



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the third quarter and nine months ended 30 September 2024

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 September		9 months ended 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	80,429	142,460	197,574	297,865
Cost of sales	(66,775)	(136,720)	(156,966)	(278,290)
Gross profit	13,654	5,740	40,608	19,575
Other operating income	14,609	2,299	17,439	3,894
Selling and promotional expenses	(944)	(809)	(3,215)	(3,109)
Administrative expenses	(8,531)	(6,494)	(21,089)	(16,205)
Other operating expenses	(3,625)	(3,048)	(14,413)	(9,788)
Results from operating activities	15,163	(2,312)	19,330	(5,633)
Finance income	1,321	2,371	4,359	6,326
Finance costs	(1,914)	(2,775)	(6,838)	(8,453)
Net finance costs	(593)	(404)	(2,479)	(2,127)
Other non-operating (expenses)/income	(178)	(132)	5,437	(188)
Share of results (net of tax) of equity-accounted:				
- associates	33,599	14,799	77,851	27,391
- joint ventures	3	56	7	61
Profit before tax	47,994	12,007	100,146	19,504
Tax expense	(4,929)	(1,592)	(7,418)	(4,505)
Profit for the period	43,065	10,415	92,728	14,999
Other comprehensive (expenses)/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	(14)	(4)	(14)	3
Realisation of reserves to profit or loss arising from the disposal of equity interest in an associate	-	-	(3,891)	-
Share of other comprehensive (expenses)/income of associates	(20,523)	453	(15,422)	11,325
Other comprehensive (expenses)/income for the period	(20,537)	449	(19,327)	11,328
Total comprehensive income for the period	22,528	10,864	73,401	26,327
Profit/(Loss) attributable to:				
Owners of the Company	43,247	10,661	92,528	15,089
Non-controlling interests	(182)	(246)	200	(90)
Profit for the period	43,065	10,415	92,728	14,999
Total comprehensive income/(expenses) attributable to:				
Owners of the Company	22,710	11,110	73,201	26,417
Non-controlling interests	(182)	(246)	200	(90)
Total comprehensive income for the period	22,528	10,864	73,401	26,327
Basic and diluted earnings per ordinary share (EPS) (sen)	8.64	2.13	18.48	3.01

The notes set out on pages 5 to 25 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 2023.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 30 September 2024 <i>(The figures have not been audited)</i>		
	Unaudited 30 September 2024 RM'000	Audited 31 December 2023 RM'000
ASSETS		
Property, plant and equipment	122,175	128,263
Interests in associates	502,827	487,334
Interests in joint ventures	2,116	2,107
Inventory	138,739	165,448
Investment properties	68,032	68,760
Intangible assets	60	60
Deferred tax assets	1,845	1,436
Other investments	3,018	3,018
Trade and other receivables	4,179	13,021
Total non-current assets	842,991	869,447
Inventories	578,971	549,231
Contract costs	7,703	5,972
Contract assets	43,001	81,689
Trade and other receivables	78,206	62,952
Deposits and prepayments	6,849	8,066
Current tax recoverable	1,437	996
Other financial assets	6,994	6,994
Cash and cash equivalents	206,015	220,868
Assets classified as held for sale	88	88
Total current assets	929,264	936,856
Total assets	1,772,255	1,806,303
EQUITY		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	960,685	887,484
Total equity attributable to owners of the Company	1,380,739	1,307,538
Non-controlling interests	17,077	16,877
Total equity	1,397,816	1,324,415
LIABILITIES		
Loans and borrowings	23,351	66,682
Deferred tax liabilities	20,407	20,482
Total non-current liabilities	43,758	87,164
Loans and borrowings	101,917	130,282
Trade and other payables	225,374	258,785
Contract liabilities	560	3,096
Current tax payable	2,830	2,561
Total current liabilities	330,681	394,724
Total liabilities	374,439	481,888
Total equity and liabilities	1,772,255	1,806,303
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid-up share capital	2.69	2.54

