



HAILY GROUP BERHAD

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

**Unaudited Interim Financial Report
For The Second Quarter Ended
30 June 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	45,694	28,600	87,061	71,895
Cost of sales		(40,548)	(23,856)	(76,399)	(60,248)
Gross profit		5,146	4,744	10,662	11,647
Other income		75	64	201	139
Other operating expenses		(3,545)	(3,427)	(6,960)	(6,610)
Operating profit		1,676	1,381	3,903	5,176
Finance costs		(18)	(100)	(39)	(175)
Profit before tax	B12	1,658	1,281	3,864	5,001
Income tax expense	B5	(488)	(474)	(1,077)	(1,397)
Profit for the financial period, representing total comprehensive income for the financial period		1,170	807	2,787	3,604
Total comprehensive income attributable to:					
Owners of the Company		1,170	807	2,787	3,604
Non-controlling Interest		-	-	-	-
		<u>1,170</u>	<u>807</u>	<u>2,787</u>	<u>3,604</u>
Earnings Per Share attributable to owners of the Company (sen)⁽²⁾					
Basic/Diluted ⁽³⁾	B11	<u>0.66</u>	<u>0.54</u>	<u>1.56</u>	<u>2.43</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 audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) 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 period.
- (3) 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 under review as disclosed in Note B11.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

		As at 30.06.2022	As at 31.12.2021
	Note	Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,382	4,885
Other investments		3,033	2,272
Total non-current assets		8,415	7,157
Current assets			
Current tax assets		17	17
Trade and other receivables		63,341	56,854
Contract assets		49,671	39,014
Cash and short-term deposits		20,633	30,191
Total current assets		133,662	126,076
TOTAL ASSETS		142,077	133,233
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		61,255	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		56,522	53,735
TOTAL EQUITY		77,747	74,960
Non-current liabilities			
Borrowings	B8	656	1,033
Deferred tax liabilities		195	195
Total non-current liabilities		851	1,228
Current liabilities			
Borrowings	B8	824	948
Current tax liabilities		555	485
Trade and other payables		61,641	55,375
Contract liabilities		459	237
Total current liabilities		63,479	57,045
TOTAL LIABILITIES		64,330	58,273
TOTAL EQUITY AND LIABILITIES		142,077	133,233
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾		0.44	0.42

**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 audited financial statements for the financial year ended 31 December 2021 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 June 2022 of 178,320,700 shares (31 December 2021: 178,320,700 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	<---- Attributable to owners of the Company ---->			Total equity
	<----- Non-distributable ----->		Distributable	
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021 (Audited)	41,530	(40,030)	50,474	51,974
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year	-	-	6,257	6,257
Transaction with owners:				
Shares issued pursuant to the public issue	20,400	-	-	20,400
Shares issuance expenses	(675)	-	-	(675)
Dividends paid on shares	-	-	(2,996)	(2,996)
As at 31 December 2021 (Audited)	<u>61,255</u>	<u>(40,030)</u>	<u>53,735</u>	<u>74,960</u>
At 1 January 2022 (Audited)	61,255	(40,030)	53,735	74,960
Total comprehensive income for the financial period				
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,787	2,787
At 30 June 2022 (Unaudited)	<u>61,255</u>	<u>(40,030)</u>	<u>56,522</u>	<u>77,747</u>

Note:

