



NAIM HOLDINGS BERHAD

Registration No.: 200201017804 (585467-M)

QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fourth quarter and twelve months ended 31 December 2023

(The figures have not been audited)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 December		12 months ended 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	19,087	73,216	316,952	368,566
Cost of sales	(3,038)	(65,578)	(281,328)	(339,862)
Gross profit	16,049	7,638	35,624	28,704
Other operating income	2,218	958	6,112	5,817
Selling and promotional expenses	(823)	(1,267)	(3,932)	(3,946)
Administrative expenses	(6,219)	(7,445)	(22,424)	(23,687)
Other operating expenses	(7,502)	(4,557)	(17,290)	(12,786)
Results from operating activities	3,723	(4,673)	(1,910)	(5,898)
Finance income	2,184	2,394	8,510	8,419
Finance costs	(2,660)	(3,170)	(11,113)	(11,969)
Net finance costs	(476)	(776)	(2,603)	(3,550)
Other non-operating expense	(17)	(30)	(205)	(55)
Share of results (net of tax) of equity-accounted:				
- associates	20,452	12,764	47,843	39,765
- joint ventures	-	427	61	1,256
Profit before tax	23,682	7,712	43,186	31,518
Tax expense	(3,368)	(1,263)	(7,873)	(6,446)
Profit for the period/year	20,314	6,449	35,313	25,072
Other comprehensive income/(expenses), net of tax				
Items that will not be reclassified subsequently to profit or loss				
Change in fair value of equity investments designated at fair value through other comprehensive income	1	(11)	1	(11)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	293	39	296	42
Share of other comprehensive (expenses)/income of associates	(3,799)	(6,943)	7,526	9,016
Other comprehensive (expenses)/income for the period/year	(3,505)	(6,915)	7,823	9,047
Total comprehensive income/(expenses) for the period/year	16,809	(466)	43,136	34,119
Profit/(Loss) attributable to:				
Owners of the Company	19,945	6,585	35,034	24,809
Non-controlling interests	369	(136)	279	263
Profit for the period/year	20,314	6,449	35,313	25,072
Total comprehensive income/(expenses) attributable to:				
Owners of the Company	16,440	(330)	42,857	33,856
Non-controlling interests	369	(136)	279	263
Total comprehensive income/(expenses) for the period/year	16,809	(466)	43,136	34,119
Basic and diluted earnings per ordinary share (EPS) (sen)	3.98	1.32	7.00	4.95

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
As at 31 December 2023 <i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2023	2022
	RM'000	RM'000
ASSETS		
Property, plant and equipment	128,263	117,721
Interests in associates	487,334	440,582
Interests in joint ventures	2,107	2,027
Inventory - Land held for property development	165,448	172,242
Investment properties	68,760	80,503
Intangible assets	60	113
Deferred tax assets	1,436	2,229
Other investments	3,018	3,017
Trade and other receivables	13,021	30,700
Total non-current assets	869,447	849,134
Inventories	549,231	558,215
Contract costs	5,972	4,730
Contract assets	81,689	39,316
Trade and other receivables	62,952	77,365
Deposits and prepayments	8,066	10,449
Current tax recoverable	996	1,334
Other financial assets	6,999	15,416
Cash and cash equivalents	220,863	247,758
	936,768	954,583
Assets classified as held for sale	88	83
Total current assets	936,856	954,666
Total assets	1,806,303	1,803,800
EQUITY		
Share capital	454,802	454,802
Treasury shares	(34,748)	(34,748)
Reserves	887,484	844,627
Total equity attributable to owners of the Company	1,307,538	1,264,681
Non-controlling interests	16,877	21,950
Total equity	1,324,415	1,286,631
LIABILITIES		
Loans and borrowings	66,682	87,620
Deferred tax liabilities	20,482	21,167
Trade and other payables	359	-
Total non-current liabilities	87,523	108,787
Loans and borrowings	130,282	145,330
Trade and other payables	258,426	256,017
Contract liabilities	3,096	1,871
Provisions	-	3,472
Current tax payable	2,561	1,692
Total current liabilities	394,365	408,382
Total liabilities	481,888	517,169
Total equity and liabilities	1,806,303	1,803,800
Net assets (NA) per ordinary share attributable to owners of the Company (RM), based on total paid-up share capital	2.54	2.46

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022.



QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
For the fourth quarter and twelve months ended 31 December 2023								
<i>(The figures have not been audited)</i>								
	Total equity attributable to owners of the Company							
	Non-Distributable				Distributable			
	Share capital RM '000	Foreign currency translation reserve RM '000	Treasury shares RM '000	Other reserve RM '000	Retained earnings RM '000	Sub-total RM '000	Non-controlling interests RM '000	Total equity RM '000
<u>For the 12 months ended 31 December 2022 (Audited)</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>	-	42	-	-	-	42	-	42
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	(11)	-	(11)	-	(11)
<i>Share of other comprehensive income of associates</i>	-	9,016	-	-	-	9,016	-	9,016
Total other comprehensive income/(expenses) for the year	-	9,058	-	(11)	-	9,047	-	9,047
Profit for the year	-	-	-	-	24,809	24,809	263	25,072
Total comprehensive income/(expenses) for the year	-	9,058	-	(11)	24,809	33,856	263	34,119
Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder	-	-	-	-	-	-	(50)	(50)
At 31 December 2022	454,802	21,720	(34,748)	112	822,795	1,264,681	21,950	1,286,631
<u>For the 12 months ended 31 December 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>	-	296	-	-	-	296	-	296
<i>Change in fair value of equity investments designated at FVOCI</i>	-	-	-	1	-	1	-	1
<i>Share of other comprehensive income of associates</i>	-	7,526	-	-	-	7,526	-	7,526
Total other comprehensive income for the year	-	7,822	-	1	-	7,823	-	7,823
Profit for the year	-	-	-	-	35,034	35,034	279	35,313
Total comprehensive income for the year	-	7,822	-	1	35,034	42,857	279	43,136
Acquisition of a subsidiary	-	-	-	-	-	-	648	648
Distributions to the owners <i>- Dividends paid to non-controlling interests</i>	-	-	-	-	-	-	(6,000)	(6,000)
At 31 December 2023	454,802	29,542	(34,748)	113	857,829	1,307,538	16,877	1,324,415

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements.
The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022.


QUARTERLY REPORT - FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS		
For the fourth quarter and twelve months ended 31 December 2023		
<i>(The figures have not been audited)</i>		
	Unaudited	Audited
	31 December	31 December
	2023	2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	43,186	31,518
<i>Adjustments for:</i>		
Amortisation of:		
- intangible asset	113	681
- investment properties	3,492	2,111
Change in fair value of equity investments designated at FVOCI	(1)	11
Depreciation of property, plant and equipment	9,768	9,899
Dividend income from unquoted shares	(2)	(125)
Finance income	(8,510)	(8,419)
Finance costs	11,113	11,969
(Gain)/Loss on disposal of:		
- property, plant and equipment	(176)	(39)
- investment properties	(1,396)	-
- deemed disposal of an associate	205	55
Net change in impairment loss on financial assets and contract assets	2,468	(2,319)
Share of results of equity-accounted:		
- associates	(47,843)	(39,765)
- joint ventures	(61)	(1,256)
Unrealised foreign exchange gain	(248)	(247)
Operating profit before changes in working capital	12,108	4,074
Changes in working capital:		
Inventories	15,904	(9,041)
Contract assets/liabilities	(41,148)	2,661
Contract costs	(1,242)	153
Trade and other receivables, deposits and prepayments	32,311	51,226
Trade and other payables	2,323	(24,348)
Provisions	(3,472)	-
Cash generated from operations	16,784	24,725
Net income taxes paid	(6,531)	(8,821)
Net cash from operating activities	10,253	15,904
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(2,555)	(1,748)
- investment properties	(9,585)	(7,757)
- subsidiary, net of cash acquired	744	-
Proceeds from disposal of:		
- property, plant and equipment	176	39
- investment properties	1,630	-
Redemption and cancellation of preference shares by a subsidiary	-	(50)
Changes in pledged deposits	8,417	5
Distribution of profit received from a joint venture	-	1,530
Dividends received from:		
- an associate	8,412	4,206
- unquoted shares	2	125
Interest received	8,495	8,389
Net cash from investing activities	15,736	4,739
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to the:		
- non-controlling interests	(6,000)	-
Net repayments of loans and borrowings	(35,828)	(35,716)
Net repayment of hire purchases	(158)	(151)
Interest paid	(11,146)	(12,016)
Net cash used in financing activities	(53,132)	(47,883)
Net decrease in cash and cash equivalents	(27,143)	(27,240)
Effects of exchange rate changes on cash and cash equivalents	248	247
Cash and cash equivalents at beginning of year	247,758	274,751
CASH AND CASH EQUIVALENTS AT END OF YEAR	220,863	247,758
<i>Representing by:</i>		
Deposits with licensed banks with maturities less than three months, net of deposits pledged	167,067	203,852
Cash in hand and at banks	53,796	43,906
Total cash and cash equivalents as shown in statement of cash flows	220,863	247,758