The notes set out on pages 5 to 25 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 2023.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the third quarter and nine months ended 30 September 2024
(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 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/(expenses) 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
<u>For the 9 months ended 30 September 2024 (Unaudited)</u>								
At 1 January 2024, audited	454,802	29,542	(34,748)	113	857,829	1,307,538	16,877	1,324,415
<i>Foreign currency translation differences for foreign operations</i>	-	(14)	-	-	-	(14)	-	(14)
<i>Realisation of reserves to profit or loss arising from the disposal of an associate</i>	-	(3,913)	-	22	-	(3,891)	-	(3,891)
<i>Share of other comprehensive (expenses)/income of associates</i>	-	(15,422)	-	-	-	(15,422)	-	(15,422)
Total other comprehensive (expenses)/income for the period	-	(19,349)	-	22	-	(19,327)	-	(19,327)
Profit for the period	-	-	-	-	92,528	92,528	200	92,728
Total comprehensive (expenses)/income for the period	-	(19,349)	-	22	92,528	73,201	200	73,401
At 30 September 2024	454,802	10,193	(34,748)	135	950,357	1,380,739	17,077	1,397,816

The notes set out on pages 5 to 25 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 2023.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

CONSOLIDATED STATEMENT OF CASH FLOWS		
For the third quarter and nine months ended 30 September 2024		
<i>(The figures have not been audited)</i>		
	Unaudited 30 September 2024 RM'000	Unaudited 30 September 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	100,146	19,504
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	-	113
- investment properties	1,540	2,459
Depreciation of property, plant and equipment	7,541	7,342
Dividend income from unquoted shares	(127)	(2)
Finance income	(4,359)	(6,326)
Finance costs	6,838	8,453
(Gain)/Loss on disposal of:		
- an associate	(5,437)	188
- property, plant and equipment	(116)	(135)
- investment properties	(13,691)	(1,396)
Property, plant and equipment written off	480	-
Net change in impairment loss on financial assets and contract assets	523	-
Share of results of equity-accounted:		
- associates	(77,851)	(27,391)
- joint ventures	(7)	(61)
Unrealised foreign exchange loss/(gain)	267	(341)
Operating profit before changes in working capital	15,747	2,407
Changes in working capital:		
Inventories	(6,451)	20,191
Contract assets/liabilities	36,152	(73,403)
Contract costs	(1,731)	(477)
Trade and other receivables, deposits and prepayments	12,783	9,983
Trade and other payables	(33,100)	50,907
Provisions	-	(663)
Cash generated from operations	23,400	8,945
Net income taxes paid	(8,076)	(6,120)
Net cash from operating activities	15,324	2,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(1,959)	(2,691)
- investment properties	-	(8,907)
Proceeds from disposal of:		
- property, plant and equipment	116	135
- investment properties	2,070	1,630
- an associate	27,283	-
Changes in pledged deposits	-	7,250
Dividends received from:		
- an associate	16,824	4,206
- unquoted shares	127	2
Interest received	4,488	6,440
Net cash from investing activities	48,949	8,065
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of loans and borrowings	(71,574)	(34,579)
Net repayment of hire purchases	(122)	(117)
Interest paid	(7,163)	(8,574)
Net cash used in financing activities	(78,859)	(43,270)
Net decrease in cash and cash equivalents	(14,586)	(32,380)
Effects of exchange rate changes on cash and cash equivalents	(267)	341
Cash and cash equivalents at beginning of year	220,868	247,758
CASH AND CASH EQUIVALENTS AT END OF PERIOD	206,015	215,719
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	126,841	169,890
Cash in hand and at banks	79,174	45,829
Total cash and cash equivalents as shown in statement of cash flows	206,015	215,719

The notes set out on pages 5 to 25 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 2023.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 9-month period ended 30 September 2024 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 audited financial statements for the year ended 31 December 2023. 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 audited consolidated financial statements as at and for the year ended 31 December 2023.

The annual audited financial statements of the Group as at and for the year ended 31 December 2023 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 audited financial statements for the year ended 31 December 2023, except as explained below.

During the current period under review, the Group has adopted the following amendments to the Malaysian Financial Reporting Standards (“MFRSs”) which are effective for annual periods beginning on 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*

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

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

2.1 MFRSs and/or amendments yet to be effective for adoption

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 2025**
 - Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
- **MFRSs effective for annual periods beginning on or after 1 January 2026**
 - Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*
 - Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- **MFRSs effective for annual periods beginning on or after 1 January 2027**
 - MFRS 18, *Presentation and Disclosure in Financial Statements*
 - MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- **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 above-mentioned MFRSs and amendments are not expected to have any material financial impacts on the current period and prior periods' financial statements of the Group.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Seasonality or cyclical 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 audited financial statements for the year ended 31 December 2023.

