



HAILY GROUP BERHAD

(Registration No. 202001006412 (1362732-T))
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For The Third Quarter Ended
30 September 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2021	30.09.2020 ⁽²⁾	30.09.2021	30.09.2020 ⁽²⁾
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A9	17,537	N/A	89,432	N/A
Cost of sales		(14,528)	N/A	(74,776)	N/A
Gross profit		3,009	N/A	14,656	N/A
Other income		226	N/A	365	N/A
Administrative expenses		(3,613)	N/A	(10,223)	N/A
Operating (loss)/profit		(378)	N/A	4,798	N/A
Finance costs		(55)	N/A	(230)	N/A
(Loss)/Profit before tax	B12	(433)	N/A	4,568	N/A
Income tax expense	B5	(120)	N/A	(1,517)	N/A
(Loss)/Profit for the financial period, representing total comprehensive (loss)/income for the financial period		<u>(553)</u>	<u>N/A</u>	<u>3,051</u>	<u>N/A</u>
(Loss)/Profit attributable to:					
Owners of the Company		(553)	N/A	3,051	N/A
Non-controlling Interest		-	N/A	-	N/A
		<u>(553)</u>	<u>N/A</u>	<u>3,051</u>	<u>N/A</u>
(Loss)/Earnings Per Share attributable to owners of the Company (sen)⁽³⁾					
Basic/Diluted	B11	<u>(0.31)⁽⁴⁾</u>	<u>N/A</u>	<u>1.71⁽⁴⁾</u>	<u>N/A</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 June 2021 ("**Prospectus**") issued in relation to the initial public offering ("**IPO**") and the listing of the Company's entire issued share capital on the ACE Market of Bursa Malaysia Securities Berhad ("**Listing**") and the accompanying explanatory notes attached to this interim financial report.
 - (2) This is the third interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
 - (3) The diluted (loss)/earnings per share of the Company for the current quarter and financial year-to-date are equivalent to the basic (loss)/earnings per share as the Company does not have any convertible securities as at the end of the reporting period.
 - (4) Computation of basic/diluted (loss)/earnings per share is based on the (Loss)/Profit attributable to owners of the Company divided by the number of shares in issue. The number of shares in issue is 178,320,700 shares as disclosed in Note B11.
- N/A Not applicable

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

		<u>30.09.2021</u>	<u>31.12.2020</u>
		<u>Unaudited</u>	<u>Audited</u>
	Note	<u>RM'000</u>	<u>RM'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment		3,979	4,116
Goodwill		118	118
Other investments		2,272	1,818
Total non-current assets		<u>6,369</u>	<u>6,052</u>
Current assets			
Current tax assets		4	1
Trade and other receivables		50,455	73,911
Contract assets		35,852	29,677
Cash and short-term deposits		38,347	27,154
Total current assets		<u>124,658</u>	<u>130,743</u>
TOTAL ASSETS		<u>131,027</u>	<u>136,795</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Group			
Share capital		61,425	41,530
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		50,529	50,474
TOTAL EQUITY		<u>71,924</u>	<u>51,974</u>
Non-current liabilities			
Loans and borrowings	B8	1,023	1,102
Deferred tax liabilities		187	187
Total non-current liabilities		<u>1,210</u>	<u>1,289</u>
Current liabilities			
Loans and borrowings	B8	901	6,468
Current tax liabilities		251	1,054
Trade and other payables		56,481	73,050
Contract liabilities		260	2,960
Total current liabilities		<u>57,893</u>	<u>83,532</u>
TOTAL LIABILITIES		<u>59,103</u>	<u>84,821</u>
TOTAL EQUITY AND LIABILITIES		<u>131,027</u>	<u>136,795</u>
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾		<u>0.40</u>	<u>0.35</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
(CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's issued share capital as at 30 September 2021 of 178,320,700 shares (31 December 2020: 148,320,700 shares).

