



HAILY GROUP BERHAD

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

**Unaudited Interim Financial Report
For The Third Quarter Ended
30 September 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	49,910	17,537	136,971	89,432
Cost of sales		(44,113)	(14,528)	(120,512)	(74,776)
Gross profit		5,797	3,009	16,459	14,656
Other income		252	226	453	365
Other operating expenses		(4,004)	(3,613)	(10,964)	(10,223)
Operating profit/(loss)		2,045	(378)	5,948	4,798
Finance costs		(18)	(55)	(57)	(230)
Profit/(loss) before tax	B12	2,027	(433)	5,891	4,568
Income tax expense	B5	(678)	(120)	(1,755)	(1,517)
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period		1,349	(553)	4,136	3,051
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,349	(553)	4,136	3,051
Non-controlling Interest		-	-	-	-
		<u>1,349</u>	<u>(553)</u>	<u>4,136</u>	<u>3,051</u>
Earnings/(loss) Per Share attributable to owners of the Company (sen)⁽²⁾					
Basic/Diluted ⁽³⁾	B11	<u>0.76</u>	<u>(0.32)</u>	<u>2.32</u>	<u>1.95</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/(loss) per share of the Company for the current quarter and financial year-to-date are equivalent to the basic earnings/(loss) 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/(loss) per share is based on the profit/(loss) 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 30.09.2022	As at 31.12.2021
	Note	Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,161	4,885
Other investments		3,033	2,272
Total non-current assets		8,194	7,157
Current assets			
Current tax assets		24	17
Trade and other receivables		67,399	56,854
Contract assets		49,417	39,014
Cash and short-term deposits		20,881	30,191
Total current assets		137,721	126,076
TOTAL ASSETS		145,915	133,233
EQUITY AND LIABILITIES			
Equity attributable to owners of the Group			
Share capital		61,255	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		57,871	53,735
TOTAL EQUITY		79,096	74,960
Non-current liabilities			
Borrowings	B8	677	1,033
Deferred tax liabilities		195	195
Total non-current liabilities		872	1,228
Current liabilities			
Borrowings	B8	856	948
Current tax liabilities		314	485
Trade and other payables		64,572	55,375
Contract liabilities		205	237
Total current liabilities		65,947	57,045
TOTAL LIABILITIES		66,819	58,273
TOTAL EQUITY AND LIABILITIES		145,915	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 September 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 ---->			
	<----- Non-distributable ----->		Distributable	
	Share capital	Reorganisation reserve	Retained earnings	Total equity
	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)
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	-	-	4,136	4,136
At 30 September 2022 (Unaudited)	<u>61,255</u>	<u>(40,030)</u>	<u>57,871</u>	<u>79,096</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	PRECEDING YEAR TO-DATE
	30.09.2022	30.09.2021
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	5,891	4,568
Adjustments for:		
Depreciation of property, plant and equipment	1,485	1,022
Gain on disposal of property, plant and equipment	(161)	-
Property, plant and equipment written off	4	-
Interest income	(201)	(180)
Finance costs	57	230
Operating profit before changes in working capital	7,075	5,640
<u>Changes in working capital:</u>		
Trade and other receivables	(10,545)	23,456
Contract assets	(10,403)	(6,174)
Trade and other payables	9,196	(16,569)
Contract liabilities	(32)	(2,700)
Net cash (used in)/generated from operations	(4,709)	3,653
Income tax paid	(1,932)	(2,324)
Interest paid	-	(138)
Net cash flows (used in)/generated from operating activities	(6,641)	1,191
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,465)	(210)
Proceeds from disposal of property, plant and equipment	161	-
Purchase of other investments	(761)	(454)
Change in pledged deposits	(927)	392
Interest received	201	180
Net cash used in investing activities	(2,791)	(92)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	20,400
Share issuance expenses	-	(505)
Repayment of revolving credit	-	(1,000)
Payment of lease liabilities	(748)	(701)
Interest paid	(57)	(92)
Dividend paid	-	(2,996)
Net cash (used in)/generated from in financing activities	(805)	15,106
Net (decrease)/increase in cash and cash equivalents	(10,237)	16,205
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	19,887	37,520
Cash and cash equivalents at the end of the financial year comprises:		
Short-term deposits	994	827
Less: Pledged deposits	(994)	(827)
	-	-
Cash and bank balances	19,887	37,520
	19,887	37,520

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

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.

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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 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 financial year-to-date.

A8. Dividend Paid

A first interim single tier dividend of 0.56 sen per ordinary share for the financial year ending 31 December 2022, amounted to RM998,595.87 computed based on 178,320,700 ordinary shares in issue was paid on 7 October 2022.

