



## **HAILY GROUP BERHAD**

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

**Unaudited Interim Financial Report  
For The Fourth Quarter Ended  
31 December 2021**

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME <sup>(1)</sup>

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2021	31.12.2020 <sup>(2)</sup>	31.12.2021	31.12.2020
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	34,635	N/A	124,066	166,132
Cost of sales		(27,375)	N/A	(102,151)	(138,648)
Gross profit		7,260	N/A	21,915	27,484
Other income		172	N/A	538	459
Other operating expenses		(2,776)	N/A	(12,999)	(13,228)
Impairment losses on goodwill		(118)	N/A	(118)	-
Operating profit		4,538	N/A	9,336	14,715
Finance costs		(22)	N/A	(252)	(212)
<b>Profit before tax</b>	B12	4,516	N/A	9,084	14,503
Income tax expense	B5	(1,311)	N/A	(2,827)	(4,059)
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>		<u>3,205</u>	<u>N/A</u>	<u>6,257</u>	<u>10,444</u>
<b>Profit attributable to:</b>					
Owners of the Company		3,205	N/A	6,257	10,444
Non-controlling Interest		-	N/A	-	-
		<u>3,205</u>	<u>N/A</u>	<u>6,257</u>	<u>10,444</u>
<b>Earnings Per Share attributable to owners of the Company (sen)<sup>(3)</sup></b>					
Basic/Diluted <sup>(4)</sup>	B11	<u>1.80</u>	<u>N/A</u>	<u>3.87</u>	<u>16.06</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 fourth 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 as no interim financial report was prepared for the financial period concerned.
- (3) The diluted earnings per share of the Company for the current quarter and financial year-to-date are equivalent to the basic earnings per share as the Company does not have any convertible securities as at the end of the reporting year.
- (4) Computation of basic/diluted earnings per share is based on the Profit attributable to owners of the Company divided by the weighted average number of shares in issue during the period/year under review as disclosed in Note B11.

N/A Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>**

		<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>Note</b>	<b>Unaudited RM'000</b>	<b>Audited RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,885	4,116
Goodwill		-	118
Other investments		2,272	1,818
<b>Total non-current assets</b>		<u>7,157</u>	<u>6,052</u>
<b>Current assets</b>			
Current tax assets		17	1
Trade and other receivables		56,854	73,911
Contract assets		39,014	29,677
Cash and short-term deposits		30,191	27,154
<b>Total current assets</b>		<u>126,076</u>	<u>130,743</u>
<b>TOTAL ASSETS</b>		<u><u>133,233</u></u>	<u><u>136,795</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Group</b>			
Share capital		61,255	41,530
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		53,735	50,474
<b>TOTAL EQUITY</b>		<u>74,960</u>	<u>51,974</u>
<b>Non-current liabilities</b>			
Loans and borrowings	B8	1,033	1,102
Deferred tax liabilities		195	187
<b>Total non-current liabilities</b>		<u>1,228</u>	<u>1,289</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	948	6,468
Current tax liabilities		485	1,054
Trade and other payables		55,375	73,050
Contract liabilities		237	2,960
<b>Total current liabilities</b>		<u>57,045</u>	<u>83,532</u>
<b>TOTAL LIABILITIES</b>		<u>58,273</u>	<u>84,821</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>133,233</u></u>	<u><u>136,795</u></u>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>		<u>0.42</u>	<u>0.35</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>  
(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 31 December 2021 of 178,320,700 shares (31 December 2020: 148,320,700 shares).

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>**

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Balance as at 1 January 2021 (Audited)</b>	41,530	(40,030)	50,474	51,974
Profit for the financial year, representing total comprehensive income for the financial year	-	-	6,257	6,257
<b>Transaction with owners:</b>				
Shares issued pursuant to Public Issue	20,400	-	-	20,400
Shares issuance expenses	(675)	-	-	(675)
Dividends paid on shares	-	-	(2,996)	(2,996)
	19,725	-	(2,996)	16,729
<b>Balance as at 31 December 2021 (Unaudited)</b>	<b>61,255</b>	<b>(40,030)</b>	<b>53,735</b>	<b>74,960</b>
<b>Balance as at 1 January 2020 (Unaudited)</b>	<b>1,500</b>	-	<b>42,530</b>	<b>44,030</b>
Profit for the financial year, representing total comprehensive income for the financial year	-	-	10,444	10,444
<b>Transaction with owners:</b>				
Share issued upon incorporation	- <sup>(2)</sup>	-	-	-
Issue of ordinary shares	- <sup>(3)</sup>	-	-	-
Shares issued for acquisition of a subsidiary	41,530	(41,530)	-	-
Reorganisation reserve	(1,500)	1,500	-	-
Dividends paid on shares	-	-	(2,500)	(2,500)
	40,030	(40,030)	(2,500)	(2,500)
<b>Balance as at 31 December 2020 (Audited)</b>	<b>41,530</b>	<b>(40,030)</b>	<b>50,474</b>	<b>51,974</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>  
CONT'D**

