

| | Note | Group | | Company | |
|--------------------------------------|------|------------------|------------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Liabilities | | | | | |
| Loans and borrowings | 20 | 66,682 | 87,620 | 32,702 | 38,797 |
| Deferred tax liabilities | 10 | 20,482 | 21,167 | - | - |
| Total non-current liabilities | | 87,164 | 108,787 | 32,702 | 38,797 |
| | | | | | |
| Loans and borrowings | 20 | 130,282 | 145,330 | 46,095 | 41,091 |
| Trade and other payables | 21 | 258,785 | 256,017 | 73,526 | 73,773 |
| Contract liabilities | 13 | 3,096 | 1,871 | - | - |
| Provisions | 22 | - | 3,472 | - | - |
| Current tax payable | | 2,561 | 1,692 | - | - |
| Total current liabilities | | 394,724 | 408,382 | 119,621 | 114,864 |
| Total liabilities | | 481,888 | 517,169 | 152,323 | 153,661 |
| | | | | | |
| Total equity and liabilities | | 1,806,303 | 1,803,800 | 628,087 | 624,329 |

The notes on pages 116 to 180 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|-----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 23 | 316,952 | 368,566 | 10,962 | 6,634 |
| Cost of sales | | (281,328) | (339,862) | - | - |
| Gross profit | | <u>35,624</u> | <u>28,704</u> | <u>10,962</u> | <u>6,634</u> |
| Other operating income | | 6,112 | 2,911 | 5,019 | 268 |
| Selling and promotional expenses | | (3,932) | (3,946) | - | - |
| Administrative expenses | | (22,424) | (23,687) | (7,849) | (7,395) |
| Other expenses | | (14,807) | (12,199) | - | (18,000) |
| Net changes in impairment loss on financial assets and contract assets | | (2,483) | 2,319 | - | - |
| Results from operating activities | 24 | <u>(1,910)</u> | <u>(5,898)</u> | <u>8,132</u> | <u>(18,493)</u> |
| Other non-operating expense | 25 | (205) | (55) | - | - |
| Finance income | 26 | 8,510 | 8,419 | 4,370 | 3,576 |
| Finance costs | 26 | (11,113) | (11,969) | (7,406) | (5,679) |
| Net finance costs | | <u>(2,603)</u> | <u>(3,550)</u> | <u>(3,036)</u> | <u>(2,103)</u> |
| Share of results (net of tax) of equity-accounted: | | | | | |
| - associates | 5 | 47,843 | 39,765 | - | - |
| - joint ventures | 6 | 61 | 1,256 | - | - |
| Profit/(Loss) before tax | | <u>43,186</u> | <u>31,518</u> | <u>5,096</u> | <u>(20,596)</u> |
| Tax expense | 28 | (7,873) | (6,446) | - | - |
| Profit/(Loss) for the year | | <u>35,313</u> | <u>25,072</u> | <u>5,096</u> | <u>(20,596)</u> |

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|-----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other comprehensive income/(expenses), net of tax | | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | |
| Change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI") | | 1 | (11) | - | - |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | | |
| Foreign currency translation differences for foreign operations | | 296 | 42 | - | - |
| Share of other comprehensive income of equity-accounted associates | | 7,526 | 9,016 | - | - |
| Total other comprehensive income for the year | | <u>7,823</u> | <u>9,047</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income/(expenses) for the year | | <u>43,136</u> | <u>34,119</u> | <u>5,096</u> | <u>(20,596)</u> |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the Company | | 35,034 | 24,809 | 5,096 | (20,596) |
| Non-controlling interests | 4 | 279 | 263 | - | - |
| Profit/(Loss) for the year | | <u>35,313</u> | <u>25,072</u> | <u>5,096</u> | <u>(20,596)</u> |
| Total comprehensive income/(expenses) attributable to: | | | | | |
| Owners of the Company | | 42,857 | 33,856 | 5,096 | (20,596) |
| Non-controlling interests | 4 | 279 | 263 | - | - |
| Total comprehensive income/(expenses) for the year | | <u>43,136</u> | <u>34,119</u> | <u>5,096</u> | <u>(20,596)</u> |
| Basic and diluted earnings per ordinary share (sen) | 29 | <u>7.00</u> | <u>4.95</u> | | |

The notes on pages 116 to 180 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

| <u>Group</u> | Share capital RM'000 | Foreign currency translation reserve RM'000 |
|---|-------------------------|---|
| At 1 January 2022 | 454,802 | 12,662 |
| <i>Foreign currency translation differences for foreign operations</i> | - | 42 |
| <i>Change in fair value of equity investments designated at FVOCI</i> | - | - |
| <i>Share of other comprehensive income of associates (Note 5)</i> | - | 9,016 |
| Total other comprehensive income/(expenses) for the year | - | 9,058 |
| Profit for the year | - | - |
| Total comprehensive income/(expenses) for the year | - | 9,058 |
| Redemption and cancellation of preference shares previously issued by a subsidiary to minority shareholder (Note 36 (ii)) | - | - |
| At 31 December 2022/1 January 2023 | 454,802 | 21,720 |
| <i>Foreign currency translation differences for foreign operations</i> | - | 296 |
| <i>Change in fair value of equity investments designated at FVOCI</i> | - | - |
| <i>Share of other comprehensive income of associates (Note 5)</i> | - | 7,526 |
| Total other comprehensive income for the year | - | 7,822 |
| Profit for the year | - | - |
| Total comprehensive income for the year | - | 7,822 |
| Acquisition of a subsidiary (Note 36 (i)) | - | - |
| Distribution to the non-controlling interest: | | |
| - Dividend paid | - | - |
| At 31 December 2023 | 454,802 | 29,542 |
| | (Note 18) | (Note 19) |

The notes on pages 116 to 180 are an integral part of these financial statements.

Attributable to owners of the Company /
 Non-distributable / Distributable

| Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---------------------------|--------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
| (34,748) | 123 | 797,986 | 1,230,825 | 21,737 | 1,252,562 |
| - | - | - | 42 | - | 42 |
| - | (11) | - | (11) | - | (11) |
| - | - | - | 9,016 | - | 9,016 |
| - | (11) | - | 9,047 | - | 9,047 |
| - | - | 24,809 | 24,809 | 263 | 25,072 |
| - | (11) | 24,809 | 33,856 | 263 | 34,119 |
| - | - | - | - | (50) | (50) |
| (34,748) | 112 | 822,795 | 1,264,681 | 21,950 | 1,286,631 |
| - | - | - | 296 | - | 296 |
| - | 1 | - | 1 | - | 1 |
| - | - | - | 7,526 | - | 7,526 |
| - | 1 | - | 7,823 | - | 7,823 |
| - | - | 35,034 | 35,034 | 279 | 35,313 |
| - | 1 | 35,034 | 42,857 | 279 | 43,136 |
| - | - | - | - | 648 | 648 |
| - | - | - | - | (6,000) | (6,000) |
| (34,748) | 113 | 857,829 | 1,307,538 | 16,877 | 1,324,415 |
| (Note 19) | (Note 19) | (Note 19) | | (Note 4) | |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

| <u>Company</u> | / <u>Attributable to owners of the Company</u> / | | | <u>Total equity</u> RM'000 |
|--|--|----------------------------------|------------------------------------|-------------------------------|
| | <u>Share capital</u> RM'000 | <u>Treasury shares</u> RM'000 | <u>Retained earnings</u> RM'000 | |
| At 1 January 2022 | 454,802 | (34,748) | 71,210 | 491,264 |
| Loss and total comprehensive expenses for the year | - | - | (20,596) | (20,596) |
| At 31 December 2022/1 January 2023 | 454,802 | (34,748) | 50,614 | 470,668 |
| Profit and total comprehensive income for the year | - | - | 5,096 | 5,096 |
| At 31 December 2023 | <u>454,802</u> | <u>(34,748)</u> | <u>55,710</u> | <u>475,764</u> |
| | (Note 18) | (Note 19) | (Note 19) | |

The notes on pages 116 to 180 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

| | Group | | Company | |
|--|----------------|----------------|-----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from operating activities | | | | |
| Profit/(Loss) before tax | 43,186 | 31,518 | 5,096 | (20,596) |
| <i>Adjustments for:</i> | | | | |
| Amortisation of: | | | | |
| - intangible assets (Note 9) | 113 | 681 | - | - |
| - investment properties (Note 8) | 3,492 | 2,111 | - | - |
| Change in fair value of equity investments designated at FVOCI | (1) | 11 | - | - |
| Depreciation of property, plant and equipment (Note 3.3) | 9,768 | 9,899 | 251 | 244 |
| Dividend income from: | | | | |
| - an associate | - | - | (8,412) | (4,206) |
| - other investments | (2) | (125) | - | - |
| (Gain)/Loss on disposal of: | | | | |
| - property, plant and equipment (Note 24) | (176) | (39) | - | - |
| - investment properties (Note 24) | (1,396) | - | - | - |
| - deemed disposal of associates (Notes 25 and 37) | 205 | 55 | - | - |
| Finance costs (Note 26) | 11,113 | 11,969 | 7,406 | 5,679 |
| Finance income (Note 26) | (8,510) | (8,419) | (4,370) | (3,576) |
| Net changes in impairment loss on financial assets and contract assets | 2,483 | (2,319) | - | - |
| Impairment loss on investment in a subsidiary (Note 24) | - | - | - | 18,000 |
| Reversal on impairment loss on investment in an associate (Note 24) | - | - | (4,761) | - |
| Share of results of equity-accounted associates and joint ventures | (47,904) | (41,021) | - | - |
| Unrealised foreign exchange gain | (248) | (247) | (221) | (238) |
| Operating profit/(loss) before changes in working capital | 12,123 | 4,074 | (5,011) | (4,693) |
| Inventories | 15,904 | (9,041) | - | - |
| Contract costs | (1,241) | 153 | - | - |
| Contract assets/liabilities | (41,148) | 2,661 | - | - |
| Trade and other receivables, deposits and prepayments | 32,296 | 51,226 | (4,744) | (4,059) |
| Trade and other payables | 2,322 | (24,348) | (4,157) | 14,678 |
| Provisions | (3,472) | - | - | - |
| Cash generated from/(used in) operations | 16,784 | 24,725 | (13,912) | 5,926 |
| Tax (paid)/refunded | (6,531) | (8,821) | 24 | 32 |
| Net cash from/(used in) operating activities | 10,253 | 15,904 | (13,888) | 5,958 |