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾

	<---- Attributable to owners of the Company ---->			Total Equity RM'000
	<----- Non-distributable ----->		Distributable	
	Share Capital RM'000	Reorganisation Reserve RM'000	Retained Earnings RM'000	
Balance as at 1 January 2021 (Audited)	41,530	(40,030)	50,474	51,974
Profit for the financial period, representing total comprehensive income for the financial period	-	-	3,051	3,051
Transaction with owners:				
Issue of ordinary shares	20,400	-	-	20,400
Dividends paid on shares	-	-	(2,996)	(2,996)
	20,400	-	(2,996)	17,404
Share issuance expenses	(505)	-	-	(505)
Balance as at 30 September 2021 (Unaudited)	61,425	(40,030)	50,529	71,924

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding period as no interim financial report was prepared for the financial period concerned.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR TO-DATE 30.09.2021	PRECEDING YEAR TO-DATE 30.09.2020⁽²⁾
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,568	N/A
Adjustments for:		
Depreciation of property, plant and equipment	1,022	N/A
Finance income	(180)	N/A
Finance costs	230	N/A
Operating profit before changes in working capital	5,640	N/A
<u>Changes in working capital:</u>		
Trade and other receivables	23,456	N/A
Contract assets	(6,174)	N/A
Trade and other payables	(16,569)	N/A
Contract liabilities	(2,700)	N/A
Net cash generated from operations	3,653	N/A
Income tax paid	(2,324)	N/A
Interest paid	(138)	N/A
Net cash flows generated from operating activities	1,191	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(210)	N/A
Purchase of other investments	(454)	N/A
Change in pledged deposits	392	N/A
Interest received	176	N/A
Net cash flows used in investing activities	(96)	N/A
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	20,400	N/A
Share issuance expenses	(505)	N/A
Repayment of revolving credit	(1,000)	N/A
Repayment of lease liabilities	(701)	N/A
Interest received	4	N/A
Interest paid	(92)	N/A
Dividend paid	(2,996)	N/A
Net cash flows generated from financing activities	15,110	N/A
Net increase in cash and cash equivalents	16,205	N/A
Cash and cash equivalents at the beginning of the financial period	21,315	N/A
Cash and cash equivalents at the end of the financial period	37,520	N/A
Cash and cash equivalents at the end of the financial period comprises:		
Short-term deposits	827	N/A
Less: Pledged deposits	(827)	N/A
	-	N/A
Cash and bank balances	37,520	N/A
	37,520	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
 - (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding period as no interim financial report was prepared for the financial period concerned.
- N/A Not applicable

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report of Haily Group Berhad (“Haily” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the third interim financial report on the Company’s unaudited condensed consolidated financial results for the third quarter ended 30 September 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year’s corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus:

- (a) the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (including the consequential amendments)	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A2. Significant Accounting Policies (Cont'd)

- (b) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial period:

MFRSs and/or IC Interpretations (including the consequential amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The Group’s business operations has not been materially affected by any seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

A6. Changes in Estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

A. EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A7. Debt and Equity Securities

There were no issuances, repurchases or repayments of debt and equity securities during/ subsequent to the current financial quarter except for new shares issued and listed on 21 July 2021 under the public issue of 30,000,000 new ordinary shares in Haily (“**Public Issue**”) in conjunction with its IPO as follows:

	No. of shares	RM'000
Issued share capital as at 1 January 2021	148,320,700	41,530
Add: New shares issued pursuant to the Public Issue	30,000,000	20,400
Less: Share issuance expenses	-	(505)
Issued share capital upon Listing on 21 July 2021	178,320,700	61,425

A8. Dividend Paid

A first interim single tier dividend of 1.68 sen per ordinary share for the financial year ending 31 December 2021, amounted to RM2,995,787.76 computed based on 178,320,700 ordinary shares in issue was paid on 30 August 2021.