**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) Represents RM1.
- (3) Represents RM99.

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>

	CURRENT YEAR TO-DATE <u>31.12.2021</u>	PRECEDING YEAR TO-DATE <u>31.12.2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	9,084	14,503
Adjustments for:		
Depreciation of property, plant and equipment	1,707	1,369
Gain on disposal of property, plant and equipment	-	(7)
Impairment losses on goodwill	118	-
Finance income	(256)	(150)
COVID-19 related rent concession income	-	(3)
Finance costs	252	212
<b>Operating profit before changes in working capital</b>	<u>10,905</u>	<u>15,924</u>
<b>Changes in working capital:</b>		
Trade and other receivables	16,382	(1,442)
Contract assets	(9,336)	(12,953)
Trade and other payables	(17,675)	16,992
Contract liabilities	<u>(2,723)</u>	<u>(7,622)</u>
<b>Net cash used in operations</b>	<u>(2,447)</u>	<u>10,899</u>
Income tax paid	(3,405)	(3,190)
Income tax refund	-	1,042
Interest paid	<u>(138)</u>	<u>(89)</u>
<b>Net cash flows (used in)/from operating activities</b>	<u>(5,990)</u>	<u>8,662</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,480)	(845)
Proceeds from disposal of property, plant and equipment	_ <sup>(2)</sup>	10
Purchase of other investments	(454)	(1,818)
Change in pledged deposits	1,152	(323)
Interest received	256	150
<b>Net cash flows used in investing activities</b>	<u>(526)</u>	<u>(2,826)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	20,400	_ <sup>(2)</sup>
Proceeds from revolving credit	-	1,000
Repayment of revolving credit	(1,000)	-
Payment of lease liabilities	(965)	(824)
Repayment of invoice financing	-	(1,421)
Interest paid	(114)	(123)
Dividend paid	<u>(2,996)</u>	<u>(2,500)</u>
<b>Net cash flows generated from/(used in) financing activities</b>	<u>15,325</u>	<u>(3,868)</u>
<b>Net increase in cash and cash equivalents</b>	8,809	1,968
Cash and cash equivalents at the beginning of the financial year	<u>21,315</u>	<u>19,347</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>30,124</u>	<u>21,315</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Short-term deposits	67	1,219
Less: Pledged deposits	<u>(67)</u>	<u>(1,219)</u>
	-	-
Cash and bank balances	30,124	25,935
Bank overdrafts	-	(4,620)
	<u>30,124</u>	<u>21,315</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup> (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) Represents RM100.

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**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 fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 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):

<b>MFRSs and/or IC Interpretations (including the consequential amendments)</b>	<b>Effective Date</b>
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.

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**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:

<b>MFRSs and/or IC Interpretations (including the consequential amendments)</b>	<b>Effective Date</b>
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**

During the financial year-to-date, the Company issued new shares under the public issue of 30,000,000 new ordinary shares in Haily (“**Public Issue**”) in conjunction with its IPO and was listed on 21 July 2021. Details of the share issue are as follows:

	<b>No. of shares</b>	<b>RM'000</b>
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	-	(675)
Issued share capital upon Listing on 21 July 2021	178,320,700	61,255
Issued share capital as at 31 December 2021	178,320,700	61,255

There were no issuances, repurchases or repayments of debts and equity securities subsequent to the financial year-to-date.

**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: -

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

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

**A9. Segmental Information (Cont'd)**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020 <sup>(1)</sup>	31.12.2021	31.12.2020
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
Revenue from external customers:				
Building construction	34,561	N/A	123,844	163,875
Others	74	N/A	222	2,257
Adjustment and eliminations	-	N/A	-	-
	<u>34,635</u>	<u>N/A</u>	<u>124,066</u>	<u>166,132</u>
Inter-segment revenue:				
Building construction	-	N/A	-	-
Others	576	N/A	1,643	1,561
Adjustment and eliminations	(576)	N/A	(1,643)	(1,561)
	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	34,561	N/A	123,844	163,875
Others	650	N/A	1,865	3,818
Adjustment and eliminations	(576)	N/A	(1,643)	(1,561)
	<u>34,635</u>	<u>N/A</u>	<u>124,066</u>	<u>166,132</u>
<b>Segment profit:</b>				
Building construction	7,264	N/A	21,898	27,169
Others	(4)	N/A	17	315
Adjustment and eliminations	-	N/A	-	-
	<u>7,260</u>	<u>N/A</u>	<u>21,915</u>	<u>27,484</u>
Other income	172	N/A	538	459
Unallocated expenses	(2,894)	N/A	(13,117)	(13,228)
Finance costs	(22)	N/A	(252)	(212)
Income tax expense	(1,311)	N/A	(2,827)	(4,059)
Profit for the financial quarter/year ("PAT")	<u>3,205</u>	<u>N/A</u>	<u>6,257</u>	<u>10,444</u>

**Notes:**

(1) This is the fourth 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 as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

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**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	
	31.12.2021	31.12.2020 <sup>(1)</sup>	31.12.2021	31.12.2020
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Related expenses paid to the holding company	120	N/A	360	240

**Notes:**

(1) This is the fourth 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 as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

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

**A15. Capital Commitments**

Save as disclosed below, there were no other material capital commitments as at the end of the current quarter and year-to-date:

	<b>As at</b>
	<b>31.12.2021</b>
	<b>Unaudited</b>
	<b>RM'000</b>
Approved and contracted for: -	
- Property, plant and equipment	<u>419</u>

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

**B1. Review of Group Performance**

	Current quarter		Changes %	Year-to-date		Changes %
	31.12.2021 Unaudited RM'000	31.12.2020 <sup>(1)</sup> Unaudited RM'000		31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000	
Revenue	34,635	N/A	N/A	124,066	166,132	(25.32)
Gross profit	7,260	N/A	N/A	21,915	27,484	(20.26)
Profit before tax	4,516	N/A	N/A	9,084	14,503	(37.36)
Profit after tax	3,205	N/A	N/A	6,257	10,444	(40.09)
Profit attributable to owners of the Company	3,205	N/A	N/A	6,257	10,444	(40.09)

**Notes:**

- (1) This is the fourth 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 as no interim financial report was prepared for the financial period concerned.

N/A Not applicable

For the fourth quarter ended 31 December 2021, the Group recorded revenue of RM34.64 million of which the on-going projects, namely Bandar Jaya Putra Project, AME Dormitory Project, 122 DSTH Bandar Putra Project, 185 DSTH Meridin East – Parcel 11 Project, 217 DSTH Taman Mutiara Maju Project, 206 DSTH Gelang Patah Project and 159 SSTH Taman Impian Emas Project collectively contributed approximately 83.01% of the total revenue. The Group registered gross profit of RM7.26 million, profit before tax of RM4.52 million and profit after tax of RM3.21 million for the quarter under review.

The higher gross profit margin for the current quarter at 20.96% as compared to the margin registered by the Group for the financial year-to-date at 17.66% was mainly attributed to reasons explained in Note B2.

The Group's revenue for the financial year-to-date of RM124.07 million was mainly attributable to its building construction activities totaling RM123.84 million, of which residential and non-residential building construction accounted for 61.88% and 37.94% of the Group's total revenue respectively. The balance of RM0.23 million representing 0.18% of the total revenue was derived from its civil engineering construction works. Revenue declined by 25.32% as compared to the preceding year of RM166.13 million owing mainly to the decrease in revenue recognised from the Group's residential building construction activities. This was mainly due to the reduction in percentage of completion recognised during the current financial year for our Group's building construction projects namely: -

- (i) 164 DSTH Meridin East – Parcel 1F2 Project which reported a decrease in revenue from RM16.99 million to RM2.75 million, representing a decrease of RM14.24 million or 83.81% as the project was completed in August 2021;

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

**B1. Review of Group Performance (Cont'd)**

- (ii) 264 DSTH Bandar Jaya Putra Project which reported a decrease in revenue from RM30.49 million to RM10.74 million, representing a decrease of RM19.75 million or 64.78% due to the reduced percentage of completion recognised during current financial year;
- (iii) 128 DSTH Taman Impian Emas Project which reported a decrease in revenue from RM17.32 million to RM2.57 million, representing a decrease of RM14.75 million or 85.16% as the project was completed in September 2021; and
- (iv) 236 DSTH Meridin East – Parcel 1H Project which reported a decrease in revenue from RM13.63 million to RM1.64 million, representing a decrease of RM11.99 million or 87.97% as the project was completed in December 2020.

The decrease in the revenue above was however partially offset by the increase in revenue recognised from the Bandar Jaya Putra Project which saw an increase from RM6.31 million to RM34.47 million, representing an increase of RM28.16 million or 446.28% pursuant to the percentage of completion.

In line with the decline in the Group's revenue, total gross profit also recorded a decline of 20.26% from RM27.48 million for the preceding year to RM21.92 million for the current financial year-to-date. However, the gross profit margin improved marginally to 17.66% for the current financial year-to-date as compared to 16.54% for the preceding year. This marginal improvement was mainly attributable to successful negotiations with sub-contractors resulting in improved profit margins after the projects were secured.

Correspondingly, profit before tax and profit after tax of the Group for the current financial year-to-date of RM9.08 million and RM6.26 million respectively also declined by 37.36% and 40.09% respectively as compared to the preceding financial year.

**B2. Comparison with Immediate Preceding Quarter's Result**

	QUARTER ENDED		Changes %
	31.12.2021 Unaudited RM'000	30.09.2021 Unaudited RM'000	
Revenue	34,635	17,537	97.50
Gross profit	7,260	3,009	141.28
Profit/(Loss) before tax	4,516	(433)	1,142.96
Profit/(Loss) after tax	3,205	(553)	679.57
Profit/(Loss) attributable to owners of the Company	3,205	(553)	679.57



## **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 (Cont'd)**

Revenue increased by 97.50% from RM17.54 million for the immediate preceding quarter to RM34.64 million for the quarter under review. Besides the commencement of construction works for several new residential buildings construction projects, the higher revenue reported for the current quarter was also attributed to increased activity of building construction works which were carried out during the quarter under review at the Group's ongoing construction projects. The Group had since 26 July 2021 progressively obtained approvals from the Ministry of International Trade and Industry for the resumption of its on-site construction activities.

Corresponding with the increase in the Group's revenue, gross profit increased by 141.28% from RM3.01 million for the immediate preceding quarter to RM7.26 million for the current quarter. The gross profit margin also increased from 17.16% for the quarter ended 30 September 2021 to 20.96% registered for the current quarter arising mainly from adjustments made during the current quarter on reduction in budgeted cost of construction for two projects, namely 264 DSTH Bandar Jaya Putra Project and 185 DSTH Meridin East – Parcel 11 Project as these projects are nearing completion. In addition, there was also reduction to the budgeted construction cost for the Bandar Jaya Putra Project as sub-contractors were awarded contracts at contract sums lower than originally budgeted.

Compared to a loss before tax of RM0.43 million for the quarter ended 30 September 2021, the Group reported a profit before tax of RM4.52 million for the quarter under review. Besides the increased activity of construction works being undertaken on the Group's new and ongoing building construction projects as explained in the foregoing paragraphs, the improved profit was also partly contributed by the reversal of accruals for director fees during the current quarter arising from voluntary waiver of director fees' entitlement by the directors of the Company's wholly owned subsidiary, Haily Construction Sdn Bhd.

In line with the above, the Group posted a profit after tax of RM3.21 million for the current quarter as compared to a net loss of RM0.55 million for the immediate preceding 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.

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

**B3. Prospects (Cont'd)**

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. The rebound in economic activity was aided by recovery in the labour market, the continued policy support and a strong external demand amid the continued upcycle in global technology which provided a further lift to growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%). With the turnaround in growth in the fourth quarter, the economy grew by 3.1% for 2021 as a whole. Growth in the construction sector improved with a smaller contraction of 12.2% (3Q 2021: -20.6%). This was supported by higher construction activity, especially in the non-residential and special trade subsectors, following the reopening of the economy.

For 2022, the domestic economy is expected to remain on its recovery path, supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and on-going policy support. The outlook, however, is subject to risks related to weaker-than-expected global growth and the emergence of severe and vaccine-resistant COVID-19 variants of concern (*Source: BNM's Quarterly Bulletin for the Fourth Quarter 2021, 11 February 2022*).

In light of the uncertainties as highlighted above, 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 and will continue to remain vigilant and steadfast in navigating through these challenging times. Moving forward, the Group expects its performance to be driven by its existing ongoing construction projects as well as new construction projects expected to be secured. The Group views that its financial results for the financial year ending 31 December 2022 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	
	31.12.2021 Unaudited RM'000	31.12.2020 <sup>(1)</sup> Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Income tax - current period/year	1,302	N/A	2,819	4,055
Deferred tax	9	N/A	8	4
<b>Total income tax expense</b>	<b>1,311</b>	<b>N/A</b>	<b>2,827</b>	<b>4,059</b>
Effective tax rate <sup>(2)</sup> (%)	29.03	N/A	31.12	27.99
Statutory tax rate (%)	24.00	N/A	24.00	24.00

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

**B5. Income Tax Expense (Cont'd)**

**Notes:**

- (1) This is the fourth 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 as no interim financial report was prepared for the financial period concerned.
  - (2) The effective tax rate for the current quarter and financial year-to-date were higher than the statutory tax rate mainly due to adjustments for non-deductible expenses.
- N/A Not applicable

**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 31 December 2021 is stated in the following manner:

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

**B7. Status of Utilisation of Proceeds Raised from the IPO (Cont'd)**

	<b>Proposed utilisation RM'000</b>	<b>Deviation<sup>(1)</sup> RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Unutilised amount RM'000</b>	<b>Intended time frame for utilisation upon Listing<sup>(2)</sup></b>
Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	4,200	-	(1,002)	3,198	Within 24 months
Working capital for construction projects	6,000	134	-	6,134	Within 24 months
Repayment of bank borrowings	7,000	-	(7,000)	-	Within 3 months
Estimated listing expenses	3,200	(134)	(3,066)	-	Within 3 months
<b>Total</b>	<b>20,400</b>	<b>-</b>	<b>(11,068)</b>	<b>9,332</b>	

**Notes:**

- (1) The actual listing expenses were lower than the estimated sum, hence the surplus will be utilised for working capital purposes.
- (2) 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.

**B8. Loans and Borrowings**

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

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

**B8. Loans and Borrowings (Cont'd)**

	<b>As At 31.12.2021 Unaudited RM'000</b>	<b>As At 31.12.2020 Audited RM'000</b>
<b>Non-current:</b>		
Lease liabilities	1,033	1,102
<b>Current:</b>		
Revolving credit	-	1,000
Bank overdraft	-	4,620
Lease liabilities	948	848
	948	6,468
<b>Total loans and borrowings</b>	<b>1,981</b>	<b>7,570</b>

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

**B9. Material Litigation**

As at 18 February 2022 (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**

No dividend has been declared or proposed for the current quarter.

**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:

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

**B11. Earnings Per Share (“EPS”) (Cont’d)**

(i) Basic EPS

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021 Unaudited RM'000	31.12.2020 <sup>(1)</sup> Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Profit attributable to owners of the Company (RM'000)	3,205	N/A	6,257	10,444
Weighted average number of shares in issue <sup>(2)</sup> ('000)	178,321	N/A	161,476	65,017
Basic earnings per share <sup>(2)</sup> (sen)	1.80	N/A	3.87	16.06

(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 fourth 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 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 weighted average number of ordinary shares in issue during the period/year under review.

N/A Not applicable

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

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021 Unaudited RM'000	31.12.2020 <sup>(1)</sup> Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Finance income	75	N/A	256	150
Other income	97	N/A	282	309
Finance costs	(22)	N/A	(252)	(212)
Depreciation of property, plant and equipment	(685)	N/A	(1,707)	1,369
Impairment losses on goodwill	(118)	N/A	(118)	-

**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 fourth 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 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 23 February 2022.

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