2021. On 11 April 2022, both NESB and the subcontractor agreed and confirmed the appointment of the arbitrator. A preliminary meeting with the arbitrator was held on 23 May 2022. On 18 July 2022, the subcontractor filed their statement of claim whereas NESB filed its statement of defence and counterclaim on 11 October 2022. The subcontractor then submitted a reply and their defence to NESB's counterclaim on 20 December 2022. NESB further replied to the subcontractor's defence to counterclaim on 24 February 2023. On 26 May 2023, the Arbitrator had ordered, *inter-alia*, for the hearing dates to be fixed in July 2024 and August 2024. The deadline for both parties' expert witnesses to submit their reports had been extended until 22 December 2023.

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 to the Group. 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.



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

23. Status of corporate proposals

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

As at 30 September 2023, there are no changes in the utilisation status of the sale proceeds arising from the prior year's land disposal by a wholly-owned subsidiary, Petrochemical Hub Sdn. Bhd. amounting RM340 million, summarised as follows:

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

Save as disclosed, there are no other corporate proposals announced and/or not completed at the date of this quarterly report.

24. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

25. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 November 2023.