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

| | Group | | Company | |
|--|-----------------|-----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from investing activities | | | | |
| Acquisition of: | | | | |
| - property, plant and equipment (Note 3) | (2,555) | (1,748) | (26) | (44) |
| - investment properties (Note 8) | (9,585) | (7,757) | - | - |
| - a subsidiary, net of cash and cash equivalents acquired [Note 36(i)] | 744 | - | - | - |
| Proceeds from disposal of: | | | | |
| - property, plant and equipment | 176 | 39 | - | - |
| - investment properties | 1,630 | - | - | - |
| Increase in investment of a subsidiaries [Note 36(ii)] | - | - | (800) | (3,650) |
| Redemption and cancellation of preference shares by a subsidiary previously issued to a minority shareholder [Note 36(ii)] | - | (50) | - | - |
| Change in pledged deposits | 8,422 | 5 | 2,824 | (36) |
| Dividends received | 8,414 | 4,331 | 8,412 | 4,206 |
| Distribution of profits from a joint venture (Note 6) | - | 1,530 | - | - |
| Interest received | 8,495 | 8,389 | 628 | 387 |
| Net cash from investing activities | 15,741 | 4,739 | 11,038 | 863 |
| Cash flows from financing activities | | | | |
| Dividend paid to non-controlling interests | (6,000) | - | - | - |
| Proceeds from loans and borrowings | 45,000 | 84,500 | 45,000 | 40,000 |
| Repayment of loans and borrowings | (80,828) | (120,216) | (46,000) | (46,878) |
| Repayment of hire purchases | (158) | (151) | (91) | (88) |
| Interest paid | (11,146) | (12,016) | (3,496) | (3,025) |
| Net cash used in financing activities | (53,132) | (47,883) | (4,587) | (9,991) |
| Net decrease in cash and cash equivalents | (27,138) | (27,240) | (7,437) | (3,170) |
| Effect of exchange rate fluctuations on cash held | 248 | 247 | 221 | 238 |
| Cash and cash equivalents at beginning of year | 247,758 | 274,751 | 29,797 | 32,729 |
| Cash and cash equivalents at end of year [Note (i)] | 220,868 | 247,758 | 22,581 | 29,797 |

Notes**i. Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Deposits placed with licensed banks with maturities less than three months | 167,072 | 203,852 | 18,901 | 24,940 |
| Cash in hand and at banks | 48,475 | 39,769 | 3,680 | 4,857 |
| Housing Development Accounts | 5,321 | 4,137 | - | - |
| Total cash and cash equivalents as shown in the statements of cash flows (also see Note 16) | <u>220,868</u> | <u>247,758</u> | <u>22,581</u> | <u>29,797</u> |

ii. Cash outflows for leases as a lessee

Included in the net cash from operating activities comprise the following payments made for leases as a lessee:

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Payments relating to: | | | | |
| - short-term leases | 14 | 21 | 234 | 234 |
| - leases of low-value assets | 454 | 357 | 1 | 3 |
| Total cash outflows for leases | <u>468</u> | <u>378</u> | <u>235</u> | <u>237</u> |

iii. Reconciliation of movement of liabilities to cash flows arising from financing activities (see Note 20)

| | Term loans RM'000 | Revolving credits RM'000 | Hire purchases RM'000 | Total RM'000 |
|------------------------------------|----------------------|-----------------------------|--------------------------|-----------------|
| Group | | | | |
| At 1 January 2022 | 96,019 | 172,000 | 798 | 268,817 |
| Changes in financing cash flows | 16,284 | (52,000) | (151) | (35,867) |
| At 31 December 2022/1 January 2023 | <u>112,303</u> | <u>120,000</u> | <u>647</u> | <u>232,950</u> |
| Changes in financing cash flows | (25,828) | (10,000) | (158) | (35,986) |
| At 31 December 2023 | <u>86,475</u> | <u>110,000</u> | <u>489</u> | <u>196,964</u> |
| Company | | | | |
| At 1 January 2022 | 1,378 | 85,000 | 476 | 86,854 |
| Changes in financing cash flows | 43,122 | (50,000) | (88) | (6,966) |
| At 31 December 2022/1 January 2023 | <u>44,500</u> | <u>35,000</u> | <u>388</u> | <u>79,888</u> |
| Changes in financing cash flows | (6,000) | 5,000 | (91) | (1,091) |
| At 31 December 2023 | <u>38,500</u> | <u>40,000</u> | <u>297</u> | <u>78,797</u> |

The notes on pages 116 to 180 are an integral part of these financial statements.

NOTES TO THE 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. The address of its principal place of business and registered office is 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak, Malaysia.

The consolidated financial statements of the Company 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.

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries while the other Group entities' principal activities are as stated in Note 4 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 19 April 2024.

1. Basis of preparation

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standard ("IFRS Accounting Standards") as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The following are amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and by the Company:

| MFRSs / Amendments | Effective date |
|--|---------------------|
| Amendment to MFRS 16, <i>Leases - Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101, <i>Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 107, <i>Statement of Cash Flows</i> and MFRS 7, <i>Financial Instruments: Disclosures - Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 10, <i>Consolidated Financial Statement</i> and MFRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Yet to be confirmed |

The Group and the Company plan to apply the abovementioned amendments:

- from the annual period beginning on 1 January 2024 for those amendments that are effective for annual periods beginning on 1 January 2024; and
- from the annual period beginning on 1 January 2025 for those amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial applications of the abovementioned amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis, other than equity securities measured at fair value through other comprehensive income ("FVOCI") which are measured based on fair value basis (see Note 11).

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

d. Use of estimates and judgements

The preparation of the 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are disclosed in Note 2 and as follows:

- **Revenue recognition from contracts with customers** [also see Note 2(n)(i) and Note 23]

Revenue is recognised as and when the control of the assets is transferred to the customers and it is probable that the Group will be entitled to recover the consideration in exchange for transferring the promised assets to the customers. If the amount of consideration varies due to discounts, rebates, penalties, incentives and other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value of the most likely outcome. If the contract with customers contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the assets.

Timing of control of the assets transferred to customers may be over time or at a point in time, depending on the terms of contract.

The Group recognises revenue from contracts over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for the performance completed to-date. Revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of performance obligation, which is measured based on the proportion that costs incurred to-date as a percentage of the estimated total costs of contract.

For the portion of performance obligations that is not satisfied over time, the revenue is recognised at a point in time at which the customer obtains controls of the promised assets.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, identification of performance obligations to be fulfilled under contract and estimated total costs to complete as well as the recoverability of the contracts. In making such estimations and judgements, the Group relies on, *inter alia*, past experiences and the assessment of its experienced team and experts.

- **Impairment assessment of trade receivables and contract assets** [see Notes 13.2(c) and 32.3(a)]

The Group has measured impairment losses of its trade receivables and contract assets based on the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. This evaluation is however inherently judgemental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to changes.

- **Impairment assessment of property, plant and equipment** (see Notes 3.6)

The Group assesses whether there is any indication that its property, plant and equipment used in the hotel operation may be impaired. The recoverable amount of the property, plant and equipment is determined using discounted cash flow projections. Nevertheless, the estimation is judgemental in determining appropriate key assumptions that may affect the value of estimated recoverable amount, which include the level of occupancy rates and room rates to be achieved over a period of time as well as the rate of profit returns.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Basis of preparation (continued)

d. Use of estimates and judgements (continued)

- **Impairment assessment of investment in subsidiaries and associates** (see Notes 4 and 5)

At each reporting date, the Company performs assessment whether there is any indication that investment in a subsidiary and/or an associate may be impaired. In determining the estimated recoverable amount of the investments, the Company evaluates the anticipated future performance of the said investee companies and considers other external and internal sources of information that may affect the value of estimated recoverable amount such as anticipated sales and appropriate profit margin which requires a substantial level of estimation and judgements.

- **Impairment assessment of completed developed properties held for sale** (see Note 7)

Completed developed properties are stated at the lower of cost and net realisable value. In determining the estimated net realisable value of these inventories, the Group analyses and assesses on a regular basis the historical trends of product sales performance and pricing, expected future market demand of the product as well as the estimated sales costs that may be incurred in securing the sales. The estimation is highly judgemental as product demand and pricing levels could change from time to time following the changes in customers' preferences, product affordability and property market demand and supply conditions.

2. Material accounting policies information

During the year, the Group has adopted the amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosure of Accounting Policies*. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments aim to provide some guidance to entities in providing necessary useful and entity specific accounting policy information that could assist users to understand other information disclosed in the financial statements. Although the amendments do not result in any changes to the Group's accounting policies which have been applied consistently by the Group entities to the periods presented in these financial statements, it has impacted the accounting policy information disclosure in the financial statements.

The material accounting policies information is disclosed as below and shall be read in conjunction with the relevant notes to the financial statements:

a. Property, plant and equipment (see Note 3)

Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

2. Material accounting policies information (continued)

a. Property, plant and equipment (see Note 3) (continued)

Depreciation (continued)

The estimated useful lives of assets for the current and comparative periods are as follows:

| | |
|-------------------------------------|--|
| Leasehold land (right-of-use asset) | over remaining lease terms of 49 years to 99 years |
| Buildings | 5, 10 and 50 years |
| Hotel property | 50 years |
| Furniture and fittings | 6 to 10 years |
| Motor vehicles | 5 years |
| Office equipment | 2 to 10 years |
| Plant and machinery | 5 years and over quarry licence period |
| Jetty and wharf | over quarry licence period |

b. Leases

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and instead accounts for the lease and non-lease components as a single lease component.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is measured at cost less accumulated depreciation. It is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the respective Group entities' incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leasehold land, being a right-of-use asset held under a lease contract, is classified under different category of assets namely property, plant and equipment, investment property or as inventories depending on its nature of use.

As a lessor

When the Group accounts for a lease as finance lease when the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. Otherwise, the lease is regarded as an operating lease and lease payments received is recognised as income in profit or loss on a straight-line basis over the lease term in profit or loss.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies information (continued)

c. Investment in subsidiaries (see Note 4)

Investment in subsidiaries is measured in the Company's statement of financial position at cost less impairment losses.

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquirees' financial statements without restatement. Any resulting gain/loss is recognised directly in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

d. Investment in associates (see Note 5)

Investment in associates is measured in the Company's statement of financial position at cost less impairment losses.

In the consolidated financial statements, the Group accounts for its investments in associates using the equity method.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation, or has made, payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured.

e. Investment in joint ventures (see Note 6)

The Group regards a joint arrangement as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

Investment in joint venture is measured in the Company's statement of financial position at cost less any impairment losses.

2. Material accounting policies information (continued)

f. Inventories (see Note 7)

Inventories are measured at the lower of cost and net realisable value. Inventories of the Group comprise the following:

i. Land held for property development

This comprise land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current portion of inventory.

When development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, such land is reclassified and included as part of property development costs (i.e. current portion of inventory).

ii. Property development costs

Property development costs are initially measured at cost and subsequently recognised as an expense to profit or loss when the controls of the inventory are transferred to the customer, either over time or at a point in time.

When the development activities are completed, the associated property development costs for the unsold property are reclassified as completed developed properties held for sale.

iii. Other inventories

Raw materials, consumables and manufactured/trading inventories (comprising building and construction materials) are measured based on the weighted average cost method.

g. Investment properties (see Note 8)

Investment properties are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

When an item of property, plant and equipment or inventories is transferred to investment property or vice versa following a change in its use, the transfer do not change the carrying amount of the property transferred. No remeasurement of cost of property is required, as permitted under paragraph 59 of MFRS 140, *Investment Property*.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of depreciable investment property. Buildings under construction are not amortised until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

| | |
|-------------------------------------|---|
| Leasehold land (right-of-use asset) | over remaining lease terms of 60, 85 and 98 years |
| Buildings | 10 and 50 years |

h. Intangible assets (see Note 9)

Goodwill with an indefinite useful life arising from business combinations is measured at cost less any accumulated impairment losses. It is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These intangible assets are amortised on a straight-line basis over the useful life period from the date that they are available for use.

Stone quarry licence is amortised over the licence period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies information (continued)

i. Deferred tax (see Note 10)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the end of the reporting period. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

j. Financial instruments (applicable for Note 11, 12, 15, 16, 20 and 21)

Financial assets

Financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows are measured at amortised cost using the effective interest method, less any impairment losses.