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 2024 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 RM1.9 million (30.9.2023: RM11.6 million) for the acquisition of property, plant and equipment and/or investment properties (including assets under construction, where applicable), which were satisfied in cash.

Property, plant and equipment and investment properties with total carrying amounts of about RM3.1 million (30.9.2023: RM0.2 million) were also either disposed of and/or written off during the period under review.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Changes in the composition of the Group

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

During the current period under review, an additional 6,746,182 redeemable convertible preference shares (“RCPS”) in PPB were converted into ordinary shares by the RCPS holders of PPB. The RCPS conversion had led to a dilution in the Company’s equity interest in PPB. A loss of about RM514,000 (30.9.2023: RM188,000) was recognised in profit or loss to account for the dilution.

In June 2024, the Company disposed of its entire 3.46% equity interest held in PPB for a cash consideration of RM27.3 million, net of associated transaction costs. The Group recognised a net gain of about RM6.0 million as a result.

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

8. Loans and borrowings

	30 September 2024 RM’000	31 December 2023 RM’000
<i>Non-current</i>		
Secured		
- Term loans	23,149	66,357
- Hire purchases	202	325
	23,351	66,682
<i>Current</i>		
Unsecured		
- Revolving credits	87,500	110,000
Secured		
- Term loans	14,252	20,118
- Hire purchases	165	164
	101,917	130,282
Total	125,268	196,964

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	
	2024	2023
Profit attributable to ordinary shareholders (RM'000)	92,528	15,089
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)	18.48	3.01

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, commercial and industrial 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 and other accommodation operations, education as well as quarry operation.

QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Operating segments (continued)

	Property development		Construction		Others		Inter-segment elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 September										
Revenue from external customers	30,231	58,390	138,008	223,519	29,335	15,956	-	-	197,574	297,865
Inter segment revenue	-	-	2,848	32,868	2,486	1,963	(5,334)	(34,831)	-	-
Total segment revenue	30,231	58,390	140,856	256,387	31,821	17,919	(5,334)	(34,831)	197,574	297,865
Segment profit/(loss)	(5,265)	7,872	16,960	49	11,265	(7,345)	(1,507)	(6,939)	21,453	(6,363)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	658	2,767	4,492	(5,156)	-	-	-	-	5,150	(2,389)
- joint ventures	-	-	7	61	-	-	-	-	7	61
	(4,607)	10,639	21,459	(5,046)	11,265	(7,345)	(1,507)	(6,939)	26,610	(8,691)
Unallocated expense									(4,602)	(1,397)
Net gain/(loss) on disposal of equity interest in an associate, PPB									5,437	(188)
Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment)									72,701	29,780
Tax expense									(7,418)	(4,505)
Profit for the period									92,728	14,999
Other comprehensive (expenses)/income, net of tax									(19,327)	11,328
Total comprehensive income for the period									73,401	26,327
Non-controlling interests									(200)	90
Total comprehensive income attributable to the owners of the Company									73,201	26,417

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



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent events

In November 2024, a direct subsidiary, Naim Academy Sdn. Bhd. acquired an additional 36.67% equity interest in Mawar Education Centre Sdn. Bhd. ("MECSB") from the minority shareholders for a total cash consideration of RM550,000. The consideration was determined based on the latest fair value of the said subsidiary. The resultant equity interest held by the Group therein had increased from 53.3% to 90.0% upon the acquisition.

The changes in the ownership interest in MECSB will be accounted for as an equity transaction between the Group and the minority shareholders. The changes in the group's share of net assets of about RM532,000 will be adjusted against the group's retained earnings.

Saved as disclosed, there are no other 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 2023 till the date of this quarterly report, except for those disclosed in Note 22.

14. Capital expenditure commitments

	30 September 2024 RM'000	31 December 2023 RM'000
<i>Property, plant and equipment</i>		
- Authorised but not contracted for	20,000	20,000

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 audited financial statements as at and for the year ended 31 December 2023.