The notes set out on pages 5 to 23 form an integral part of, and should be read in conjunction with, these condensed consolidated interim financial statements. The consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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



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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 year under review.



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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 year under review.

There was no share buy-back during the year under review. The total number of ordinary shares repurchased in earlier periods retained as treasury shares as of 31 December 2023 remains at 13,056,000 shares.

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

During the current year, the Group incurred about RM12.1 million (31.12.2022: RM9.5 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 year 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 year under review, some 2.9 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 RM205,000 was recognised as other non-operating expense in profit or loss for the current year under review.



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

Acquisition of a new subsidiary

On 30 November 2023, a direct subsidiary, Naim Academy Sdn. Bhd. acquired approximately 53.3% of the equity interest in Mawar Education Centre Sdn. Bhd. ("MECSB") for a cash consideration of RM800,000. The acquisition price is determined by reference to the identifiable fair value of the net assets of MECSB and a goodwill of about RM60,000 was recognised arising from the acquisition. MECSB is involved in the education business, a new operation in which the Group intends to embark on to create more quality township development that are integrated with modern education facilities.

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

8. Loans and borrowings

		31 December 2023 RM'000	31 December 2022 RM'000
<i>Non-current</i>			
Secured	- Term loans	66,357	87,130
	- Hire purchases	325	490
		<u>66,682</u>	<u>87,620</u>
<i>Current</i>			
Unsecured	- Revolving credits	110,000	120,000
Secured	- Term loans	20,118	25,173
	- Hire purchases	164	157
		<u>130,282</u>	<u>145,330</u>
Total		<u>196,964</u>	<u>232,950</u>



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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:

	12 months ended 31 December	
	2023	2022
Profit attributable to ordinary shareholders (RM'000)	35,034	24,809
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)	7.00	4.95

10. Dividend

No dividend was declared/paid by the Board during the current quarter/year under review.



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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, education 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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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 year ended 31 December										
Revenue from external customers	71,804	85,618	220,207	265,352	24,941	17,596	-	-	316,952	368,566
Inter segment revenue	-	-	35,570	54,872	3,174	2,794	(38,744)	(57,666)	-	-
Total segment revenue	71,804	85,618	255,777	320,224	28,115	20,390	(38,744)	(57,666)	316,952	368,566
Segment profit/(loss)	6,763	6,520	4,527	1,551	(6,839)	(8,706)	(6,724)	(3,981)	(2,273)	(4,616)
Share of results (net of tax) of:										
- associates, other than Dayang Enterprise Holdings Bhd. ("DEHB group")	(462)	4,096	(4,918)	4,730	-	-	-	-	(5,380)	8,826
- joint ventures	-	-	61	1,256	-	-	-	-	61	1,256
	6,301	10,616	(330)	7,537	(6,839)	(8,706)	(6,724)	(3,981)	(7,592)	5,466
Unallocated expense									(2,240)	(4,832)
Loss on deemed disposal of interests in an associate, PPB									(205)	(55)
Share of results (net of tax) of associates, DEHB group ¹ (in oil and gas segment)									53,223	30,939
Tax expense									(7,873)	(6,446)
Profit for the year									35,313	25,072
Other comprehensive income, net of tax									7,823	9,047
Total comprehensive income for the year									43,136	34,119
Non-controlling interests									(279)	(263)
Total comprehensive income attributable to the owners of the Company									42,857	33,856