Debt investment that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment are measured at fair value through other comprehensive income.

For any equity investment that is not held for trading purpose, at its initial recognition, the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value.

Financial liabilities

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value. Other financial liabilities not categorised as fair value through profit or loss are measured at amortised cost using the effective interest method.

k. Contract costs (see Note 13)

Cost to fulfil a contract comprises cost that relate directly to a contract or to an anticipated contract and it is expected to be recovered. The contract costs are initially measured at cost less any impairment loss. The cost is amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

l. Non-current assets held for sale (see Note 17)

Non-current assets held for sales are measured at the lower of their carrying amount and fair value less costs of disposal.

Intangible assets, property, plant and equipment or investment properties once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale.

m. Share capital (see Note 18)

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

2. Material accounting policies information (continued)

n. Revenue (see Note 23)

i. Revenue from contracts with customers

Sales of land and properties

Revenue from sales of land and properties (comprising landed properties, condominiums and apartments as well as vacant land lots) is recognised as and when the controls of the properties are transferred to customer, either over time or at a point in time.

Revenue is recognised over the contract period based on the progress towards completion of that performance obligation by using cost incurred method. Otherwise, the revenue is recognised at a point in time when the customer obtains controls of the properties.

Revenue from sales of land and properties is measured at the fixed transaction prices under sale contract. The contracts may sometime include multiple promises to customers and therefore accounted for as separate performance obligations. The total consideration in a sale contract is allocated to all identified distinct performance obligations based on their relative stand-alone selling prices. When there is not directly observable price, the Group applies expected cost plus margin to derive stand-alone selling price.

Construction contracts

Construction revenue is recognised over time when a contract customer controls all of the works in progress as construction works take place. When the different elements of the construction contracts are not highly inter-related with, or dependent on, other contracting activities, the Group segregates each performance obligation for individual contract revenue recognition.

Sales of goods

Revenue is recognised at a point in time when the goods are delivered and accepted by customers.

Rental and other related revenue from accommodation operation

Revenue is recognised in profit or loss over time during the period of stay by hotel guests and tenants. Revenue from food and beverage and other ancillary services is recognised at a point in time at which customers receive and consume the goods and services.

Services rendered

Revenue (comprising management fee income and property maintenance services) is recognised at a point in time when the services are rendered, at a rate as agreed with customer.

ii. Other revenue

i. Dividend Income

Dividend income is recognised on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

ii. Rental income

Rental income from investment property is recognised a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Property, plant and equipment

| Group | (Right-of-use assets) | | Buildings RM'000 |
|--|----------------------------|-----------------------------|---------------------|
| | Freehold land RM'000 | Leasehold land RM'000 | |
| Cost | | | |
| At 1 January 2022 | 747 | 6,939 | 54,100 |
| Additions | - | - | 201 |
| Transfer from investment properties (Note 8.2) | - | - | 1,589 |
| Disposals/Write-offs | - | - | - |
| Adjustment* | - | - | - |
| Reclassifications | - | - | - |
| At 31 December 2022/1 January 2023 | 747 | 6,939 | 55,890 |
| Additions | - | - | 27 |
| Transfer from investment properties (Note 8.2) | - | - | 16,919 |
| Disposals/Write-offs | - | - | - |
| Acquisition through business combination | - | - | - |
| Reclassifications | - | - | - |
| At 31 December 2023 | 747 | 6,939 | 72,836 |
| Depreciation and impairment loss | | | |
| At 1 January 2022 | | | |
| - Accumulated depreciation | - | 1,430 | 14,572 |
| - Accumulated impairment loss | - | - | - |
| Depreciation for the year (Note 3.3) | - | 1,430 | 14,572 |
| Transfer from investment properties (Note 8.2) | - | 77 | 1,387 |
| Disposals/Write-offs | - | - | 360 |
| At 31 December 2022/1 January 2023 | - | - | - |
| - Accumulated depreciation | - | 1,507 | 16,319 |
| - Accumulated impairment loss | - | - | - |
| Depreciation for the year (Note 3.3) | - | 1,507 | 16,319 |
| Transfer from investment properties (Note 8.2) | - | 77 | 1,350 |
| Disposals/Write-offs | - | - | 1,444 |
| At 31 December 2023 | - | - | - |
| - Accumulated depreciation | - | 1,584 | 19,113 |
| - Accumulated impairment loss | - | - | - |
| | - | 1,584 | 19,113 |
| Carrying amounts | | | |
| At 1 January 2022 | 747 | 5,509 | 39,528 |
| At 31 December 2022 and 1 January 2023 | 747 | 5,432 | 39,571 |
| At 31 December 2023 | 747 | 5,355 | 53,723 |

(Note 3.4)

* Representing adjustments related to over-accruals of some estimated costs to completion for certain hotel assets previously provided for following the finalisation of accounts with contractors/suppliers in the previous financial year.

| Hotel property RM'000 | Furniture and fittings RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Plant and machinery RM'000 | Jetty and wharf RM'000 | Assets under construction RM'000 | Total RM'000 |
|--------------------------|----------------------------------|--------------------------|----------------------------|-------------------------------|---------------------------|-------------------------------------|-----------------|
| 45,007 | 43,644 | 11,168 | 27,216 | 37,951 | 1,952 | 190 | 228,914 |
| 123 | 551 | 48 | 301 | 87 | - | 437 | 1,748 |
| - | - | - | - | - | - | - | 1,589 |
| - | (70) | (616) | (144) | (11) | - | - | (841) |
| - | (115) | - | - | - | - | - | (115) |
| (84) | - | - | - | 84 | - | - | - |
| 45,046 | 44,010 | 10,600 | 27,373 | 38,111 | 1,952 | 627 | 231,295 |
| 6 | 48 | - | 231 | 14 | - | 2,229 | 2,555 |
| - | 2,069 | - | 299 | - | - | - | 19,287 |
| - | (70) | (784) | (364) | (1) | - | - | (1,219) |
| - | 172 | - | 18 | - | - | - | 190 |
| - | - | - | - | 2,320 | - | (2,320) | - |
| 45,052 | 46,229 | 9,816 | 27,557 | 40,444 | 1,952 | 536 | 252,108 |

| | | | | | | | |
|--------|--------|--------|--------|--------|-------|-----|---------|
| 1,819 | 21,255 | 10,242 | 22,864 | 26,578 | 1,952 | - | 100,712 |
| 3,323 | - | - | - | - | - | - | 3,323 |
| 5,142 | 21,255 | 10,242 | 22,864 | 26,578 | 1,952 | - | 104,035 |
| 898 | 3,968 | 201 | 1,932 | 1,557 | - | - | 10,020 |
| - | - | - | - | - | - | - | 360 |
| - | (70) | (616) | (144) | (11) | - | - | (841) |
| 2,717 | 25,153 | 9,827 | 24,652 | 28,124 | 1,952 | - | 110,251 |
| 3,323 | - | - | - | - | - | - | 3,323 |
| 6,040 | 25,153 | 9,827 | 24,652 | 28,124 | 1,952 | - | 113,574 |
| 901 | 3,836 | 205 | 1,788 | 1,648 | - | - | 9,805 |
| - | 208 | - | 33 | - | - | - | 1,685 |
| - | (70) | (784) | (364) | (1) | - | - | (1,219) |
| 3,618 | 29,127 | 9,248 | 26,109 | 29,771 | 1,952 | - | 120,522 |
| 3,323 | - | - | - | - | - | - | 3,323 |
| 6,941 | 29,127 | 9,248 | 26,109 | 29,771 | 1,952 | - | 123,845 |
| 39,865 | 22,389 | 926 | 4,352 | 11,373 | - | 190 | 124,879 |
| 39,006 | 18,857 | 773 | 2,721 | 9,987 | - | 627 | 117,721 |
| 38,111 | 17,102 | 568 | 1,448 | 10,673 | - | 536 | 128,263 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Property, plant and equipment (continued)

| Company | Buildings RM'000 | Furniture and fittings RM'000 | Office equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|--------------------------------------|-----------------------------|--|--|--------------------------------------|-------------------------|
| Cost | | | | | |
| At 1 January 2022 | 5,952 | 1,123 | 322 | 560 | 7,957 |
| Additions | - | - | 44 | - | 44 |
| At 31 December 2022/1 January 2023 | 5,952 | 1,123 | 366 | 560 | 8,001 |
| Additions | - | - | 26 | - | 26 |
| At 31 December 2023 | 5,952 | 1,123 | 392 | 560 | 8,027 |
| Depreciation | | | | | |
| At 1 January 2022 | 1,210 | 1,122 | 316 | 9 | 2,657 |
| Depreciation for the year (Note 3.3) | 119 | - | 13 | 112 | 244 |
| At 31 December 2022/1 January 2023 | 1,329 | 1,122 | 329 | 121 | 2,901 |
| Depreciation for the year (Note 3.3) | 119 | - | 20 | 112 | 251 |
| At 31 December 2023 | 1,448 | 1,122 | 349 | 233 | 3,152 |
| Carrying amounts | | | | | |
| At 1 January 2022 | 4,742 | 1 | 6 | 551 | 5,300 |
| At 31 December 2022/1 January 2023 | 4,623 | 1 | 37 | 439 | 5,100 |
| At 31 December 2023 | 4,504 | 1 | 43 | 327 | 4,875 |

3. Property, plant and equipment (continued)

3.1 Titles to properties

Strata titles of certain building has yet to be issued by the relevant authority, analysed as follows:

| | Group | |
|-----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Carrying amount | | |
| Hotel property | 38,111 | 39,006 |

3.2 Motor vehicles under hire purchases

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Carrying amount of leased assets | 530 | 724 | 327 | 439 |

3.3 Allocation of depreciation

Depreciation for the year is allocated as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Recognised in profit or loss (Note 24) | 9,768 | 9,899 | 251 | 244 |
| Capitalised in: | | | | |
| - contract costs | 1 | - | - | - |
| - inventory (under property development costs) | 36 | 121 | - | - |
| | 9,805 | 10,020 | 251 | 244 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Property, plant and equipment (continued)

3.4 Leasehold land (Right-of-use assets)

| | (Right-of-use assets) Leasehold land | | Total RM'000 |
|--|--|--|-----------------|
| | (unexpired lease term more than 50 years) RM'000 | (unexpired lease term less than 50 years) RM'000 | |
| Cost | | | |
| At 1 January 2022, 31 December 2022/1 January 2023 and 31 December 2023 | 5,991 | 948 | 6,939 |
| Depreciation | | | |
| At 1 January 2022 | 1,045 | 385 | 1,430 |
| Depreciation for the year | 59 | 18 | 77 |
| At 31 December 2022/1 January 2023 | 1,104 | 403 | 1,507 |
| Depreciation for the year | 59 | 18 | 77 |
| At 31 December 2023 | 1,163 | 421 | 1,584 |
| Carrying amounts | | | |
| At 1 January 2022 | 4,946 | 563 | 5,509 |
| At 31 December 2022/1 January 2023 | 4,887 | 545 | 5,432 |
| At 31 December 2023 | 4,828 | 527 | 5,355 |

3.5 Assets charged to banks as security for borrowings (see also Note 20.2)

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Right-of-use assets – Leasehold land | 724 | 732 | - | - |
| Hotel property | 38,111 | 39,006 | - | - |
| Motor vehicles | 530 | 724 | 327 | 439 |
| | 39,365 | 40,462 | 327 | 439 |

3. Property, plant and equipment (continued)

3.6 Impairment loss

At each financial year, the Group performs assessment to determine whether there is any indication that the hotel property may be impaired.