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QUARTERLY REPORT - FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

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	
	2024 RM'000	2023 RM'000
Directors of the Company	2,789	2,815
Other key management personnel	3,372	2,603
	<u>6,161</u>	<u>5,418</u>

Other transactions with key management personnel

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sale of property	-	3,339	-	1,781

ii) Other related party transactions

	Transaction value 9 months ended 30 September		Balance outstanding as at 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Transactions with associates</u>				
Construction contract costs	81,219	104,831	(12,493)	(16,810)
Construction contract sum billed	-	-	2,256	2,256
Dividend income receivable	(16,824)	(4,206)	-	-
Rental of equipment	-	39	-	-
Rental income from premises	(84)	(6)	-	-
Sales of goods	(855)	(120)	612	-
Disposal of an investment property	(20,700)	-	18,630	-



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

17. Review of Group performance

Current 9-month vs. corresponding preceding 9-month review (September 2024 vs. September 2023)

	Cumulative quarters	
	9 months ended	
	30 September 2024	30 September 2023
	RM'000	RM'000
Revenue	197,574	297,865
Profit before tax	100,146	19,504

The Group recorded lower revenue of RM197.6 million during the period under review, against the revenue of RM297.9 million reported in September 2023, mainly due to lower property sales secured as well as lower work progress achieved from its construction and development projects.

On the other hand, the Group reported a higher net profit before tax of RM100.1 million, compared to the net profit before tax of RM19.5 million recorded in the corresponding period of 2023. The fluctuation in the net results was analysed as follows:

- improved segment profit of about RM21.5 million (30.9.2023: loss of RM6.4 million) from our core businesses, mainly from some cost savings reported from certain completed projects and a gain arising from the disposal of an investment property [see Notes 11 and 17.1 for details].
- improved performance 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 increased substantially, from RM29.8 million in September 2023 to RM72.7 million during the current period under review.

Current 3-month vs. immediate preceding 3-month review (September 2024 vs. June 2024)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2024	30 June 2024
	RM'000	RM'000
Revenue	80,429	36,240
Profit before tax	47,994	48,208



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17. Review of Group performance (continued)

Current 3-month vs. immediate preceding 3-month review (September 2024 vs. June 2024) (continued)

When compared to the immediate preceding quarter (April to June 2024), group revenue had improved, mainly attributable to increased work progress achieved on the existing construction and development projects during the current 3-month period. The profit of RM48.0 million did not vary much from the immediate preceding quarter. Net gain of some RM13.0 million arising from the disposal of an investment property had also contributed positively to the group profit for the current 3-month period.

At the same time, our major associate, DEHB Group, continued to contribute positively to the Group in the current 3-month period, from which our Group's net share of profit amounted to about RM32.7 million (April to June 2024: RM33.0 million).

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 2024 vs. September 2023)

	Cumulative quarters	
	9 months ended	
	30 September 2024	30 September 2023
	RM'000	RM'000
Revenue	30,231	58,390
Segment (loss)/profit	(5,265)	7,872

The Property Development Segment recorded a decrease in its revenue and performance during the current period under review. The Group managed to secure new property sales of about RM42.2 million during the period, against the sales of about RM57.9 million achieved in the corresponding period of 2023. The segment performance was also partly impacted by lower work progress achieved, particularly from the newly launched development projects as well as interest expenses incurred.

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17. Review of Group performance (continued)

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

a) *Property development (continued)*

***Current 3-month vs. immediate preceding 3-month review
(September 2024 vs. June 2024)***

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2024	30 June 2024
	RM'000	RM'000
Revenue	13,842	7,515
Segment loss	(3)	(2,206)

The Property Development Segment showed an improvement in its revenue and performance during the current 3-month period under review, mainly attributable to higher property sales secured and increased work progress from the existing ongoing development projects. The Group had also secured property sales of about RM14.9 million during the current 3-month period, approximately 20% higher than that achieved in the immediate preceding quarter of about RM12.4 million.

Prospects

The Malaysian property sector continues to show signs of recovery, supported by the latest statistics and sustained by government initiatives and the resumption of full economic activities. Although the property market is expected to remain soft in the near term, we maintain a positive outlook on the upcoming growth prospects, particularly in Sarawak, where gradual recovery is evident despite persistent challenges such as property overhang and shifting consumer purchasing power influenced by interest rate adjustments and inflationary pressures.