A9. Segmental Information

The Group prepared the following segmental information based on the internal reports of the Group’s strategic business units which are regularly reviewed by the directors for the purpose of making decision about resource allocation and performance assessment. The 2 reportable operating segments are as follows: -

Segments	Product and services
Building construction	Building construction of residential and non-residential buildings
Others	Civil engineering construction works and rental of construction machinery and equipment

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A9. Segmental Information (Cont'd)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.9.2020 ⁽¹⁾	30.09.2021	30.9.2020 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Revenue from external customers:				
Building construction	17,575	N/A	89,283	N/A
Others	(38)	N/A	149	N/A
Adjustment and eliminations	-	N/A	-	N/A
	<u>17,537</u>	<u>N/A</u>	<u>89,432</u>	<u>N/A</u>
Inter-segment revenue:				
Building construction	-	N/A	-	N/A
Others	229	N/A	1,067	N/A
Adjustment and eliminations	(229)	N/A	(1,067)	N/A
	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
Total:				
Building construction	17,575	N/A	89,283	N/A
Others	191	N/A	1,216	N/A
Adjustment and eliminations	(229)	N/A	(1,067)	N/A
	<u>17,537</u>	<u>N/A</u>	<u>89,432</u>	<u>N/A</u>
Segment profit:				
Building construction	2,997	N/A	14,635	N/A
Others	12	N/A	21	N/A
Adjustment and eliminations	-	N/A	-	N/A
	<u>3,009</u>	<u>N/A</u>	<u>14,656</u>	<u>N/A</u>
Other income	226	N/A	365	N/A
Unallocated expenses	(3,613)	N/A	(10,223)	N/A
Finance costs	(55)	N/A	(230)	N/A
Income tax expense	(120)	N/A	(1,517)	N/A
(Loss)/Profit for the financial quarter/ period	<u>(553)</u>	<u>N/A</u>	<u>3,051</u>	<u>N/A</u>

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

A. EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (CONT'D)

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current quarter and financial year-to-date.

A11. Material Subsequent Events

There was no material event subsequent to the end of the current quarter and financial year-to-date which has not been reflected in this interim financial report as at the date of this report.

A12. Changes in the Composition of the Group

There was no change in the composition of the Group during the current quarter and financial year-to-date.

A13. Contingent Assets and Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A14. Significant Related Party Transaction

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021	30.9.2020 ⁽¹⁾	30.09.2021	30.9.2020 ⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	N/A	240	N/A

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

A15. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter and year-to-date.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group Performance

	QUARTER ENDED		Changes %	YEAR-TO-DATE ENDED		Changes %
	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000		30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000	
Revenue	17,537	N/A	N/A	89,432	N/A	N/A
Gross profit	3,009	N/A	N/A	14,656	N/A	N/A
(Loss)/Profit before tax	(433)	N/A	N/A	4,568	N/A	N/A
(Loss)/Profit after tax	(553)	N/A	N/A	3,051	N/A	N/A
(Loss)/Profit attributable to owners of the Company	(553)	N/A	N/A	3,051	N/A	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

For the third quarter ended 30 September 2021, the Group recorded revenue of RM17.54 million of which the on-going projects, namely Bandar Jaya Putra Project, 185 DSTH Meridin East – Parcel 11 Project, AME Dormitory Project, 264 DSTH Bandar Jaya Putra Project and 30 TSSD Taman Nusa Sentral Project collectively contributed approximately 72.15% of the total revenue. The Group registered gross profit of RM3.01 million, loss before tax of RM0.43 million and loss after tax of RM0.55 million for the quarter under review.

The Group recorded a gross profit margin of 17.16% for the current quarter which is quite comparable to the gross profit margin of 16.38% for the financial year-to-date. The loss before tax of RM0.43 million was mainly attributable to the lower revenue, as further explained in Note B2.

The Group recorded a revenue of RM89.43 million, gross profit of RM14.66 million, profit before tax of RM4.57 million and profit after tax of RM3.05 million for the financial year-to-date ended 30 September 2021. The Group's revenue was mainly attributable to its building construction activities totalling RM89.28 million, of which residential and non-residential building construction accounted for 61.97% and 37.86% of the Group's total revenue respectively. The balance of RM0.15 million representing 0.17% of the total revenue for the financial year-to-date ended 30 September 2021 was derived from its civil engineering construction works.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B2. Comparison with Immediate Preceding Quarter's Result

	QUARTER ENDED		Changes %
	30.09.2021 Unaudited RM'000	30.06.2021 Unaudited RM'000	
Revenue	17,537	28,600	(38.68)
Gross profit	3,009	4,744	(36.57)
(Loss)/Profit before tax	(433)	1,281	(133.80)
(Loss)/Profit after tax	(553)	807	(168.53)
(Loss)/Profit attributable to owners of the Company	(553)	807	(168.53)

For the quarter ended 30 September 2021, the Group registered a lower revenue of RM17.54 million as compared to RM28.60 million for the immediate preceding quarter, which represents a reduction of approximately 38.68%. Correspondingly, the Group's gross profit reduced by 36.57% from RM4.74 million for the immediate preceding quarter to RM3.01 million for the current quarter. Compared to a profit before tax of RM1.28 million and profit after tax of RM0.81 million achieved for the immediate preceding quarter, the Group however posted a loss before tax and loss after tax of RM0.43 million and RM0.55 million respectively for the current quarter.

The lower revenue and gross profit registered for the current quarter were mainly due to the imposition of a three-phase nationwide lockdown (Full MCO 3.0) announced by the Government of Malaysia on 28 May 2021 (which was subsequently replaced by a four-phase National Recovery Plan effective from 15 June 2021). As the construction industry was not regarded as an essential service, all our on-site construction activities were suspended from 1 June 2021. With approvals progressively granted by the Ministry of International Trade and Industry from 26 July 2021 onwards, only 14 on-going projects out of the total of 20 comprising 18 on-going building construction projects and 2 on-going civil engineering construction projects undertaken by the Group have resumed on-site construction activities as at 30 September 2021. The administrative expenses incurred by the Group for the current quarter of RM3.61 million was also higher as compared to RM3.43 million for the immediate preceding quarter. As a result, the Group recorded a loss before tax of RM0.43 million for the current quarter.

B3. Prospects

As disclosed in the Prospectus of the Company dated 30 June 2021, the Group's business strategies and plans are as follows:

- (i) The Group intends to focus on its core competency in building construction in Johor;
- (ii) Expand into other districts in Johor i.e., from Johor Bahru and Kulai districts into other districts in Johor. The Group will continue to focus on residential building construction while expanding into industrial building construction; and
- (iii) Purchase new construction machinery and equipment as well as contract management and accounting software and office equipment mainly to facilitate better scheduling of construction work for concurrent usage and in anticipation of future growth.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B3. Prospects (Cont'd)

For 2021, the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0%. The construction sector declined by 20.6% (2Q 2021: 40.3%) as activities were constrained by operating capacity limits. Growth in the residential, non-residential and civil engineering subsectors were particularly affected, but the situation improved from August following easing of the containment measures, allowing more construction activities to resume (Source: BNM's quarterly bulletin for the Third Quarter 2021, 12 November 2021).

In light of the uncertainties arising from COVID-19, the Group remains cautiously optimistic of its prospects and the outlook of the construction industry with the expected recovery by the end of the current financial year. Nevertheless, the Group has persevered thus far and the Group views that its financial results for the financial year ending 31 December 2021 will remain favourable.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5. Income Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000
Income tax - current period	120	N/A	1,517	N/A
Deferred tax	0	N/A	0	N/A
Total income tax expense	120	N/A	1,517	N/A
Effective tax rate (%)	N/A ⁽²⁾	N/A	33.21 ⁽³⁾	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (2) Despite a loss before tax of RM0.43 million for the current quarter under review, an income tax expense of RM0.12 million was incurred mainly due to adjustments for non-deductible expenses.
- (3) The effective tax rate for the financial year-to-date were higher than the statutory tax rate mainly due to adjustments for non-deductible expenses.

N/A Not applicable

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B6. Status of Corporate Proposals

There were no corporate proposals announced but not implemented as at the date of this interim financial report.

B7. Status of Utilisation of Proceeds Raised from the IPO

The gross proceeds from the IPO which was completed on 21 July 2021 amounting to RM20.40 million and the status of utilisation of proceeds as at 30 September 2021 is stated in the following manner:

	Proposed utilisation	Actual Utilisation	Unutilised amount	Intended time frame for utilisation upon Listing⁽¹⁾
	RM'000	RM'000	RM'000	
Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	4,200	-	4,200	Within 24 months
Working capital for construction projects	6,000	-	6,000	Within 24 months
Repayment of bank borrowings	7,000	7,000	0	Within 3 months
Estimated Listing expenses ⁽²⁾	3,200	3,065	135	Within 3 months
Total	20,400	10,065	10,335	

Notes:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B8. Loans and Borrowings

The details of the Group's loans and borrowings were as follows:

	30.09.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000
Non-current:		
Lease liabilities	1,023	1,102
	1,023	1,102
Current:		
Revolving credit	-	1,000
Bank overdraft	-	4,620
Lease liabilities	901	848
	901	6,468
Total loans and borrowings	1,924	7,570

All loans and borrowings are secured and denominated in Ringgit Malaysia (RM).

B9. Material Litigation

As at 22 November 2021 (being a date not earlier than 7 days from the date of issue of this report), there is no material litigation or arbitration by/against the Group, which has a material effect on the financial position of the Group and the Board of Directors ("Board") is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

B10. Dividends Proposed

A first interim single tier dividend of 1.68 sen per ordinary share for the financial year ending 31 December 2021, amounting to RM2,995,787.76 computed based on 178,320,700 ordinary shares in issue was declared by the Directors on 16 July 2021 and paid to the members on 30 August 2021. Save for the above, no dividend has been declared or proposed during the current quarter and financial year-to-date.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B11. Earnings Per Share (“EPS”)

The basic/diluted (loss)/earnings per share for the current quarter and financial year-to-date are computed as follows:

(i) Basic EPS

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000
(Loss)/Profit attributable to owners of the Company (RM'000)	(553)	N/A	3,051	N/A
Number of shares in issue ⁽²⁾ ('000)	178,321	N/A	178,321	N/A
Basic (loss)/earnings per share ⁽²⁾ (sen)	(0.31)	N/A	1.71	N/A

(ii) Diluted EPS

Diluted EPS is equivalent to the basic EPS as the Company did not have dilutive potential ordinary shares during the current quarter and financial year-to-date.

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.
- (2) Basic EPS is calculated based on the Profit attributable to owners of the Company divided by the number of shares in issue.

N/A Not applicable

B12. Notes to the Unaudited Condensed Consolidated Statement of Comprehensive Income

(Loss)/Profit for the current quarter and financial year-to-date were arrived at after crediting/(charging) the following:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000	30.09.2021 Unaudited RM'000	30.9.2020 ⁽¹⁾ Unaudited RM'000
Finance income	79	N/A	180	N/A
Other income	147	N/A	185	N/A
Finance costs	(55)	N/A	(230)	N/A
Depreciation of property, plant and equipment	(380)	N/A	(1,022)	N/A

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B12. Notes to the Unaudited Condensed Consolidated Statement of Comprehensive Income (Cont'd)

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. As the Company was only listed on the ACE Market of Bursa Securities on 21 July 2021, there are no comparative figures for the preceding year's corresponding quarter and year-to-date as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

Other disclosure items pursuant to Appendix 9B, Note 16 of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B13. Derivatives

The Group did not enter into any derivatives during the current quarter and financial year-to-date.

B14. Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 24 November 2021.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]