The recoverable amount of the hotel property was estimated based on its value in use by reference to the discounted cash flow projections over the remaining useful life of the said asset. The estimation of value in use was determined using a pre-tax discount rate of 8%. Other key assumptions used in the estimation include average room rate, occupancy rate, food and beverages revenue and appropriate rate of profit return.

A total impairment loss of RM3,323,000 was made against the carrying amount of the hotel property in prior years. During the current year under review, the Group re-evaluated the recoverable amount of the hotel property based on the same basis applied thereto and concluded that neither further impairment loss is necessary nor any reversal of impairment loss previously made is required.

4. Investment in subsidiaries

| | Company | |
|---------------------------|----------|----------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Cost of investment | | |
| Unquoted shares, at cost | 438,012 | 437,212 |
| Less: Impairment loss | (99,789) | (99,789) |
| | 338,223 | 337,423 |

Additional investment in a subsidiary

On 17 November 2023, the Company subscribed for additional 800,000 new ordinary shares issued by its wholly owned subsidiary, Naim Academy Sdn. Bhd. for a cash consideration of RM800,000 [also see Note 36(ii)].

Impairment loss

At each financial year, the Company conducts an impairment evaluation to ascertain whether there is any indication that the investment in any of its subsidiaries may be impaired.

The recoverable amount is based on the estimated equity value in use of the said subsidiary. The equity value was derived from the value in use with reference to the anticipated future performance of the subsidiary. Key assumptions used in the estimation include projected revenue from secured projects and expected projects, other income and administrative expenses adjusted for some appropriate annual rate of increment over the projection periods of 5 years and a pre-tax discount rate of 6%. Total impairment loss of RM99,789,000 was made against the carrying amount of the investment in a subsidiary in prior years.

As at 31 December 2023, the carrying amount of the investment in the said subsidiary approximates its estimated recoverable amount; hence neither further impairment loss is necessary nor any reversal of impairment loss previously made is required.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Investment in subsidiaries (continued)

Information of subsidiaries

Details of the subsidiaries, all of which the principal place of business and country of incorporation is in Malaysia except for Naim Engineering Construction (Fiji) Limited, Naim Quarry (Fiji) Limited and Naim Premix (Fiji) Limited, which the principal place of business and country of incorporation is in Fiji and the Company's interests therein are shown as follows:

| Name of subsidiary | Principal activities | Effective ownership interest and voting interest (%) | |
|-------------------------------------|--|--|-------|
| | | 2023 | 2022 |
| Direct subsidiaries | | | |
| Naim Land Sdn. Bhd. ("NLSB") | Property developer and civil and building contractor | 100.0 | 100.0 |
| Naim Engineering Sdn. Bhd. ("NESB") | Civil, building and earthwork contractor | 100.0 | 100.0 |
| Naim Assets Sdn. Bhd. ("NASB") | Investment holding | 100.0 | 100.0 |
| Naim Academy Sdn. Bhd. ("NACSB") | Investment holding | 100.0 | 100.0 |
| Subsidiaries of NLSB | | | |
| Desa Ilmu Sdn. Bhd. | Property developer | 60.0 | 60.0 |
| Peranan Makmur Sdn. Bhd. ("PMSB") | Property developer | 70.0 | 70.0 |
| Khidmat Mantap Sdn. Bhd. | Property developer | 100.0 | 100.0 |
| Naim Realty Sdn. Bhd. | Property investment | 100.0 | 100.0 |
| Naim Supply & Logistic Sdn. Bhd. | Trading of construction materials | 100.0 | 100.0 |
| Naim Commercial Sdn. Bhd. | Property developer | 100.0 | 100.0 |
| Naim Human Capital Sdn. Bhd. | Provision of management services | 100.0 | 100.0 |
| Naim Cendera Lapan Sdn. Bhd. | Quarry licensee and operator | 100.0 | 100.0 |
| Jelas Kemuncak Resources Sdn. Bhd. | Quarry operator | 100.0 | 100.0 |
| Simbol Warisan Sdn. Bhd. | Quarry licensee | 75.0 | 75.0 |
| Yakin Pelita Sdn. Bhd. | Property investment | 100.0 | 100.0 |
| Petrochemical Hub Sdn. Bhd. | Property investment and provision of workers' accommodation business | 100.0 | 100.0 |
| Dataran Wangsa Sdn. Bhd. | Property developer | 100.0 | 100.0 |
| Yakin Jelas Sdn. Bhd. | Property investment | 100.0 | 100.0 |
| Pavilion Quest Sdn. Bhd.** | Property investment | 100.0 | 100.0 |
| Solid Greenland Sdn. Bhd.** | Property investment | 100.0 | 100.0 |
| Naim Ready Mix Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| TR Green Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim (MM2H) Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim Incorporated Berhad | Inactive | 100.0 | 100.0 |
| Naim Oil & Gas Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Kuching Paragon Sdn. Bhd. | Inactive | 100.0 | 100.0 |

4. Investment in subsidiaries (continued)

| Name of subsidiary | Principal activities | Effective ownership interest and voting interest (%) | |
|--|---|--|-------|
| | | 2023 | 2022 |
| <u>Subsidiaries of NLSB (continued)</u> | | | |
| Miri Paragon Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim Data Sdn. Bhd.** | Inactive | 100.0 | 100.0 |
| Naim Mortgage Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Lotus Paradigm Sdn. Bhd. | Inactive | 70.0 | 70.0 |
| <u>Subsidiaries of NESB</u> | | | |
| Naim Capital Sdn. Bhd. ("NCSB") | Investment holding | 100.0 | 100.0 |
| Naim Overseas Sdn. Bhd. ("NOSB") | Investment holding | 100.0 | 100.0 |
| NAIM GAMUDA (NAGA) JV SDN. BHD. | Civil contractor | 70.0 | 70.0 |
| Naim Binaan Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim Premix Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim Equipment Sdn. Bhd. | Inactive | 100.0 | 100.0 |
| Naim Recruitment & Agency Sdn. Bhd. ** | Inactive | 100.0 | 100.0 |
| BDA Naim Sdn. Bhd. | Inactive | 80.0 | 80.0 |
| <u>Subsidiaries of NASB</u> | | | |
| Naim Hotel Sdn. Bhd. | Hotel operation | 100.0 | 100.0 |
| Naim Property Services Sdn. Bhd. ** | Provision of property management services | 100.0 | 100.0 |
| Bintulu Paragon Sdn. Bhd. | Property and investment holding | 100.0 | 100.0 |
| <u>Subsidiary of NACSB</u> | | | |
| Naim Skills Academy Sdn Bhd (formerly known as Permyjaya Sino Education Sdn. Bhd.) | Inactive | 100.0 | 100.0 |
| Mawar Education Centre Sdn. Bhd.** | Provision of educational business | 53.3 | - |
| <u>Subsidiaries of NCSB</u> | | | |
| Naim Capital Port Sdn. Bhd. | Civil contractor | 100.0 | 100.0 |
| Naim Capital Housing Sdn. Bhd. | Civil contractor | 100.0 | 100.0 |
| <u>Subsidiary of PMSB</u> | | | |
| Harmony Faber Sdn. Bhd. | Property investment | 70.0 | 70.0 |
| <u>Subsidiaries of NOSB</u> | | | |
| Naim Engineering Construction (Fiji) Limited # | Inactive | 99.9 | 99.9 |
| Naim Quarry (Fiji) Limited # | Inactive | 99.9 | 99.9 |
| Naim Premix (Fiji) Limited # | Inactive | 99.9 | 99.9 |

** Not audited by KPMG PLT.

The Group uses unaudited management accounts of these dormant foreign subsidiaries for the consolidation purpose for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Investment in subsidiaries (continued)

Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

| 31.12.2023 | Desa Ilmu Sdn. Bhd. ("DISB") RM'000 | NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
|---|--|--|--|-------------------------|
| NCI percentage of ownership/voting interest | 40% | 30% | | |
| Carrying amount of NCI | 14,595 | 5,943 | (3,661) | 16,877 |
| Profit/(Loss) allocated to NCI | 204 | 2,087 | (2,012) | 279 |

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

| | DISB RM'000 | NAGA RM'000 |
|--|------------------------|------------------------|
| Summarised financial information before intra-group elimination | | |
| As at 31 December 2023 | | |
| Non-current assets | 550 | - |
| Current assets | 40,297 | 105,103 |
| Current liabilities | (4,361) | (85,292) |
| Net assets | <u>36,486</u> | <u>19,811</u> |
| Year ended 31 December 2023 | | |
| Revenue | 1,347 | 198,788 |
| Profit and total comprehensive income for the year | <u>590</u> | <u>6,956</u> |
| Cash flows from/(used in): | | |
| - operating activities | 1,028 | 6,411 |
| - investing activities | 1,104 | 1,120 |
| - financing activities | - | (20,000) |
| Net increase/(decrease) in cash and cash equivalents | <u>2,132</u> | <u>(12,469)</u> |
| Dividend paid to NCI | - | <u>(6,000)</u> |

4. Investment in subsidiaries (continued)

Non-controlling interests ("NCI") in subsidiaries (continued)

The Group's subsidiaries that have material NCI are as follows:

| 31.12.2022 | Desa Ilmu Sdn. Bhd. ("DISB") RM'000 | NAIM GAMUDA (NAGA) JV SDN. BHD. ("NAGA") RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
|---|--|--|--|-----------------|
| NCI percentage of ownership/voting interest | 40% | 30% | | |
| Carrying amount of NCI | 14,391 | 9,856 | (2,297) | 21,950 |
| Profit/(Loss) allocated to NCI | 190 | 1,043 | (970) | 263 |

The following table summarises the financial information of the Group's material NCI in DISB and NAGA:

| | DISB RM'000 | NAGA RM'000 |
|--|----------------|----------------|
| Summarised financial information before intra-group elimination | | |
| As at 31 December 2022 | | |
| Non-current assets | 565 | - |
| Current assets | 39,860 | 96,244 |
| Current liabilities | (4,529) | (63,390) |
| Net assets | <u>35,896</u> | <u>32,854</u> |
| Year ended 31 December 2022 | | |
| Revenue | 800 | 263,430 |
| Profit and total comprehensive income for the year | <u>394</u> | <u>3,477</u> |
| Cash flows from: | | |
| - operating activities | 7,832 | 5,921 |
| - investing activities | 645 | 677 |
| Net increase in cash and cash equivalents | <u>8,477</u> | <u>6,598</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Investment in associates

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At cost | | | | |
| Shares in Malaysia | | | | |
| - unquoted | 32,416 | 32,416 | - | - |
| - quoted | 181,976 | 181,976 | 181,976 | 181,976 |
| Share of post-acquisition reserves | 272,942 | 226,190 | - | - |
| | <u>487,334</u> | <u>440,582</u> | <u>181,976</u> | <u>181,976</u> |
| Less: Impairment loss | - | - | (4,857) | (9,618) |
| | <u>487,334</u> | <u>440,582</u> | <u>177,119</u> | <u>172,358</u> |
| Market value | | | | |
| Quoted shares in Malaysia | <u>464,040</u> | <u>377,334</u> | <u>464,040</u> | <u>377,334</u> |

Impairment loss

At each financial year, the Company performs assessment to determine whether there is any indication that the carrying amount of investment in any of its associates may be impaired.