Similar to most local developers, we have continuously implemented various sales and marketing initiatives to clear our existing inventory while cautiously introducing new projects at competitive prices amid rising costs of materials and financing. Our primary emphasis and focus in the near term will be continuous understanding and meeting customers' needs by offering quality properties and services, with a cautious approach to product launches, carefully considering factors such as product features, quality, timing, and project scale.

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In the years to come and depending on the market, we anticipate the sales activities to gradually improve in the regions we operate in. Some new housing developments will be introduced to the market in phases to cater to the anticipated demand in the market.

To sustain the performance, we have been continuously adopting innovative approaches for new launches to ensure product and service quality that meets evolving customer expectations. In addition, we also constantly adapt our designs to reflect emerging trends, including multigenerational active living. Recognising the growing market interest in environmentally sustainable properties and improved living standards, we are exploring ways to integrate environmental, social, and governance (ESG) principles into our new product offerings.

At the same time, we have also actively implemented targeted sales and marketing initiatives and intensified digital marketing efforts to foster sustainable relationships with customers through targeted stakeholder engagement activities. Initiatives such as rewards programmes for Naim customers and stakeholders have been introduced during the year to enhance loyalty and engagement.

We are also looking into expanding our customer base and promoting our products beyond Sarawak and even Malaysia, through the Sarawak-Malaysia My Second Home (SMM2H) programme.

Our strategic focus ensures we remain agile in addressing market challenges while positioning the Group for sustainable growth in the evolving property landscape.



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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 2024 vs. September 2023)

	Cumulative quarters	
	9 months ended	
	30 September 2024	30 September 2023
	RM'000	RM'000
Revenue	138,008	223,519
Segment profit	16,960	49

When compared to the corresponding period of 2023, the Construction revenue had decreased by about 38%, mainly due to lower work progress particularly from those substantially completed projects.

This Segment however reported a higher profit of about RM17.0 million, as a result of some cost savings arising from the amicable settlement of litigation with a contractor.

Current 3-month vs. immediate preceding 3-month review (September 2024 vs. June 2024)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2024	30 June 2024
	RM'000	RM'000
Revenue	54,382	18,852
Segment profit	3,876	14,186

The construction revenue and profit for the current 3-month period was mainly contributed by the increased work progress from the existing ongoing construction projects.

The higher segment profit of RM14.2 million reported in the immediate preceding period (April to June 2024) was mainly due to some cost savings arising from the settlement of litigation with a contractor.



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17. Review of Group performance (continued)

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

b) Construction (continued)

Prospects

The current projects on hand are under close monitoring by management to ensure that these projects are completed within the targeted timeline and achieve the expected returns.

c) Other Segment

Current 9-month vs. corresponding preceding 9-month review (September 2024 vs. September 2023)

	Cumulative quarters	
	9 months ended	
	30 September 2024	30 September 2023
	RM'000	RM'000
Revenue	29,335	15,956
Segment profit/(loss)	11,265	(7,345)

Other Segment recorded an improvement in its revenue and performance during the current period under review, partly attributable to higher quarry sales as well as improved occupancies and rates from its hotel and accommodation operations. During the period under review, the Group had disposed of an investment property with a net gain of some RM13 million; this had contributed positively to the performance of the Segment.

Current 3-month vs. immediate preceding 3-month review (September 2024 vs. June 2024)

	Current	Immediate preceding
	3 months ended	3 months ended
	30 September 2024	30 June 2024
	RM'000	RM'000
Revenue	12,205	9,873
Segment profit	13,043	361

When compared to the immediate preceding quarter, the revenue of this Segment had increased during the current 3 months, mainly due to higher quarry sales and improved occupancies from the hotel and accommodation operations.



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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 2024 vs. June 2024)

At the same time, a net gain arising from the disposal of an investment property of some RM13.0 million had led to higher segment profit in the period under review.

Prospects

The Group expects contributions from this Segment to gradually improve in the near term, particularly in the retail and commercial leasing and hotel businesses in Bintulu and Miri.