- (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 audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR TO-DATE <u>30.06.2022</u> Unaudited RM'000	PRECEDING YEAR TO-DATE <u>30.06.2021</u> Unaudited RM'000
Cash flows from operating activities		
Profit before tax	3,864	5,001
Adjustments for:		
Depreciation of property, plant and equipment	961	642
Loss on disposal of property, plant and equipment	4	-
Interest income	(140)	(101)
Finance costs	39	175
Operating profit before changes in working capital	4,728	5,717
<u>Changes in working capital:</u>		
Trade and other receivables	(6,487)	739
Contract assets	(10,658)	788
Trade and other payables	6,265	(13,510)
Contract liabilities	222	(1,386)
Net cash used in operations	(5,930)	(7,652)
Income tax paid	(1,006)	(1,609)
Interest paid	-	(113)
Net cash flows used in operating activities	(6,936)	(9,374)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,161)	(169)
Purchase of other investments	(761)	(455)
Change in pledged deposits	(922)	(178)
Interest received	140	101
Net cash used in investing activities	(2,704)	(701)
Cash flows from financing activities		
Payment of lease liabilities	(800)	(447)
Interest paid	(39)	(62)
Net cash used in financing activities	(839)	(509)
Net decrease in cash and cash equivalents	(10,479)	(10,584)
Cash and cash equivalents at the beginning of the financial period	30,124	21,315
Cash and cash equivalents at the end of the financial period	19,645	10,731
Cash and cash equivalents at the end of the financial year comprises:		
Short-term deposits	988	1,398
Less: Pledged deposits	(988)	(1,398)
	-	-
Cash and bank balances	19,645	16,770
Bank overdrafts	-	(6,039)
	19,645	10,731

Note:

- (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 audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read in conjunction with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021 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 audited financial statements for the financial year ended 31 December 2021:

- (a) The Group has adopted the following amendments/improvements to MFRSs for the current financial period:

MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020
MFRS 3	Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment: Proceeds before Intended Use
MFRS 137	Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the Group’s interim financial report and did not result in significant changes to the Group’s existing accounting policies.

- (b) The Group has not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

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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 adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd):

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 [#]
MFRS 138	Intangibles Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Consequential amendments as a result of MFRS 17 Insurance Contracts

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 2021.

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

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.

A7. Debt and Equity Securities

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

A8. Dividend Paid

No dividend has been paid in the current quarter and financial year-to-date.

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

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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	
	30.06.2022	30.06.2021	30.06.2022	31.06.2021
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Revenue from external customers:				
Building construction	45,527	28,501	86,863	71,708
Others	167	99	198	187
	<u>45,694</u>	<u>28,600</u>	<u>87,061</u>	<u>71,895</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	648	341	1,264	838
Adjustment and eliminations	(648)	(341)	(1,264)	(838)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	45,527	28,501	86,863	71,708
Others	815	440	1,462	1,025
Adjustment and eliminations	(648)	(341)	(1,264)	(838)
	<u>45,694</u>	<u>28,600</u>	<u>87,061</u>	<u>71,895</u>
Segment profit:				
Building construction	5,124	4,743	10,636	11,638
Others	22	1	26	9
	<u>5,146</u>	<u>4,744</u>	<u>10,662</u>	<u>11,647</u>
Other income	75	64	201	139
Unallocated expenses	(3,545)	(3,427)	(6,960)	(6,610)
Finance costs	(18)	(100)	(39)	(175)
Income tax expense	(488)	(474)	(1,077)	(1,397)
Profit for the financial period ("PAT")	<u>1,170</u>	<u>807</u>	<u>2,787</u>	<u>3,604</u>

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.

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

A12. Changes in the Composition of the Group

During the current quarter and financial year-to-date, a wholly-owned subsidiary of the Company under the name of Haily Development Sdn Bhd (“Haily Development”) was incorporated on 20 June 2022 with an initial issued share capital of RM2 comprising 2 ordinary shares, issued at RM1.00 each. The intended principal activity of Haily Development is property development. As at the date of this report, Haily Development has yet to commence its business.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	60	240	120

A15. Capital Commitments

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

	As at 30.06.2022 Unaudited RM'000
Approved and contracted for: -	
- Property, plant and equipment	293

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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
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	Unaudited RM'000	Unaudited RM'000	%	Unaudited RM'000	Unaudited RM'000	%
Revenue	45,694	28,600	59.77	87,061	71,895	21.09
Gross profit	5,146	4,744	8.47	10,662	11,647	(8.46)
Profit before tax	1,658	1,281	29.43	3,864	5,001	(22.74)
Profit after tax	1,170	807	44.98	2,787	3,604	(22.67)
Profit attributable to owners of the Company	1,170	807	44.98	2,787	3,604	(22.67)