The estimated recoverable amount is determined with reference to the underlying assets and liabilities of the associates as well as the anticipated future performance of the associates. The estimated recoverable amount is adjusted from the higher of the estimated value in use or the estimated fair value less costs of disposal used in the impairment assessment in the associates. During the year, the Company reassessed the recoverable amount of an associate on the same basis and concluded a reversal of a previously provided impairment loss amounting to RM4,761,000, in view of the improved results achieved by the said associate (see Note 24).

5. Investment in associates (continued)

Details of the material associates, all of which the principal place of business and country of incorporation is in Malaysia, are as follows:

| Name of entity | Nature of relationship | Effective ownership interest and voting interest (%) | |
|---|---|--|---------------------|
| | | 2023 | 2022 |
| Dayang Enterprise Holdings Bhd. ("DEHB") | Provision of offshore topside maintenance services, minor fabrication works, offshore hook-up and commissioning works, chartering of marine vessels and equipment. This is one of the vehicles through which the Group has ventured into the oil and gas industry | 24.22 | 24.22 |
| Samalaju Properties Sdn. Bhd. ("SPSB") * | Property and township development, including providing temporary accommodation facilities, in line with Group's existing property development segment operation | 39.00 | 39.00 |
| GAMUDA NAIM ENGINEERING AND CONSTRUCTION (GNEC) SDN. BHD. ("GNEC") ** @ | One of civil contractors to the Group | 35.00 | 35.00 |
| Perdana Petroleum Berhad ("PPB") | Provision of marine support services for the oil and gas industry, which is a subsidiary of DEHB | 3.47 [^] | 3.47 [^] |
| Kempas Sentosa Sdn. Bhd. ** | One of civil contractors to the Group and hiring of plant and equipment to the Group | 40.00 | 40.00 |
| Miri Specialist Hospital Sdn. Bhd. ("MSHSB") * | Specialist hospital operator in one of the Group's existing township development | 15.53 ^{^^} | 15.53 ^{^^} |

* Held through NLSB

** Held through NESB

@ Financial year end of 31 July

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Investment in associates (continued)

[^] Although the Group's direct shareholdings is less than 20% in PPB, i.e. 3.47% as of 31 December 2023, the Directors have determined that the Group has significant influence, partly because it has two (2) board representatives in PPB. In addition, the Group's effective equity interest in PPB, if taking into account of the Group's share of the equity interest in PPB held through DEHB, is about 18.87% (2022: 18.90%) as at financial year end.

^{^^} While the Group's equity interest in MSHSB is less than 20%, the Group has determined that it still has significant influence in the investee company because of the two (2) representatives the Group currently has on the board of MSHSB.

All associates' financial year ends on 31 December, other than that marked with "@". For the purpose of applying the equity method for associates with a different financial year from the Group's, the last available audited financial statements and/or management accounts up to 31 December 2023 have been used.

The following table summarises the information of the Group's material associates, adjusted for any material differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Summary of financial information

| | Group | | | |
|---|------------------|----------------|-----------------|----------------|
| | DEHB | SPSB | GNEC | PPB |
| <u>31.12.2023</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 31 December | | | | |
| Non-current assets | 1,501,706 | 159,988 | 11,437 | 703,019 |
| Current assets | 1,017,915 | 67,083 | 239,083 | 204,851 |
| Non-current liabilities | (196,817) | (842) | (4,186) | (117,605) |
| Current liabilities | (435,416) | (165,489) | (197,384) | (123,877) |
| Non-controlling interests | (234,742) | - | - | - |
| Net assets | <u>1,652,646</u> | <u>60,740</u> | <u>48,950</u> | <u>666,388</u> |
| Redeemable convertible preference shares ("RCPS") | - | (44,100) | - | (7,057) |
| | <u>1,652,646</u> | <u>16,640</u> | <u>48,950</u> | <u>659,331</u> |
| Year ended 31 December | | | | |
| Profit/(Loss) for the year | 218,920 | (1,185) | (13,099) | 44,415 |
| Other comprehensive income | 23,309 | - | - | 36,644 |
| Total comprehensive income/(expenses) for the year | <u>242,229</u> | <u>(1,185)</u> | <u>(13,099)</u> | <u>81,059</u> |
| <i>Included in the total comprehensive income is:</i> | | | | |
| Revenue | <u>1,112,987</u> | <u>46,742</u> | <u>184,432</u> | <u>313,913</u> |

5. Investment in associates (continued)

Summary of financial information (continued)

| | Group | | | | | Total RM'000 |
|--|----------------|----------------|----------------|---------------|---|-----------------|
| | DEHB RM'000 | SPSB RM'000 | GNEC RM'000 | PPB RM'000 | Other immaterial associates RM'000 | |
| 31.12.2023 (continued) | | | | | | |
| Reconciliation of net assets to carrying amount as at 31 December | | | | | | |
| Group's share of net assets | 400,256 | 6,490 | 17,132 | 22,857 | 3,974 | 450,709 |
| Group's share of RCPS | - | 19,110 | - | - | - | 19,110 |
| Goodwill | 19,674 | - | - | - | - | 19,674 |
| Elimination of unrealised profit | - | - | - | - | (2,159) | (2,159) |
| Carrying amount in the statement of financial position | <u>419,930</u> | <u>25,600</u> | <u>17,132</u> | <u>22,857</u> | <u>1,815</u> | <u>487,334</u> |
| Group's share of results for the year ended 31 December | | | | | | |
| Group's share of: | | | | | | |
| - profit/(loss), net of tax | 51,759 | (462) | (4,585) | 1,464 | (333) | 47,843 |
| - other comprehensive income | 6,170 | - | - | 1,356 | - | 7,526 |
| Group's share of total comprehensive income/(expenses) | <u>57,929</u> | <u>(462)</u> | <u>(4,585)</u> | <u>2,820</u> | <u>(333)</u> | <u>55,369</u> |
| Other information | | | | | | |
| Dividends received | <u>8,412</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,412</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Investment in associates (continued)

Summary of financial information (continued)

| | Group | | | |
|---|------------------|----------------|----------------|----------------|
| | DEHB RM'000 | SPSB RM'000 | GNEC RM'000 | PPB RM'000 |
| 31.12.2022 | | | | |
| As at 31 December | | | | |
| Non-current assets | 1,504,627 | 156,799 | 15,925 | 713,767 |
| Current assets | 855,495 | 85,859 | 245,609 | 106,556 |
| Non-current liabilities | (336,554) | (2,586) | (41) | (151,713) |
| Current liabilities | (370,132) | (178,147) | (199,444) | (83,281) |
| Non-controlling interests | (204,429) | - | - | - |
| Net assets | <u>1,449,007</u> | <u>61,925</u> | <u>62,049</u> | <u>585,329</u> |
| Redeemable convertible preference shares ("RCPS") | - | (44,100) | - | (7,993) |
| | <u>1,449,007</u> | <u>17,825</u> | <u>62,049</u> | <u>577,336</u> |
| Year ended 31 December | | | | |
| Profit for the year | 124,244 | 6,231 | 13,780 | 11,385 |
| Other comprehensive income | 30,386 | - | - | 47,711 |
| Total comprehensive income for the year | <u>154,630</u> | <u>6,231</u> | <u>13,780</u> | <u>59,096</u> |
| <i>Included in the total comprehensive income is:</i> | | | | |
| Revenue | <u>984,183</u> | <u>30,963</u> | <u>288,886</u> | <u>196,628</u> |

5. Investment in associates (continued)

Summary of financial information (continued)

| | Group | | | | | Total RM'000 |
|--|----------------|----------------|----------------|---------------|---|-----------------|
| | DEHB RM'000 | SPSB RM'000 | GNEC RM'000 | PPB RM'000 | Other immaterial associates RM'000 | |
| 31.12.2022 (continued) | | | | | | |
| Reconciliation of net assets to carrying amount as at 31 December | | | | | | |
| Group's share of net assets | 350,936 | 6,952 | 21,717 | 20,045 | 4,500 | 404,150 |
| Group's share of RCPS | - | 19,110 | - | - | - | 19,110 |
| Goodwill | 19,674 | - | - | - | - | 19,674 |
| Elimination of unrealised profit | - | - | - | - | (2,352) | (2,352) |
| Carrying amount in the statement of financial position | <u>370,610</u> | <u>26,062</u> | <u>21,717</u> | <u>20,045</u> | <u>2,148</u> | <u>440,582</u> |
| Group's share of results for the year ended 31 December | | | | | | |
| Group's share of: | | | | | | |
| - profit/(loss), net of tax | 30,645 | 4,096 | 4,823 | 294 | (93) | 39,765 |
| - other comprehensive income | 7,359 | - | - | 1,657 | - | 9,016 |
| Group's share of total comprehensive income/(expenses) | <u>38,004</u> | <u>4,096</u> | <u>4,823</u> | <u>1,951</u> | <u>(93)</u> | <u>48,781</u> |
| Other information | | | | | | |
| Dividends received | <u>4,206</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,206</u> |

6. Investment in joint ventures - Group

| | 2023 RM'000 | 2022 RM'000 |
|------------------------------------|----------------|----------------|
| At cost | | |
| Capital contribution | 4,500 | 4,500 |
| Share of post-acquisition reserves | (2,393) | (2,473) |
| | <u>2,107</u> | <u>2,027</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Investment in joint ventures - Group (continued)

The joint arrangements in which the Group participates are all involved in civil and building construction works, including oil and gas related construction projects. As the Group is only entitled to the net assets of the joint arrangements, the Group has therefore classified its interest in the following entities as joint ventures. Details of the joint ventures, all of which are based in Malaysia, are as follows:

| Name of entity | Effective voting interest (%) | |
|---------------------|-------------------------------|------|
| | 2023 | 2022 |
| NESB-Hock Peng JV | 51.0 | 51.0 |
| PPES Works-NLSB JV | 45.0 | 45.0 |
| Sinohydro-Naim JV * | 50.0 | 50.0 |
| Samsung-Naim JV * | 10.0 | 10.0 |

* Inactive since the completion of the projects undertaken by joint ventures.

The following table summarises the information of the Group's material joint ventures, adjusted for any material differences in accounting policies (if any) and reconciles the information to the carrying amount of the Group's interest in the joint venture, which is accounted for using equity method.