Various assets enhancement initiatives are being planned and will be carried out in the near future to ensure our retail, commercial and hospitality assets remain relevant in the market to achieve better investment yields which we believe may take some time to bring about fruitful results.

The assets enhancement initiatives will include a branding strategy alongside physical and service quality upgrades to existing assets to allow for better trade and tenant mix, while improving the experiential aspects of these assets.

Amidst the challenges facing retail, commercial and hospitality businesses, including the rise of remote workplaces, the expansion of e-commerce and supply and demand issues in regions we operate, we will also put in place some robust operational platforms to better optimise the returns from these operations. Various revenue-cost optimisation measures and long-term operational frameworks will also be progressively carried out, aiming to improve the productivity and efficiency level of these operations while mitigating overheads, particularly during low operation activity periods. Efforts to optimise revenue streams also extend to more prudent debt management practices, with close monitoring and management of collections from retail leasing businesses.

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Additionally, Sarawak's focus on the development of the education sector presents good opportunities for growth and diversification. We believe that through our upcoming investment in education, infrastructure and initiatives including technological advancements in learning platforms by our education business, we could capitalise on these trends and contribute to the region's educational landscape in which we operate in the years to come.

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 RM294.3 million, against a net profit after tax of RM125.1 million in the corresponding period of 2023. The improvement in DEHB's performance during the current period was mainly due to higher work orders/contracts as well as increased vessel chartering margin and vessel utilisation rates.

18. Tax expense

The Group reported a higher tax expense of about RM7.4 million for the current period, when compared to the net profit (excluding other non-operating income and shares of after-tax results of associates and joint ventures), mainly due to higher non-deductible expenses, the effect of non-recognition of additional deferred tax assets arising from certain loss-making and low-performing operations.



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19. Additional disclosures on profit before tax

	9 months ended 30 September	
	2024 RM'000	2023 RM'000
Profit before tax is arrived at after charging/(crediting):		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(116)	(135)
- investment properties	(13,691)	(1,396)
- an associate	(5,437)	188
Interest income from fixed deposits and cash funds	(3,221)	(3,727)
Other interest income	(1,138)	(2,599)
Amortisation of:		
- intangible assets	-	113
- investment properties	1,540	2,459
Depreciation of property, plant and equipment	7,541	7,342
Foreign exchange loss/(gain):		
- unrealised	267	(341)
- realised	128	14
Interest expense on loans and borrowings	6,838	8,453
Net change in impairment loss on financial assets and contract assets	523	-

Save as disclosed, there were no material provisions for, and write-off of, inventories, gain or loss arising from the 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 30 September 2024.

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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, NESB agreed to the appointment of a sole arbitrator. The appointed Arbitrator had ordered, *inter-alia*, for the hearing dates to be fixed in July 2024 and August 2024.

Subsequent to the submission by both parties in May 2024 of their expert witnesses' assessment and rebuttal reports as directed by the arbitrator, both parties agreed to settle the claims and counter-claims via the execution of a Settlement Agreement on 16 July 2024 without any admission of liability and with no liberty to commence proceedings against each other. Accordingly, the parties had informed the arbitrator that they had withdrawn their respective claims against each other and applied for an order to terminate the arbitration proceedings.



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23. Status of corporate proposals

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

As at 30 September 2024, 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
	Previously approved by shareholders	Revised	Actual	
	RM'000	RM'000	RM'000	
Capital investment	15,000	-*	-	Within 24 months from completion, which was extended until 20 October 2024
Repayment of bank borrowings	117,000	117,000	117,000	Within 12 months from completion
Dividends to shareholders	90,000	90,000	90,000	Within 12 months from completion
Working capital for property development activities	75,000	90,000	75,000	Within 18 months from completion
Estimated expenses in relation to the Disposal	43,000	43,000	43,000	Within 9 months from completion
Total sales proceeds	340,000	340,000	325,000	

* On 1 September 2024, the Board of Directors approved the variation in the proposed utilisation in respect of the remaining unutilised proceeds amounting to RM15 million, from capital investment purposes to working capital for its core business operations. The change in the utilisation of proceeds represented less than 5% of the total sales proceeds from the land disposal as mentioned above

There are no other 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 annual audited financial statements for the financial year ended 31 December 2023 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 November 2024.