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Revenue from external customers:				
Building construction	49,668	17,575	136,532	89,283
Others	242	(38)	439	149
	<u>49,910</u>	<u>17,537</u>	<u>136,971</u>	<u>89,432</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	692	229	1,955	1,067
Adjustment and eliminations	(692)	(229)	(1,955)	(1,067)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	49,668	17,575	136,532	89,283
Others	934	191	2,394	1,216
Adjustment and eliminations	(692)	(229)	(1,955)	(1,067)
	<u>49,910</u>	<u>17,537</u>	<u>136,971</u>	<u>89,432</u>
Segment profit:				
Building construction	5,748	2,997	16,385	14,635
Others	49	12	74	21
	<u>5,797</u>	<u>3,009</u>	<u>16,459</u>	<u>14,656</u>
Other income	252	226	453	365
Unallocated expenses	(4,004)	(3,613)	(10,964)	(10,223)
Finance costs	(18)	(55)	(57)	(230)
Income tax expense	(678)	(120)	(1,755)	(1,517)
Profit for the financial period ("PAT")	<u>1,349</u>	<u>(553)</u>	<u>4,136</u>	<u>3,051</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

Changes in the composition of the Group during the current quarter and financial year-to-date are as follow: -

- a) On 20 June 2022, a wholly-owned subsidiary of the Company by the name of Haily Development Sdn Bhd ("Haily Development") was incorporated with an initial issued share capital of RM2.00 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.
- b) Haily Capital Sdn Bhd ("Haily Capital"), a wholly-owned subsidiary of the Company was incorporated on 26 August 2022 with an initial issued share capital of RM2.00 comprising 2 ordinary shares, issued at RM1.00 each. Haily Capital's intended principal activity are agriculture activities, general trading and investment in properties. As at the date of this report, Haily Capital has yet to commence its business.

A13. Contingent Assets and Contingent Liabilities

There were no contingent assets and contingent liabilities as at the end of the current quarter and financial year-to-date.

A14. Significant Related Party Transaction

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	120	360	240

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
	<u>30.09.2022</u>
	<u>Unaudited</u>
	<u>RM'000</u>
Approved and contracted for: -	
- Property, plant and equipment	<u>293</u>

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 %
	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	
Revenue	49,910	17,537	184.60	136,971	89,432	53.16
Gross profit	5,797	3,009	92.66	16,459	14,656	12.30
Profit before tax	2,027	(433)	568.13	5,891	4,568	28.96
Profit after tax	1,349	(553)	343.94	4,136	3,051	35.56
Profit attributable to owners of the Company	1,349	(553)	343.94	4,136	3,051	35.56

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 %
	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000		30.09.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	
Building construction	49,668	17,575	182.61	136,532	89,283	52.92
Others	242	(38)	736.84	439	149	194.63
Total	49,910	17,537	184.60	136,971	89,432	53.16

For the third quarter ended 30 September 2022, the Group reported revenue of RM49.91 million, an increase of RM32.37 million or 184.60% as compared to RM17.54 million registered for the third 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 RM17.58 million for the third quarter ended 30 September 2021 to RM49.67 million for the quarter under review, representing an increase of RM32.09 million or 182.61%. The increase in revenue arose mainly from the following on-going construction projects which were undertaken by the Group in the quarter ended 30 September 2022, accounting for revenue of approximately RM27.80 million: -

- (i) 147 DSTV Aurora Sentral Project,
- (ii) 159 SSTH Taman Impian Emas Project,
- (iii) 66 DSTH Kluang Project,
- (iv) 155 DSTH Meridin East – Parcel 2H1 Project,
- (v) 176 SSTH Taman Impian Emas Project,
- (vi) 216 Strata Townhouse Bandar Putra Project,
- (vii) 99 TSSO Bandar Jaya Putra Project, and
- (viii) 121 DSTV Aurora Sentral Project.