Summary of financial information

| | NESB-Hock Peng JV RM'000 | PPES Works - NLSB JV RM'000 | Other immaterial joint ventures RM'000 | Total RM'000 |
|--|-----------------------------|--------------------------------|---|-----------------|
| 31.12.2023 | | | | |
| As at 31 December | | | | |
| Current assets | 4,039 | 1,413 | | |
| Current liabilities | (1,252) | (39) | | |
| Net assets | <u>2,787</u> | <u>1,374</u> | | |
| Year ended 31 December | | | | |
| Profit/(Loss) and total comprehensive income/(expenses) for the year (before tax) | <u>161</u> | <u>(4)</u> | | |
| <i>Included in the total comprehensive income/(expenses)</i> | | | | |
| Interest income | <u>27</u> | <u>-</u> | | |
| Reconciliation of net assets to carrying amount as at 31 December | | | | |
| Group's share of net assets and carrying amount in the statement of financial position | <u>1,421</u> | <u>618</u> | <u>68</u> | <u>2,107</u> |
| Group's share of results for the year ended 31 December | | | | |
| Group's share of profit/(loss) and total comprehensive income/(expenses), net of tax | <u>63</u> | <u>(2)</u> | <u>-</u> | <u>61</u> |
| Other information | | | | |
| No distribution of profit received during the financial year. | | | | |

6. Investment in joint ventures - Group (continued)

Summary of financial information (continued)

| | NESB- Hock Peng JV RM'000 | PPES Works - NLSB JV RM'000 | Other immaterial joint ventures RM'000 | Total RM'000 |
|--|------------------------------------|---|--|-----------------|
| 31.12.2022 | | | | |
| As at 31 December | | | | |
| Current assets | 23,427 | 1,413 | | |
| Current liabilities | (20,801) | (35) | | |
| Net assets | <u>2,626</u> | <u>1,378</u> | | |
| Year ended 31 December | | | | |
| Profit/(Loss) and total comprehensive income/(expenses) for the year (before tax) | <u>3,246</u> | <u>(5)</u> | | |
| <i>Included in the total comprehensive income/(expenses)</i> | | | | |
| Revenue | 71,755 | - | | |
| Interest income | <u>24</u> | <u>-</u> | | |
| Reconciliation of net assets to carrying amount as at 31 December | | | | |
| Group's share of net assets and carrying amount in the statement of financial position | <u>1,339</u> | <u>620</u> | <u>68</u> | <u>2,027</u> |
| Group's share of results for the year ended 31 December | | | | |
| Group's share of profit/(loss) and total comprehensive income/(expenses), net of tax | <u>1,258</u> | <u>(2)</u> | <u>-</u> | <u>1,256</u> |
| Other information | | | | |
| Distribution of profit received by the Group | <u>1,530</u> | <u>-</u> | <u>-</u> | <u>1,530</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

| | Group | |
|--|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Non-current | | |
| <u>At cost</u> | | |
| Land held for property development (right-of-use assets) (Note 7.1) | 165,448 | 172,242 |
| Current | | |
| <u>At cost</u> | | |
| Completed goods for sale | | |
| - Developed properties (Note 7.2) | 306,909 | 323,494 |
| - Manufactured/Trading inventories (construction and building materials) | 2,175 | 836 |
| Raw materials and consumables | 450 | 409 |
| Properties under construction | | |
| - Property development costs | 238,775 | 231,348 |
| | 548,309 | 556,087 |
| <u>At net realisable value</u> | | |
| Completed goods for sale | | |
| - Manufactured/Trading inventories | 139 | 139 |
| - Developed properties | 783 | 1,989 |
| | 922 | 2,128 |
| | 549,231 | 558,215 |
| Total inventories | 714,679 | 730,457 |
| Recognised in profit or loss: | | |
| - inventories recognised as cost of sales | 57,688 | 62,585 |

7.1 Land held for property development

Security

Certain parcels of leasehold land with carrying amounts of RM26,709,000 (2022: RM40,160,000) are charged to bank(s) as security for certain term loan facility(ies) (see Note 20.2).

7.2 Government grant for developed properties

A government grant amounting to RM27,872,000 was received in prior years to facilitate and reimburse certain development costs incurred for a mixed development project upon the fulfillment of conditions imposed.

The grant received was initially recognised as a reduction in cost of developed properties and will be systematically realised to profit or loss when the developed properties under the said project are sold. As at the year end, accumulated grant of RM12,903,000 (2022: RM12,646,000) has been realised to profit or loss as a reduction in cost of sale for the total developed properties sold.

8. Investment properties - Group

| | (Right-of-use assets) Long-term leasehold land (unexpired lease term more than 50 years) RM'000 | Buildings RM'000 | Buildings under construction RM'000 | Total RM'000 |
|--|---|---------------------|--|-----------------|
| Cost | | | | |
| At 1 January 2022 | 32,353 | 61,752 | 59 | 94,164 |
| Additions | - | - | 7,757 | 7,757 |
| Transfer to property, plant and equipment (Notes 3 and 8.2) | | (1,589) | - | (1,589) |
| At 31 December 2022/1 January 2023 | 32,353 | 60,163 | 7,816 | 100,332 |
| Additions | - | - | 9,585 | 9,585 |
| Reclassifications | - | 17,401 | (17,401) | - |
| Transfer to property, plant and equipment (Notes 3 and 8.2) | - | (19,287) | - | (19,287) |
| Disposals | (263) | - | - | (263) |
| At 31 December 2023 | 32,090 | 58,277 | - | 90,367 |
| Amortisation | | | | |
| At 1 January 2022 | 3,806 | 14,272 | - | 18,078 |
| Amortisation for the year (Note 24) | 454 | 1,657 | - | 2,111 |
| Transfer to property, plant and equipment (Notes 3 and 8.2) | - | (360) | - | (360) |
| At 31 December 2022/1 January 2023 | 4,260 | 15,569 | - | 19,829 |
| Amortisation for the year (Note 24) | 452 | 3,040 | - | 3,492 |
| Transfer to property, plant and equipment (Notes 3 and 8.2) | - | (1,685) | - | (1,685) |
| Disposals | (29) | - | - | (29) |
| At 31 December 2023 | 4,683 | 16,924 | - | 21,607 |
| Carrying amounts | | | | |
| At 1 January 2022 | 28,547 | 47,480 | 59 | 76,086 |
| At 31 December 2022/1 January 2023 | 28,093 | 44,594 | 7,816 | 80,503 |
| At 31 December 2023 | 27,407 | 41,353 | - | 68,760 |
| Fair value (see Note 8.5) | | | | |
| At 31 December 2022 | 88,834 | 53,279 | - | 142,113 |
| At 31 December 2023 | 118,373 | 51,392 | - | 169,765 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Investment properties - Group (continued)

8.1 Investment property with a carrying amount of RM40,768,000 (2022: RM41,793,000) is charged to a bank as security for a term loan facility granted to a subsidiary (see Note 20.2).

8.2 Transfer to property, plant and equipment

Following the change in their use, some investment properties are reclassified to property, plant and equipment (see Note 3) and are measured at their carrying amount before the reclassification.

8.3 The following are recognised in profit or loss in respect of investment properties:

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Lease income | 5,258 | 5,157 |
| Direct operating expenses: | | |
| - income generating investment properties | 4,397 | 4,299 |
| - non-income generating investment properties | 147 | 60 |

8.4 Maturity analysis of operating lease payments:

The undiscounted operating lease payments receivables are as follows:

| | 2023 RM'000 | 2022 RM'000 |
|----------------------|----------------|----------------|
| As a lessor | | |
| Within one year | 3,532 | 4,496 |
| One to two years | 2,436 | 1,844 |
| Two to three years | 1,634 | 969 |
| Three to four years | 779 | 769 |
| More than four years | 3,333 | 4,106 |
| | <u>11,714</u> | <u>12,184</u> |

8.5 Fair value information

Fair value of investment properties as at end of the reporting period are categorised as Level 3, summarised as follows:

| | 2023 RM'000 | 2022 RM'000 |
|----------------|----------------|----------------|
| Group | | |
| Leasehold land | 118,373 | 88,834 |
| Buildings | 51,392 | 53,279 |

Level 3 fair value

The Level 3 fair value of investment properties, determined for disclosures purposes, is generally ascertained by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. For certain investment properties, the Group occasionally reviews and reassesses their fair value based on informal comparison method by reference to similar/comparable properties in markets that are not active, adjusted for differences in key attributes such as property size and areas.

8. Investment properties - Group (continued)

8.5 Fair value information (continued)

For the determination of the fair value of a building, the investment method is mostly used whereby net rental is capitalised at the appropriate market yield and anticipated occupancy rates achieved. For land, the fair value is determined using the comparison method, whereby adjustments for differences in various factors affecting the value are made.

Highest and best use

The land classified as investment property is currently held under titles for residential, commercial and/or mixed development purpose. As the use of certain land is currently undetermined, it is therefore impractical to estimate its highest and best use.

A major part of the buildings comprise hypermarket malls situated at a prime area, which is the highest and best use of the land on which they were built. Other buildings comprising office lots and commercial retail units are similarly regarded as having been put at their highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Intangible assets - Group

| | Goodwill RM'000 | Stone quarry licence RM'000 | Total RM'000 |
|--|--------------------|--------------------------------------|-----------------|
| Cost | | | |
| At 1 January 2022 and 31 December 2022/1 January 2023 | - | 10,206 | 10,206 |
| Acquisition through business combinations [Note 36(i)] | 60 | - | 60 |
| At 31 December 2023 | <u>60</u> | <u>10,206</u> | <u>10,266</u> |
| Amortisation and impairment loss | | | |
| At 1 January 2022 | | | |
| - Accumulated amortisation | - | 8,051 | 8,051 |
| - Accumulated impairment loss | - | 1,361 | 1,361 |
| Amortisation for the year (Note 24) | - | 9,412 | 9,412 |
| At 31 December 2022/1 January 2023 | - | 681 | 681 |
| - Accumulated amortisation | - | 8,732 | 8,732 |
| - Accumulated impairment loss | - | 1,361 | 1,361 |
| Amortisation for the year (Note 24) | - | 10,093 | 10,093 |
| At 31 December 2023 | - | 113 | 113 |
| - Accumulated amortisation | - | 8,845 | 8,845 |
| - Accumulated impairment loss | - | 1,361 | 1,361 |
| | <u>-</u> | <u>10,206</u> | <u>10,206</u> |
| Carrying amounts | | | |
| At 1 January 2022 | <u>-</u> | <u>794</u> | <u>794</u> |
| At 31 December 2022/1 January 2023 | <u>-</u> | <u>113</u> | <u>113</u> |
| At 31 December 2023 | <u>60</u> | <u>-</u> | <u>60</u> |

Intangible assets comprise expenditure incurred to acquire a stone quarry licence and goodwill arising from the acquisition of a subsidiary [see Note 36 (i)].

9.1 Impairment loss

An impairment loss of RM1,361,000 was recognised in prior years based on estimated recoverable amount of the stone quarry licence, which was determined based on estimated value in use of the intangible asset over a period of 2 years. The said intangible asset has been fully amortised as at year end.

9.2 Amortisation

The amortisation of the stone quarry license is recognised in cost of sales.

10. Deferred tax assets and liabilities - Group

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Fair value adjustment on acquisition of subsidiaries* | - | - | (18,888) | (19,536) | (18,888) | (19,536) |
| Property, plant and equipment | - | - | (2,038) | (2,013) | (2,038) | (2,013) |
| Capital allowances carried forward | 117 | 117 | - | - | 117 | 117 |
| Tax losses carried forward | 555 | 554 | - | - | 555 | 554 |
| Other items | 1,208 | 1,940 | - | - | 1,208 | 1,940 |
| Tax assets/(liabilities) | 1,880 | 2,611 | (20,926) | (21,549) | (19,046) | (18,938) |
| Set off of tax | (444) | (382) | 444 | 382 | - | - |
| Net tax assets/(liabilities) | 1,436 | 2,229 | (20,482) | (21,167) | (19,046) | (18,938) |

* This relates to fair value adjustments of certain land held for property development, property development costs, property, plant and equipment and investment property of the subsidiaries acquired in prior years. This deferred tax liability is progressively reversed to profit or loss when the subject land is developed and/or sold or when the land is amortised, as the case may be.