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



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12. Subsequent events

There are no material events subsequent to the end of the year 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

	31 December 2023 RM'000	31 December 2022 RM'000
<i>Property, plant and equipment</i>		
- Authorised but not contracted for	20,000	15,000
<i>Investment properties</i>		
- Authorised and contracted for	-	1,200
- Authorised but not contracted for	-	30,000
	20,000	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.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Related parties

i) Transactions with key management personnel

Compensations payable/paid to key management personnel

	12 months ended 31 December	
	2023 RM'000	2022 RM'000
Directors of the Company	3,741	3,790
Other key management personnel	3,481	4,180
	<u>7,222</u>	<u>7,970</u>

Other transactions with key management personnel

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sale of property	<u>3,339</u>	-	<u>618</u>	-

ii) Other related party transactions

	Transaction value 12 months ended 31 December		Balance outstanding as at 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Transactions with associates</u>				
Construction contract costs	158,737	157,130	(50,448)	(12,940)
Construction contract sum billed	-	-	2,256	2,256
Dividend income receivable	(8,412)	(4,206)	-	-
Rental of equipment	39	-	-	-
Rental income from premises	(24)	-	-	-
Sales of goods	<u>(160)</u>	<u>(66)</u>	<u>-</u>	<u>-</u>



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17. Review of Group performance

Current 12-month vs. corresponding preceding 12-month review (December 2023 vs. December 2022)

	Cumulative quarters	
	12 months ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
Revenue	316,952	368,566
Profit before tax	43,186	31,518

The Group recorded lower revenue of RM317.0 million in the year under review, against RM368.6 million reported in 2022. The decrease was mainly attributed to lower work progress achieved by certain existing ongoing projects.

On the other hand, the Group reported a higher net profit before tax of RM43.2 million, compared against RM31.5 million reported in the corresponding period of 2022. The fluctuation in the net results was analysed as follows:

- lower segment loss of about RM2.3 million recorded by our core businesses, against the segment loss of about RM4.6 million registered in the year 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 increased substantially, from RM30.9 million in 2022 to RM53.2 million in the current year under review.

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

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2023	30 September 2023
	RM'000	RM'000
Revenue	19,087	142,460
Profit before tax	23,682	12,007

When compared to the immediate preceding quarter (July to September 2023), group revenue had decreased, mainly attributable to lower work progress achieved at sites during the current 3-month period. The effect of non-recognition of certain variation works which were still currently under assessment by a construction client, for reasons of prudence, had also led to lower revenue for the period.



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17. Review of Group performance (continued)

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

On the other hand, segment profit had improved due to some cost savings recorded from certain completed projects upon the finalisation of accounts with the clients and/or contractors. The higher net share of profit from our major associate, DEHB Group, from RM19.3 million in the immediate preceding quarter to RM23.4 million during the current 3-month period, had also contributed positively to the current quarter's performance.

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 12-month vs. corresponding preceding 12-month review (December 2023 vs. December 2022)

	Cumulative quarters	
	12 months ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
Revenue	71,804	85,618
Segment profit	6,763	6,520

The Property Development segment showed a decline in its revenue during the current year under review, mainly attributable to lower work progress achieved particularly by those newly launched projects during the year. On the other hand, the Group had secured higher property sales of about RM79.9 million during the year (2022: RM59.3 million). The overall segment performance had improved slightly as a result of changes in the product mix sold.



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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
(December 2023 vs. September 2023)*

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2023	30 September 2023
	RM'000	RM'000
Revenue	13,414	19,176
Segment (loss)/profit	(1,109)	3,174

Both Property Development revenue and profit had declined, mainly contributed by lower work progress achieved by the newly launched housing projects as well as the incurrence of some fixed overhead. The Group recorded property sales of about RM22.0 million during the current 3-month period, similar to the property sales secured in the immediate preceding quarter of RM22.1 million.

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.



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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)*

Prospects (continued)

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. Continuous efforts are also put in to improve and build more sustainable customer relationships through various stakeholders' engagement activities and rewards programs.

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.

b) *Construction*

Current 12-month vs. corresponding preceding 12-month review (December 2023 vs. December 2022)

	Cumulative quarters	
	12 months ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
Revenue	220,207	265,352
Segment profit	4,527	1,551

When compared to year 2022, the revenue for the Construction segment had decreased by 17%, mainly attributable to the effect of non-recognition of certain variation works that are currently under assessment, for reasons of prudence. On the other hand, the segment reported an improvement in its profit as a result of some cost savings arising from the completion of certain projects upon the finalisation of accounts with the clients and/or contractors.



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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)

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

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2023	30 September 2023
	RM'000	RM'000
Revenue	(3,312)	117,106
Segment profit/(loss)	4,478	(1,347)

The fluctuation in the revenue for the current quarter was mainly due to the effect of non-recognition of certain variation works which are still under assessment by a client, for reasons of prudence. However, the Segment performance had improved mainly due to some cost savings arising from certain completed projects.

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.



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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*

Current 12-month vs. corresponding preceding 12-month review (December 2023 vs. December 2022)

	Cumulative quarters	
	12 months ended	
	31 December 2023	31 December 2022
	RM'000	RM'000
Revenue	24,941	17,596
Segment loss	(6,839)	(8,706)

Despite higher quarry sales and maintenance services income, this Segment continuously recorded a loss due to the incurrence 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.

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

	Current	Immediate preceding
	3 months ended	3 months ended
	31 December 2023	30 September 2023
	RM'000	RM'000
Revenue	8,985	6,178
Segment profit/(loss)	506	(2,135)

When compared to the immediate preceding quarter, higher revenue was reported during the current 3 months, mainly attributable to higher quarry sales and maintenance services income recognised during the period. The segment recorded a marginal profit as a result.

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.



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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)*

Prospects (continued)

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.

17.2 Review of performance of major associates

For the year under review, our associate, Dayang Enterprise Holdings Bhd. ("DEHB"), reported an unaudited net profit after tax attributable to owners of about RM218.9 million, against a net profit after tax of RM121.2 million in 2022. The improvement in DEHB's performance during the current year was mainly due to higher work orders/contracts, increased vessel chartering margin and utilisation rates as well as reversal of some impairment loss previously made against some assets and associated goodwill.

18. Tax expense

The Group reported higher tax expense of about RM7.9 million for the current year, despite the net loss incurred (excluding shares of after-tax results of associates and joint ventures), mainly due to higher non-deductible expense and 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

	12 months ended	
	2023	2022
	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:		
(Gain)/Loss on disposal of:		
- property, plant and equipment	(176)	(39)
- investment properties	(1,396)	-
- deemed disposal of an associate	205	55
Interest income from fixed deposits and cash funds	(5,223)	(4,077)
Other interest income	(3,287)	(4,342)
Amortisation of:		
- intangible assets	113	681
- investment properties	3,492	2,111
Depreciation of property, plant and equipment	9,768	9,899
Foreign exchange (gain)/loss:		
- unrealised	(248)	(247)
- realised	24	2
Interest expense on loans and borrowings	11,113	11,969
Net change in impairment loss on financial assets and contract assets	2,468	(2,319)

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 year under review.



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20. Profit guarantee

The Group did not issue any profit guarantee.

21. Derivative financial instruments

The Group does not have any outstanding financial derivatives as at 31 December 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. The appointed Arbitrator had ordered, *inter-alia*, for the hearing dates to be fixed in July 2024 and August 2024. While both parties' quantum expert witnesses had submitted their assessment reports on the parties' claims and counter-claims on 12 January 2024 pursuant to the directive from the arbitrator, the rebuttal reports by the parties' quantum expert witnesses are to be submitted by 8 March 2024.

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.



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23. Status of corporate proposals

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

As at 31 December 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 27 February 2024.