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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)

For the financial year-to-date, the Group reported a higher revenue of RM136.97 million, representing an increase of 53.16% as compared to RM89.43 million registered for the corresponding period in the preceding financial year. Gross profit also increased by 12.30% to RM16.46 million from RM14.66 million. The increased revenue and gross profit were mainly due to construction works undertaken for the Group's on-going projects mentioned in the foregoing paragraph. However, gross profit margin decreased from 16.39% to 12.02% owing to the hikes in building construction costs for the Group's on-going construction projects. Consequently, the profit before tax and profit after tax of the Group for the financial year-to-date increased to RM5.89 million and RM4.14 million respectively i.e., increased by 28.96% and 35.56% 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 %
	30.09.2022 Unaudited RM'000	30.06.2022 Unaudited RM'000	
Revenue	49,910	45,694	9.23
Gross profit	5,797	5,146	12.65
Profit before tax	2,027	1,658	22.26
Profit after tax	1,349	1,170	15.30
Profit attributable to owners of the Company	1,349	1,170	15.30

The Group reported an increase in revenue by RM4.22 million or 9.23% from RM45.69 million registered for the quarter ended 30 June 2022 to RM49.91 million for the quarter under review. This was mainly due to the increase in revenue recognised pursuant to percentage of completion for the third quarter ended 30 September 2022 as compared to the preceding quarter for the Group's on-going building construction projects.

The gross profit margins registered for the current quarter and immediate preceding quarter of the current financial year were consistent at 11.61% and 11.26% respectively. Corresponding to the above, profit before tax and profit after tax in the quarter under review increased to RM2.03 million and RM1.35 million respectively as compared to RM1.66 million and RM1.17 million respectively reported for the immediate preceding quarter.

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

B3. Prospects

“The Malaysian economy registered a stronger growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). While there were base effects from the negative growth in the third quarter of 2021, growth was also driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

The economy will continue to expand, albeit at a more moderate pace, in the fourth quarter of 2022. The expected slower pace of growth reflects the more challenging global environment as well as absence of base effects. Nevertheless, growth for the whole of 2022 is expected to remain robust given the strong outturns in the first three quarters of the year.

Looking ahead, the Malaysian economy is expected to expand by 4.0 – 5.0% in 2023. The Malaysian economy will continue to be supported by firm domestic demand amid continued improvements in the labour market. Growth would also benefit from the realisation of large infrastructure projects as well as higher tourist arrivals. However, Malaysia’s growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions” (Source: *Bank Negara Malaysia’s Economic and Financial Developments in Malaysia in the Third Quarter of 2022, 11 November 2022*).

“The construction sector recorded a higher growth of 15.3% (2Q 2022: 2.4%) as all subsectors recorded improvements in activities. Commercial real estate, mixed-development and small-scale projects continued to support activities in the non-residential and special trade subsectors” (Source: *Bank Negara Malaysia’s Quarterly Bulletin for the Third Quarter 2022, 11 November 2022*).

Considering the above, the Group remains cautiously optimistic of its prospects for the current financial year in view of the continuing recovery of the construction industry. Nevertheless, the Group will continue to remain vigilant and steadfast in navigating through these challenging times.

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 as well as expanding into industrial building construction.

Moving forward, the Group expects its performance to be driven by its existing on-going 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.

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

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	
	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
Total income tax expense	678	120	1,755	1,517
Effective tax rate (%)	33.45 ⁽¹⁾	N/A ⁽²⁾	29.79 ⁽¹⁾	33.21 ⁽¹⁾
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Notes:

- (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.
- (2) Despite a loss before tax of RM0.43 million for the financial quarter ended 30 September 2021, an income tax expense of RM0.12 million was incurred 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 September 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	-	(2,468)	1,732	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	-	(18,668)	1,732	

Notes:

- (1) The actual listing expenses were lower than the estimated sum, hence the surplus was utilised as 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 30.09.2022 Unaudited RM'000	As At 31.12.2021 Audited RM'000
Non-current:		
Lease liabilities	677	1,033
Current:		
Lease liabilities	856	948
Total borrowings	1,533	1,981

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

B9. Material Litigation

As at 11 November 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 first interim single tier dividend of 0.56 sen per ordinary share for the financial year ending 31 December 2022, amounting to RM998,595.87 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 was paid on 7 October 2022 to members whose names appear in the Record of Depositors on 12 September 2022. Save for the above, no dividend has been declared or proposed during the current quarter and financial year-to-date.

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

(i) Basic EPS

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit/(loss) attributable to owners of the Company (RM'000)	1,349	(553)	4,136	3,051
Weighted average number of shares in issue ⁽¹⁾ ('000)	178,321	172,451	178,321	156,453
Basic earnings/(loss) per share ⁽¹⁾ (sen)	0.76	(0.32)	2.32	1.95

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Interest income	61	79	201	180
Gain on disposal of property, plant and equipment	161	-	161	-
Other income	30	147	91	185
Finance costs	(18)	(55)	(57)	(230)
Depreciation of property, plant and equipment	(524)	(380)	(1,485)	(1,022)

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

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

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 in accordance with a resolution passed by the Board on 17 November 2022.

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