Certain subsidiaries of the Group have recognised deferred tax assets of RM1,436,000 (2022: RM2,229,000) based on the estimation of probable utilisation of those deductible temporary differences in the foreseeable future.

Movements in deferred tax during the year are as follows:

| Group | At | Recognised | At | Recognised | At |
|--|--------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------|
| | 1.1.2022 RM'000 | in profit or loss RM'000 | 31.12.2022/ 1.1.2023 RM'000 | in profit or loss RM'000 | 31.12.2023 RM'000 |
| Fair value adjustment on acquisition of subsidiaries | (20,453) | 917 | (19,536) | 648 | (18,888) |
| Property, plant and equipment | (1,750) | (263) | (2,013) | (25) | (2,038) |
| Capital allowances carried forward | 99 | 18 | 117 | - | 117 |
| Tax losses carried forward | 505 | 49 | 554 | 1 | 555 |
| Other items | 1,898 | 42 | 1,940 | (732) | 1,208 |
| | (19,701) | 763 | (18,938) | (108) | (19,046) |
| | | (Note 28) | | (Note 28) | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Deferred tax assets and liabilities - Group (continued)

Unrecognised deferred tax assets

Deferred tax assets of RM52,338,000 (2022: RM49,739,000) have not been recognised in respect of the following temporary differences (stated at gross) because it is uncertain if sustainable future taxable profits will be available against which the group entities concerned can utilise the benefits therefrom:

| | Group | |
|------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Capital allowances carried forward | 12,426 | 11,658 |
| Unutilised tax losses | 204,505 | 196,960 |
| Other items | 1,144 | (1,370) |
| | 218,075 | 207,248 |

Capital allowances do not have any expiration date under the current tax regime. Under prevailing tax laws, unutilised tax losses can be carried forward for a maximum of 10 consecutive years of assessment with effect from the year of assessment 2019.

The expiry date of unutilised tax losses is shown below:

| Year of assessment | Amount RM'000 | Expiry Year |
|--------------------|------------------|----------------|
| - 2018 | 135,996 | 2028 |
| - 2019 | 7,215 | 2029 |
| - 2020 | 14,970 | 2030 |
| - 2021 | 19,912 | 2031 |
| - 2022 | 12,063 | 2032 |
| - 2023 | 14,349 | 2033 |
| | 204,505 | |

11. Other investments - Group

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Fair value through other comprehensive income | | |
| - unquoted shares in Malaysia | 2,963 | 2,963 |
| - quoted shares in Malaysia | 55 | 54 |
| | 3,018 | 3,017 |
| Fair value (also Note 32.4) | | |
| - unquoted shares in Malaysia | 2,963 | 2,963 |
| - quoted shares in Malaysia | 55 | 54 |
| | 3,018 | 3,017 |

The Group designated the other investments as fair value through other comprehensive income because these investments in equity securities represent investments that the Group intends to hold over a long-term period.

Total dividend income receivables from the other investments held on hand during the financial year are RM2,000 (2022: RM125,000) (see Note 24).

12. Trade and other receivables

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | |
| Trade receivables | | | | |
| Trade receivables from contracts with customers (Notes 12.1) | 13,021 | 28,159 | - | - |
| Other receivables | | | | |
| Other receivables (Note 12.2) | - | 2,541 | - | - |
| | <u>13,021</u> | <u>30,700</u> | <u>-</u> | <u>-</u> |
| Current | | | | |
| Trade receivables | | | | |
| Trade receivables from contracts with customers (Notes 12.1 and 12.2) | 31,682 | 39,953 | - | - |
| Amount due from an associate (Note 12.4) | 2,256 | 2,256 | - | - |
| | <u>33,938</u> | <u>42,209</u> | <u>-</u> | <u>-</u> |
| Other receivables | | | | |
| Other receivables (Note 12.2) | 25,867 | 32,001 | - | 27 |
| Amount due from: | | | | |
| - subsidiaries (Note 12.3) | - | - | 85,222 | 76,709 |
| - associates (Note 12.4) | 3,147 | 3,155 | - | - |
| | <u>29,014</u> | <u>35,156</u> | <u>85,222</u> | <u>76,736</u> |
| Total current | <u>62,952</u> | <u>77,365</u> | <u>85,222</u> | <u>76,736</u> |
| Grand total | <u>75,973</u> | <u>108,065</u> | <u>85,222</u> | <u>76,736</u> |

12.1 The Group's trade receivables include a sum of RM25,601,000 (2022: RM38,108,000) arising from a construction project undertaken for a government-related entity under a deferred payment scheme where the contract proceeds (including associated financing income) are to be recovered over a period of 10 years. The outstanding receivable is unsecured, bears interest at 6.75% (2022: 7.80%) per annum and is expected to be collected as follows:

| | Group | |
|---------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Within 1 year | 12,580 | 11,818 |
| 1 - 2 year | 13,021 | 12,641 |
| 2 - 3 year | - | 13,649 |
| | <u>25,601</u> | <u>38,108</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Trade and other receivables (continued)

122 Included in the trade and other receivables of the Group:

- i. A remaining sum of RM4,594,000 (2022: RM10,092,000) due from a debtor for sale of two (2) parcels of leasehold land in prior years. The amount is expected to be recovered over a period of four years commencing from October 2020 or upon the issuance of titles, whichever is later.
- ii. A sum of RM9,576,000 (2022: RM9,576,000) deposited to the High Court pending issuance of the final account of certain completed projects before the Group could file its legitimate claim for the said amount against a counter party.
- iii. Advance payment amounting to RM5,000,000 (2022: RM5,000,000) given to a subcontractor which is an associate of the Group in respect of a construction project.
- iv. A trade amount due from a director of RM618,000, which is not past due as at the year end.

123 Included in the amount due from subsidiaries is a sum of RM74,620,000 (2022: RM69,920,000), which is unsecured and bears interest at rates ranging from 4.95% to 5.35% (2022: 3.73% to 4.86%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

124 The amount due from associates are unsecured and interest-free.

12.5 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

| Group | Gross amount RM'000 | Offset balance RM'000 | Net carrying amount RM'000 |
|-------------------|------------------------|--------------------------|-------------------------------|
| 2023 | | | |
| Trade receivables | 14,318 | (14,318) | - |
| Trade accruals | 14,318 | (14,318) | - |
| | <u>14,318</u> | <u>(14,318)</u> | <u>-</u> |
| 2022 | | | |
| Trade receivables | 11,339 | (11,339) | - |
| Trade accruals | 11,339 | (11,339) | - |
| | <u>11,339</u> | <u>(11,339)</u> | <u>-</u> |

Certain trade and other receivables and trade payables were set off for presentation purpose as these receivables include some payments in-kind portion made in relation to the contractors' claims. They intend either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

126 The Group's and the Company's credit risk management and assessment of loss allowance for expected credit loss on trade and other receivables is disclosed in Note 32.3 (a).

13. Contract with customers

13.1 Contract costs

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Cost to fulfil contract | | |
| - costs incurred directly on contracts with customers | <u>5,972</u> | <u>4,730</u> |

13. Contract with customers (continued)

13.2 Contract assets/(liabilities)

| | 2023 RM'000 | 2022 RM'000 |
|----------------------|----------------|----------------|
| Contract assets | 81,689 | 39,316 |
| Contract liabilities | (3,096) | (1,871) |

Contract assets primarily relate to the Group's rights to contract consideration for works completed on properties and/or construction contracts but not yet billed to customers at the reporting date. Typically, the amount will be billed in the manner as established in the contracts with customers. The contract assets are reclassified as trade receivables when the rights to contract consideration become unconditional.

Contract liabilities primarily relate to contract consideration received and/or the Group's unconditional rights to contract consideration in advance of the performance under the contracts. The contract liabilities are expected to be recognised as revenue based on the expected timing of completion of works.

a. Movements in the contract assets/liabilities balances during the year includes:

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Revenue recognised arising from contract liabilities at the beginning of period | 1,713 | 2,771 |
| Contract assets at the beginning of period reclassified to trade receivables | 46,491 | 38,325 |
| Increase in revenue recognised in previous periods arising from change in contract considerations | 3,340 | 3,093 |

b. Contract assets of the Group as at 31 December 2022 included a sum of RM52,000 held by customers and was regarded as conditional rights to contract considerations until the completion of performance under the contracts with customers. Such amount was transferred to trade receivables when the rights became unconditional.

c. Impairment assessment on contract assets

Credit risk on contract assets arises from construction projects and sale of development properties. The Group adopts a 'simplified approach' when performing impairment assessments for contract assets. Since the contract assets have substantially the same risk characteristics as the trade receivables, estimation techniques or significant assumptions made in assessing the loss allowance are generally the same. The Group applies similar credit risk management on its financial instrument for contract assets [see Note 32.3(a)].

Management estimates the loss allowance on contract assets at an amount equal to lifetime expected credit loss ("ECL"), taking into account the historical default experience. None of the contract assets at the end of the reporting period is past due. No aging analysis of contract assets are presented as the outstanding balances as at 31 December 2023 are current. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region is Malaysia.

The following tables provides information about ECLs for contract assets:

| Group | 2023 RM'000 | 2022 RM'000 |
|----------------|----------------|----------------|
| Gross amount | 88,985 | 46,612 |
| Loss allowance | (7,296) | (7,296) |
| Net amount | 81,689 | 39,316 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Contract with customers (continued)

132 Contract assets/(liabilities) (continued)

c. Impairment assessment on contract assets (continued)

The movement in the allowance for impairment loss of contract assets as at each reporting period are as follows:

| <u>Group</u> | <u>RM'000</u> |
|---|---------------|
| Balance at 1 January 2022 | 9,579 |
| Reversal | (2,283) |
| Balance at 31 December 2022/1 January 2023 and 31 December 2023 | <u>7,296</u> |

14. Deposits and prepayments

| | Group | | Company | |
|-------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Deposits | 5,623 | 5,463 | 19 | 19 |
| Prepayments | 2,443 | 4,986 | 1 | 1 |
| | <u>8,066</u> | <u>10,449</u> | <u>20</u> | <u>20</u> |

15. Other financial assets

The Group classifies deposits with licensed banks not held for working capital purpose that have a maturity of more than 3 months as other financial assets.

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash pledged with licensed banks (Note 15.1) | <u>6,994</u> | <u>15,416</u> | <u>-</u> | <u>2,824</u> |

15.1 Cash pledged as security

- Deposits of RM1,164,000 in the prior year was pledged as security to licensed banks for the issuance of bank guarantees for housing projects.
- A sum of RM6,994,000 (2022: RM14,252,000) is placed in designated sinking fund bank accounts as part of the requirements for term loan facilities granted to the Group for the purpose of interest and principal payments at intervals of 1 to 3 months periods, as the case may be.

16. Cash and cash equivalents

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Deposits placed with licensed banks with maturities less than three months | 167,072 | 203,852 | 18,901 | 24,940 |
| Cash in hand and at banks | 48,475 | 39,769 | 3,680 | 4,857 |
| Housing Development Accounts (Note 16.1) | 5,321 | 4,137 | - | - |
| Total cash and cash equivalents | 220,868 | 247,758 | 22,581 | 29,797 |

16.1A balance of RM5,321,000 (2022: RM4,137,000) is maintained in designated Housing Development Accounts ("HDA") pursuant to the Sarawak's Housing Development (Control and Licensing) Ordinance, 2013 and Housing Development (Control and Licensing) Regulations, 2014 in connection with certain property development projects of the Group. The utilisation of these balances is restricted before the completion of housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash can only be withdrawn from such HDA accounts for the purpose of completing the particular projects in the manner as defined under the ordinance.