The breakdown of the Group's revenue according to the relevant segments for the current quarter and financial year-to-date are as follows:

	Current quarter		Changes	Year-to-date		Changes
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	Unaudited RM'000	Unaudited RM'000	%	Unaudited RM'000	Unaudited RM'000	%
Building construction	45,527	28,501	59.74	86,863	71,708	21.13
Others	167	99	68.69	198	187	5.88
Total	45,694	28,600	59.77	87,061	71,895	21.09

For the second quarter ended 30 June 2022, the Group reported revenue of RM45.69 million, an increase of RM17.09 million or 59.77% as compared to RM28.60 million registered for the second quarter of the preceding financial year. The increase in revenue was mainly attributable to the increase in revenue recognised from the Group's building construction segment which increased from RM28.50 million for the second quarter ended 30 June 2021 to RM45.53 million for the quarter under review, representing an increase of RM17.03 million or 59.74%.

The increase in revenue arose mainly from the following ongoing building construction projects undertaken by the Group subsequent to the second quarter ended 30 June 2021 which contributed to revenue in the quarter ended 30 June 2022 of approximately RM31.16 million:

- (i) 217 DSTH Taman Mutiara Maju Project,
- (ii) 206 DSTH Gelang Patah Project,
- (iii) 147 DSTV Aurora Sentral Project,
- (iv) 159 SSTH Taman Impian Emas Project,
- (v) 176 SSTH Taman Impian Emas Project,
- (vi) 121 DSTV Aurora Sentral Project,
- (vii) 216 Strata Townhouse Bandar Putra Project,
- (viii) 155 DSTH Meridin East – Parcel 2H1 Project, and
- (ix) 66 DSTH Kluang Project.

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)

The increase in the revenue above was however offset by the decrease in revenue recognised pursuant to percentage of completion in the second quarter ended 30 June 2022 of approximately RM13.85 million in respect of the following ongoing building construction projects:

- (i) 185 DSTH Meridin East – Parcel 1I Project,
- (ii) Bandar Jaya Putra Project,
- (iii) 264 DSTH Bandar Jaya Putra Project,
- (iv) 30 TSSD Taman Nusa Sentral Project, and
- (v) 122 DSTH Bandar Putra Project.

For the current quarter, the Group registered an increase of 8.47% in the gross profit at RM5.15 million as compared to RM4.74 million reported for the second quarter ended 30 June 2021. Despite a higher revenue and gross profit achieved by the Group for the current quarter, the gross profit margin declined to 11.26% for the quarter under review as compared to 16.59% reported for the second quarter ended 30 June 2021. This was largely attributed to the hikes in prices of building construction materials as well as the higher labour costs resulting from the acute shortages in the supply of foreign workers.

For the financial year-to-date, the Group reported a higher revenue of RM87.06 million, representing an increase of 21.09% as compared to RM71.90 million registered for the corresponding period in the preceding financial year. However, the gross profit declined by 8.46% to RM10.66 million from RM11.65 million owing to the decrease in gross profit margin from 16.20% to 12.25% as a result from hikes in building construction costs for the Group's ongoing construction projects as mentioned in the foregoing paragraph. Consequently, the profit before tax and profit after tax of the Group for the financial year-to-date of RM3.86 million and RM2.79 million respectively also declined by 22.74% and 22.67% respectively as compared to the results reported for corresponding period of the preceding financial year.

B2. Comparison with Immediate Preceding Quarter's Result

	QUARTER ENDED		Changes %
	30.06.2022 Unaudited RM'000	31.03.2022 Unaudited RM'000	
Revenue	45,694	41,367	10.46
Gross profit	5,146	5,516	(6.71)
Profit before tax	1,658	2,206	(24.84)
Profit after tax	1,170	1,617	(27.64)
Profit attributable to owners of the Company	1,170	1,617	(27.64)

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)

The Group reported an increase in revenue by RM4.33 million or 10.46% from RM41.37 million registered for the quarter ended 31 March 2022 to RM45.69 million for the quarter under review. This was mainly due to the increase in revenue recognised pursuant to percentage of completion for the second quarter ended 30 June 2022 as compared to the preceding quarter for the Group's ongoing building construction projects.

Owing to reasons as explained in Note B1 above, the gross profit margin declined from 13.33% for the quarter ended 31 March 2022 to 11.26% for the current quarter resulting in gross profit declining from RM5.52 million to RM5.15 million. Consequently, the profit before tax and profit after tax in the quarter under review declined to RM1.66 million and RM1.17 million respectively as compared to RM2.21 million and RM1.62 million respectively reported for the immediate preceding quarter.

B3. Prospects

"The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022:5.0%). Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. On a quarter-on-quarter seasonally adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. The growth for 2022 is expected to be at the upper end of the range of 5.3% and 6.3% even after taking into account the slower global growth. While external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand which registered a higher growth during the second quarter of 2022 of 13.0% (1Q 2022: 4.4%). Growth would also benefit from improving labour market conditions and higher tourist arrivals, as well as continued implementation of multi-year investment projects. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions" (*Source: BNM's Economic and Financial Developments in Malaysia in the Second Quarter of 2022, 12 August 2022*).

"The construction sector grew by 2.4% (1Q 2022: -6.2%), its first positive growth since 2Q 2021. Large commercial and industrial projects as well as small-scale projects continued to support activity in the non-residential and special trade subsectors. Meanwhile, the slower progress in infrastructure projects led to subdued growth in the civil engineering subsector" (*Source: BNM's Quarterly Bulletin for the Second Quarter 2022, 12 August 2022*).

In light of the 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 will continue to remain vigilant and steadfast in navigating through these challenging times.

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

B3. Prospects (Cont'd)

The Group will continue to focus on its core competency in building construction in Johor and 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.

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	
	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
Total income tax expense	488	474	1,077	1,397
Effective tax rate ⁽¹⁾ (%)	29.43	37.00	27.87	27.93
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Note:

(1) 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.

B6. Status of Corporate Proposals

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

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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

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 June 2022 is as follows:

	Proposed utilisation RM'000	Deviation ⁽¹⁾ RM'000	Actual utilisation RM'000	Unutilised amount RM'000	Intended time frame for utilisation upon Listing ⁽²⁾
Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	4,200	-	(2,212)	1,988	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
Total	20,400	-	(18,412)	1,988	

Notes:

- (1) The actual listing expenses were lower than the estimated sum, hence the surplus was utilised for working capital for construction projects 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 dated 30 June 2021.

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

B8. Borrowings

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

	As At 30.06.2022 Unaudited RM'000	As At 31.12.2021 Audited RM'000
Non-current:		
Lease liabilities	656	1,033
Current:		
Lease liabilities	824	948
Total borrowings	1,480	1,981

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

B9. Material Litigation

As at 19 August 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

- (a) No dividend has been declared or proposed during the current quarter and financial year-to-date.
- (b) A first interim single tier dividend of 0.56 sen per ordinary share for the financial year ending 31 December 2022, amounting to RM998,595.92 computed based on 178,320,700 ordinary shares in issue was declared by the Directors on 24 August 2022. The first interim single tier dividend of 0.56 sen per share will be payable on 7 October 2022 to members whose names appear in the Record of Depositors on 12 September 2022.

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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”)

The basic/diluted 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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit attributable to owners of the Company (RM'000)	1,170	807	2,787	3,604
Number of shares in issue ⁽¹⁾ ('000)	178,321	148,321	178,321	148,321
Basic earnings per share ⁽¹⁾ (sen)	0.66	0.54	1.56	2.43

(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.

Note:

- (1) 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 under review.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Finance income	61	47	140	101
Other income	14	17	61	38
Finance costs	(18)	(100)	(39)	(175)
Depreciation of property, plant and equipment	(529)	(322)	(961)	(642)

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.

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

B14. Authorisation for Issue

This interim financial report was authorised for issue by the Board in accordance with a resolution passed by the Board on 24 August 2022.

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