17. Assets held for sale - Group

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Assets classified as held for sale | | |
| Property, plant and equipment | 88 | 83 |

18. Share capital

| | Group and Company | |
|---|-------------------|---------|
| | 2023 | 2022 |
| <u>Ordinary shares with no par value</u> | | |
| Issued and fully paid shares with no par value classified as equity instruments: | | |
| Number of shares ('000) | | |
| Opening and closing balances | 513,799 | 513,799 |
| Amount (RM'000) | | |
| Opening and closing balances | 454,802 | 454,802 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share during a poll at general meetings of the Company.

19. Reserves

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Retained earnings | 857,829 | 822,795 | 55,710 | 50,614 |
| Treasury shares | (34,748) | (34,748) | (34,748) | (34,748) |
| Foreign currency translation reserve | 29,542 | 21,720 | - | - |
| Other reserves | 113 | 112 | - | - |
| | 852,736 | 809,879 | 20,962 | 15,866 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Reserves (continued)

19.1 Treasury shares

Treasury shares comprise cost of acquisition of the Company's own shares.

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 25 May 2023, approved the Company's plan to repurchase its own shares in aggregate not exceeding 10% of the total number of issued shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchases of issued share capital by the Company during the current and previous financial year. As at 31 December 2023, the Company holds 13,056,000 (2022: 13,056,000) of the Company's own shares. All rights attached to the treasury shares that are held by the Company are suspended until those shares are reissued.

19.2 Foreign currency translation reserve

The foreign currency translation reserve arises from the translation of the financial statements of subsidiaries and/or associates whose presentation currency differs from the presentation currency of the Group's financial statements which is RM.

19.3 Other reserves

Other reserves comprise cash flow hedge in associates as well as changes in fair value of equity investments designated at fair value through other comprehensive income.

20. Loans and borrowings

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | |
| Secured term loans | 66,357 | 87,130 | 32,500 | 38,500 |
| Hire purchases (Note 20.1) | 325 | 490 | 202 | 297 |
| | <u>66,682</u> | <u>87,620</u> | <u>32,702</u> | <u>38,797</u> |
| Current | | | | |
| Unsecured revolving credits | 110,000 | 120,000 | 40,000 | 35,000 |
| Secured term loans | 20,118 | 25,173 | 6,000 | 6,000 |
| Hire purchases (Note 20.1) | 164 | 157 | 95 | 91 |
| | <u>130,282</u> | <u>145,330</u> | <u>46,095</u> | <u>41,091</u> |
| Total | <u>196,964</u> | <u>232,950</u> | <u>78,797</u> | <u>79,888</u> |

20. Loans and borrowings (continued)

20.1 Hire purchases are payable as follows:

| | 2023 | | | 2022 | | |
|---------------------------|-------------------|------------------|---------------------|-------------------|------------------|---------------------|
| | Payment RM'000 | Profit RM'000 | Principal RM'000 | Payment RM'000 | Profit RM'000 | Principal RM'000 |
| Group | | | | | | |
| Less than one year | 180 | 16 | 164 | 180 | 23 | 157 |
| Between one to two years | 172 | 9 | 163 | 180 | 16 | 164 |
| Between two to five years | 166 | 4 | 162 | 338 | 12 | 326 |
| | <u>518</u> | <u>29</u> | <u>489</u> | <u>698</u> | <u>51</u> | <u>647</u> |
| Company | | | | | | |
| Less than one year | 105 | 10 | 95 | 105 | 14 | 91 |
| Between one to two years | 105 | 6 | 99 | 105 | 10 | 95 |
| Between two to five years | 105 | 2 | 103 | 209 | 7 | 202 |
| | <u>315</u> | <u>18</u> | <u>297</u> | <u>419</u> | <u>31</u> | <u>388</u> |

20.2 Security

Term loans

- secured by fixed charges over certain parcels of leasehold land and buildings (erected thereon) [see Notes 3.5, 7.1 and 8.1].
- secured by assignment of proceeds from a construction project undertaken by a subsidiary.
- secured by debentures over future and present assets of certain subsidiaries.
- covered by corporate guarantee from the Company and/or another subsidiary, where applicable.

Revolving credits

The revolving credit facilities granted to direct subsidiaries are covered by way of corporate guarantees from the Company.

The revolving credit facility of the Company, is on a clean basis.

Hire purchases

The hire purchases are secured on the respective leased assets acquired (see Note 3.2).

20.3 Covenant for term loan facilities

The Group is required to maintain a debt to equity ratio of not exceeding 1 time.

21. Trade and other payables

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Trade payables | | | | |
| Trade payables (Note 21.1) | 74,713 | 81,383 | - | - |
| Amount due to associates (Note 21.3) | 50,319 | 12,811 | - | - |
| Trade accruals | 119,268 | 144,617 | - | - |
| | <u>244,300</u> | <u>238,811</u> | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Trade and other payables (continued)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other payables | | | | |
| Other payables | 2,400 | 2,255 | - | - |
| Accruals | 4,810 | 7,250 | 563 | 556 |
| Advance payments and deposits received | 6,726 | 7,152 | - | 195 |
| Amount due to: | | | | |
| - subsidiaries (Note 21.2) | - | - | 72,963 | 73,022 |
| - associates (Note 21.3) | 549 | 549 | - | - |
| | <u>14,485</u> | <u>17,206</u> | <u>73,526</u> | <u>73,773</u> |
| Total | <u>258,785</u> | <u>256,017</u> | <u>73,526</u> | <u>73,773</u> |

21.1 Included in trade payables of the Group are retention sums and performance bonds amounting to RM49,524,000 (2022: RM54,811,000).

21.2 Included in the amount due to subsidiaries is a sum of RM71,183,000 (2022: RM70,175,000) bearing interest ranging from 4.95% to 5.35% (2022: 3.73% to 4.86%) per annum.

The remaining balance is interest free and unsecured.

21.3 The amount due to associates are unsecured and interest-free.

22. Provision

| | Group RM'000 |
|---|-----------------|
| Provision for maintenance | |
| At 1 January 2022 and 31 December 2022/1 January 2023 | 3,472 |
| Reversed during the year (Note 24) | (3,472) |
| At 31 December 2023 | <u>-</u> |

Provisions for maintenance were made in prior years to cater for some anticipated contract maintenance/rectification works at site for certain completed projects.

The Group has reversed the balance of provision during the current financial year upon the expiry of maintenance warranty period (see Note 24).

23. Revenue

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue from contracts with customers (Note 23.1) | 312,405 | 364,070 | 2,550 | 2,428 |
| Other revenue | | | | |
| - Rental income | 4,547 | 4,496 | - | - |
| - Dividend income from an associate | - | - | 8,412 | 4,206 |
| | <u>316,952</u> | <u>368,566</u> | <u>10,962</u> | <u>6,634</u> |

23.1 Disaggregation of revenue

Disaggregation of the revenue from contracts with customers

| <i>Major products/services</i> | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Construction contracts | 220,207 | 265,352 | - | - |
| Sales of properties | 71,804 | 85,618 | - | - |
| Sales of goods | 7,399 | 2,731 | - | - |
| Revenue from accommodation operations | 11,443 | 9,514 | - | - |
| Services rendered | 1,552 | 855 | 2,550 | 2,428 |
| | <u>312,405</u> | <u>364,070</u> | <u>2,550</u> | <u>2,428</u> |

Timing of recognition

| | | | | |
|--------------------|----------------|----------------|--------------|--------------|
| Over time | 275,949 | 340,318 | 2,550 | 2,428 |
| At a point in time | 36,456 | 23,752 | - | - |
| | <u>312,405</u> | <u>364,070</u> | <u>2,550</u> | <u>2,428</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Revenue (continued)

23.2 Nature of goods and services

The following information reflects the typical nature of transactions with customers:

| Major goods and services | Timing and method of revenue recognised | Payment terms | Example of variable consideration | Warranty |
|--|--|---|--|---|
| Construction contracts | Revenue is recognised over time which is measured by actual costs incurred to the estimated total contract cost. | Based on the milestones, as established in contracts. | Liquidated and ascertained damages arising from late completion, as established in contracts. | Defect liability period up to 24 months, depending on the nature of contract works performed. |
| Sales of properties | Revenue is recognised, either over time, or at a point in time, depending on the timing when controls of the assets pass to buyers. | Based on billings milestones as spelled out in contracts. | Discounts/rebates granted during promotional periods. Liquidated and ascertained damages arising from late completion, as established in contracts. | Defect liability period up to 24 months, as established in contracts and/or based on historical business practices. |
| Sales of goods | Revenue is recognised at a point in time when the goods are delivered and accepted by customers. | Credit period of up to 60 days from invoice date. | - | - |
| Revenue for accommodation operations | Revenue is recognised, either over time, or at a point in time, depending on the timing when the customers receive and consume the services/goods. | Based on published terms as stated in invoices/contracts. | - | - |
| Services rendered (comprising management fee and maintenance services) | Revenue is recognised over time when the services are rendered. | Credit period of up to 60 days from invoice date. | - | - |

23. Revenue (continued)

23.3 Unsatisfied performance obligations

The unsatisfied performance obligations at the reporting date are expected to be fulfilled in the following periods based on the management's best estimations and on the assumption that there are no significant changes to the existing contractual periods and contract considerations.

| | 2023 RM'000 | 2022 RM'000 |
|------------------------|----------------|----------------|
| Within one year | 252,523 | 337,400 |
| More than one year | 258,798 | 309,082 |
| | <u>511,321</u> | <u>646,482</u> |
| Represented by: | | |
| Construction contracts | 490,694 | 634,431 |
| Sales of properties | 20,627 | 12,051 |
| | <u>511,321</u> | <u>646,482</u> |

24. Results from operating activities

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Results from operating activities is arrived at after charging: | | | | |
| Auditors' remuneration: | | | | |
| - Audit fee | | | | |
| KPMG PLT | 380 | 371 | 82 | 82 |
| Overseas affiliates of KPMG PLT | - | 25 | - | - |
| Other auditors | 17 | 17 | - | - |
| - Non-audit fee | | | | |
| KPMG PLT | 26 | 26 | 20 | 20 |
| Local affiliates of KPMG PLT | 177 | 181 | 17 | 16 |
| Overseas affiliates of KPMG PLT | 35 | 14 | - | - |
| Other auditors | 8 | 8 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Material expense | | | | |
| Amortisation of: | | | | |
| - intangible asset (Note 9) | 113 | 681 | - | - |
| - investment properties (Note 8) | 3,492 | 2,111 | - | - |
| Depreciation of property, plant and equipment (excluding those capitalised in inventories and contract costs) (Note 3.3) | 9,768 | 9,899 | 251 | 244 |
| Personnel expenses (including key management personnel): | | | | |
| - contributions to state plans | 3,891 | 3,581 | - | - |
| - wages, salaries and others | 31,894 | 29,429 | - | - |
| Foreign exchange loss | | | | |
| - realised | 24 | 2 | - | - |
| Impairment loss on other assets: | | | | |
| - investment in a subsidiary | - | - | - | 18,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |