



**HAILY GROUP BERHAD**  
(Registration No. 202001006412 (1362732-T))  
(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For The Fourth Quarter Ended  
31 December 2022**

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

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	59,284	34,635	196,255	124,066
Cost of sales		(52,138)	(27,375)	(172,650)	(102,151)
<b>Gross profit</b>		<b>7,146</b>	<b>7,260</b>	<b>23,605</b>	<b>21,915</b>
Other income		494	172	947	538
Other operating expenses		(4,313)	(2,776)	(15,277)	(12,999)
Impairment losses on goodwill		-	(118)	-	(118)
<b>Operating profit</b>		<b>3,327</b>	<b>4,538</b>	<b>9,275</b>	<b>9,336</b>
Finance costs		(83)	(22)	(140)	(252)
<b>Profit before tax</b>	B12	<b>3,244</b>	<b>4,516</b>	<b>9,135</b>	<b>9,084</b>
Income tax expense	B5	(780)	(1,311)	(2,535)	(2,827)
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>		<b>2,464</b>	<b>3,205</b>	<b>6,600</b>	<b>6,257</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,464	3,205	6,600	6,257
Non-controlling Interest		-	-	-	-
		<b>2,464</b>	<b>3,205</b>	<b>6,600</b>	<b>6,257</b>
<b>Earnings Per Share attributable to owners of the Company (sen)<sup>(2)</sup></b>					
Basic/Diluted <sup>(3)</sup>	B11	<b>1.38</b>	<b>1.80</b>	<b>3.70</b>	<b>3.87</b>

**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/year.
- (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/year under review as disclosed in Note B11.

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

		As at 31.12.2022	As at 31.12.2021
	Note	Unaudited RM'000	Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,073	4,885
Other investments		2,552	2,272
<b>Total non-current assets</b>		<b>7,625</b>	<b>7,157</b>
<b>Current assets</b>			
Current tax assets		24	17
Trade and other receivables		80,216	56,854
Contract assets		47,400	39,014
Cash and short-term deposits		26,386	30,191
<b>Total current assets</b>		<b>154,026</b>	<b>126,076</b>
<b>TOTAL ASSETS</b>		<b>161,651</b>	<b>133,233</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Group</b>			
Share capital		61,255	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		59,336	53,735
<b>TOTAL EQUITY</b>		<b>80,561</b>	<b>74,960</b>
<b>Non-current liabilities</b>			
Borrowings	B8	617	1,033
Deferred tax liabilities		130	195
<b>Total non-current liabilities</b>		<b>747</b>	<b>1,228</b>
<b>Current liabilities</b>			
Borrowings	B8	6,379	948
Current tax liabilities		483	485
Trade and other payables		70,609	55,375
Contract liabilities		2,872	237
<b>Total current liabilities</b>		<b>80,343</b>	<b>57,045</b>
<b>TOTAL LIABILITIES</b>		<b>81,090</b>	<b>58,273</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>161,651</b>	<b>133,233</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>		0.45	0.42

**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 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 31 December 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 <sup>(1)</sup>

	<---- Attributable to owners of the Company ---->			Total equity
	Share capital	Reorganisation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2021 (Audited)</b>	41,530	(40,030)	50,474	51,974
<b>Total comprehensive income for the financial year</b>				
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 the public issue	20,400	-	-	20,400
Shares issuance expenses	(675)	-	-	(675)
Dividends paid on shares	-	-	(2,996)	(2,996)
<b>At 31 December 2021 (Audited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>53,735</u>	<u>74,960</u>
<b>At 1 January 2022 (Audited)</b>	61,255	(40,030)	53,735	74,960
<b>Total comprehensive income for the financial year</b>				
Profit for the financial year, representing total comprehensive income for the financial year	-	-	6,600	6,600
<b>Transaction with owners:</b>				
Dividends paid on shares	-	-	(999)	(999)
<b>At 31 December 2022 (Unaudited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>59,336</u>	<u>80,561</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 <sup>(1)</sup>

	CURRENT YEAR TO-DATE <b>31.12.2022</b>	PRECEDING YEAR TO-DATE <b>31.12.2021</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	9,135	9,084
Adjustments for:		
Depreciation of property, plant and equipment	2,078	1,707
Gain on disposal of property, plant and equipment	(211)	-( <sup>(2)</sup> )
Impairment losses on goodwill	-	118
Property, plant and equipment written off	4	-
Fair value gain from other investments	(64)	-
Interest income	(289)	(256)
Finance costs	140	252
<b>Operating profit before changes in working capital</b>	<b>10,793</b>	<b>10,905</b>
<u>Changes in working capital:</u>		
Trade and other receivables	(23,363)	16,382
Contract assets	(8,386)	(9,336)
Trade and other payables	15,234	(17,675)
Contract liabilities	2,635	(2,723)
<b>Net cash used in operations</b>	<b>(3,087)</b>	<b>(2,447)</b>
Income tax paid	(2,609)	(3,405)
Interest paid	(66)	(138)
<b>Net cash flows used in operating activities</b>	<b>(5,762)</b>	<b>(5,990)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,780)	(1,480)
Proceeds from disposal of property, plant and equipment	211	-( <sup>(2)</sup> )
Purchase of other investments	(216)	(454)
Change in pledged deposits	(934)	1,152
Interest received	289	256
<b>Net cash used in investing activities</b>	<b>(2,430)</b>	<b>(526)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	20,400
Payment of lease liabilities	(1,005)	(965)
Repayment of revolving credit	-	(1,000)
Interest paid	(74)	(114)
Dividend paid	(999)	(2,996)
<b>Net cash (used in)/from financing activities</b>	<b>(2,078)</b>	<b>15,325</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,270)</b>	<b>8,809</b>
Cash and cash equivalents at the beginning of the financial year	30,124	21,315
<b>Cash and cash equivalents at the end of the financial year</b>	<b>19,854</b>	<b>30,124</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Short-term deposits	1,002	67
Less: Pledged deposits	(1,002)	(67)
	-	-
Cash and bank balances	25,384	30,124
Bank overdraft	(5,530)	-
	<b>19,854</b>	<b>30,124</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>  
(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.
- (2) Represents RM100.00.

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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 year:

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.

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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:

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

*# 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.

### A4. Seasonal or Cyclical Factors

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

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

**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: -

<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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
Revenue from external customers:				
Building construction	59,210	34,561	195,741	123,844
Others	74	74	514	222
	<u>59,284</u>	<u>34,635</u>	<u>196,255</u>	<u>124,066</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	(755)	576	2,710	1,643
Adjustment and eliminations	755	(576)	(2,710)	(1,643)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	59,210	34,561	195,741	123,844
Others	(681)	650	3,224	1,865
Adjustment and eliminations	755	(576)	(2,710)	(1,643)
	<u>59,284</u>	<u>34,635</u>	<u>196,255</u>	<u>124,066</u>
<b>Segment profit:</b>				
Building construction	7,141	7,264	23,526	21,898
Others	5	(4)	79	17
	<u>7,146</u>	<u>7,260</u>	<u>23,605</u>	<u>21,915</u>
Other income	494	172	947	538
Unallocated expenses	(4,313)	(2,894)	(15,277)	(13,117)
Finance costs	(83)	(22)	(140)	(252)
Income tax expense	(780)	(1,311)	(2,535)	(2,827)
Profit for the financial period/year ("PAT")	<u>2,464</u>	<u>3,205</u>	<u>6,600</u>	<u>6,257</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, Haily Development Sdn Bhd (“Haily Development”) was incorporated as a wholly-owned subsidiary of the Company with an 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 issued share capital of RM2.00 comprising 2 ordinary shares, issued at RM1.00 each. Haily Capital had on 1 January 2023 commenced its business as contractor to manage and harvest durian as well as other fruits on 2 plots of agriculture land in the State of Pahang.

**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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	120	480	360

**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 31.12.2022 Unaudited RM'000
Approved and contracted for: -	
- Property, plant and equipment	293

**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 %
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000		31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000	
Revenue	59,284	34,635	71.17	196,255	124,066	58.19
Gross profit	7,146	7,260	(1.57)	23,605	21,915	7.71
Profit before tax	3,244	4,516	(28.17)	9,135	9,084	0.56
Profit after tax	2,464	3,205	(23.12)	6,600	6,257	5.48
Profit attributable to owners of the Company	2,464	3,205	(23.12)	6,600	6,257	5.48

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 %
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000		31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000	
Building construction	59,210	34,561	71.32	195,741	123,844	58.05
Others	74	74	-	514	222	131.53
Total	59,284	34,635	71.17	196,255	124,066	58.19

For the fourth quarter ended 31 December 2022, the Group reported revenue of RM59.28 million, an increase of RM24.64 million or 71.17% as compared to RM34.64 million registered for the fourth 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 RM34.56 million for the fourth quarter ended 31 December 2021 to RM59.21 million for the quarter under review, representing an increase of RM24.65 million or 71.32%. The increase arose mainly from the following on-going construction projects which were undertaken by the Group in the financial year ended 31 December 2022, accounting for revenue of approximately RM23.61 million: -

- (i) 147 DSTV Aurora Sentral Project,
- (ii) Aurora Sentral Clubhouse Project,
- (iii) 99 TSSO Bandar Jaya Putra Project,
- (iv) 121 DSTV Aurora Sentral Project,
- (v) 108 DSTH Meridin East – Parcel 2H3 Project, and
- (vi) Indahpura Food Court – Infrastructure works 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)

For the financial year-to-date, the Group reported a higher revenue of RM196.26 million, representing an increase of RM72.19 million or 58.19% as compared to RM124.07 million registered for the preceding financial year. For the financial year ended 31 December 2022, the building construction segment contributed total revenue of RM195.74 million or equivalent to 99.74% of the Group's overall revenue. This represents an increase in revenue of RM71.90 million or 58.05% as compared to RM123.84 million registered for the preceding financial year. The increase in revenue from the building construction segment arose mainly from the following:

-

- a) Approximately RM47.80 million from the on-going construction projects undertaken by the Group in the financial year ended 31 December 2022 as explained in the foregoing paragraph;
- b) Approximately RM88.63 million arising from the increase in percentage completion recognised in the financial year ended 31 December 2022 in relation to the Group's on-going construction projects, namely: -
  - (i) 217 DSTH Mutiara Maju Project,
  - (ii) 206 DSTH Gelang Patah Project,
  - (iii) 159 SSTH Taman Impian Emas Project,
  - (iv) 66 DSTH Kluang Project,
  - (v) 155 DSTH Meridin East Parcel 2H1 Project,
  - (vi) 176 SSTH Taman Impian Emas Project, and
  - (vii) 216 PKJ Bandar Putra Project.

The increase in the revenue as explained in the above was however partially offset by the decrease in total revenue by approximately RM61.63 million which arose mainly from: -

- a) Approximately RM47.48 million in respect of building construction projects which have been completed by the end of the current financial year, namely: -
  - (i) 236 DSTH Meridin East – Parcel 1H Project,
  - (ii) 164 DSTH Meridin East – Parcel 1F2 Project,
  - (iii) 128 DSTH Taman Impian Emas Project,
  - (iv) 264 DSTH Bandar Jaya Putra Project,
  - (v) 30 SSSD Taman Ungku Tun Aminah – Zone 9 Project,
  - (vi) Taman Ungku Tun Aminah – Zone 13 Project,
  - (vii) 30 TSSD Taman Nusa Sentral Project,
  - (viii) 185 DSTH Meridin East – Parcel 1I Project, and
  - (ix) AME Dormitory Project.
- b) Approximately RM14.15 million arising from an on-going building construction project, namely Bandar Jaya Putra Project which is nearing completion as at 31 December 2022.

**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)**

Gross profit for the current financial year increased by RM1.69 million or 7.71% from RM21.92 million registered for the financial year ended 31 December 2021 to RM23.61 million for the financial year under review despite an increase in total revenue of 58.19% over the preceding year. The Group reported a decrease in gross profit margin at 12.03% as compared to 17.66% for the financial year ended 31 December 2021 due mainly to the increase 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 RM9.14 million and RM6.60 million respectively, representing an increase of 0.56% and 5.48% respectively as compared to the results reported for the preceding financial year.

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

	QUARTER ENDED		Changes %
	31.12.2022 Unaudited RM'000	30.09.2022 Unaudited RM'000	
Revenue	59,284	49,910	18.78
Gross profit	7,146	5,797	23.27
Profit before tax	3,244	2,027	60.04
Profit after tax	2,464	1,349	82.65
Profit attributable to owners of the Company	2,464	1,349	82.65

The Group reported an increase in revenue by RM9.37 million or 18.78% from RM49.91 million registered for the immediate preceding quarter to RM59.28 million for the quarter under review. This was mainly due to the increase in revenue recognised pursuant to percentage of completion for the current quarter as compared to the immediate preceding quarter for the Group's on-going building construction projects.

The Group registered a marginal increase in gross profit margin at 12.05% for the current quarter as compared to 11.61% achieved for the immediate preceding quarter of the current financial year. Consequently, a higher gross profit was reported for the quarter under review at RM7.15 million, representing an increase of RM1.35 million or 23.27% as compared to RM5.80 million registered for the quarter ended 30 September 2022. Corresponding to the above, profit before tax and profit after tax increased to RM3.24 million and RM2.46 million in the current quarter as compared to the results of the immediate preceding quarter of RM2.03 million and RM1.35 million respectively.

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

### **B3. Prospects**

“In the fourth quarter of 2022, the Malaysian economy recorded a growth of 7.0% (3Q 2022: 14.2%), supported by the continued expansion in domestic demand, sustained recovery in the labour market, resilient demand for E&E products and recovery in tourism activities. For 2022 as a whole, the Malaysian economy expanded by 8.7% which is the highest growth since 2000. On a seasonally adjusted quarter-on-quarter basis, GDP declined by 2.6% (3Q 2022: +1.9%).

For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The balance of risks remains tilted to the downside, mainly from weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions” (*Source: Bank Negara Malaysia’s Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022*).

The Malaysian economy is expected to grow by 4.5% in 2023 which will be supported by the recovery in construction in major infrastructure projects, improved labour supply and tourism related activities as announced during the Budget 2023 on 24 February 2023 (superseding the previous Budget announced on 7 October 2022) by the Prime Minister, Datuk Seri Anwar Ibrahim who is also the Honourable Finance Minister.

“The value of work done in the Construction sector continued to increase by 15.7% in the fourth quarter at RM32.0 billion after expanding strongly by 23.2% in the third quarter of 2022, with the state of Johor accounted for RM3.4 billion or 10.7%. The Construction sector posted a rebound of 8.8% in 2022 after two years in the declining trend. All sub-sectors picked up during the year with double-digit growth recorded in Special trade activities (19.6%); and Non-residential buildings (18.7%). In the meantime, the Civil Engineering and Residential buildings sub-sectors turned around to positive growth of 2.7% and 3.4% respectively. The total value of work done in construction in 2022 amounted to RM121.9 billion, however, it remained lower than the pre-pandemic period which was RM146.4 billion in 2019” (*Source: Department of Statistics Malaysia’s Quarterly Construction Statistics, Fourth Quarter 2022*).

Considering the above, the Group remains cautiously optimistic of its prospects for the financial year ending 31 December 2023 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, Kulai, Pontian and Kluang 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 2023 will remain favourable.



**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	
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Current income tax				
- Current income tax charge	845	1,271	2,551	2,788
- Adjustment in respect of prior period/year	-	31	49	31
Deferred tax	(65)	9	(65)	8
<b>Total income tax expense</b>	<b>780</b>	<b>1,311</b>	<b>2,535</b>	<b>2,827</b>
Effective tax rate <sup>(1)</sup> (%)	24.04	29.03	27.75	31.12
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.

**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 2022 is as follows:

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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	-	(2,577)	1,623	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>(18,777)</b>	<b>1,623</b>	

**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.

**B8. Borrowings**

The details of the Group's 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. Borrowings (Cont'd)**

	<b>As At 31.12.2022 Unaudited RM'000</b>	<b>As At 31.12.2021 Audited RM'000</b>
<b>Non-current:</b>		
Lease liabilities	617	1,033
<b>Current:</b>		
Bank overdraft	5,530	-
Lease liabilities	849	948
	<b>6,379</b>	<b>948</b>
<b>Total borrowings</b>	<b>6,996</b>	<b>1,981</b>

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

**B9. Material Litigation**

As at 21 February 2023 (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**

Dividends declared or proposed during the current quarter and financial year-to-date were as follows: -

	<b>YEAR-TO-DATE ENDED</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
First interim single tier dividend of 0.56 sen per ordinary share for the financial year ended 31 December 2022, declared on 24 August 2022 and paid on 7 October 2022	999	
First interim single tier dividend of 1.68 sen per ordinary share for the financial year ended 31 December 2021, declared on 16 July 2021 and paid on 30 August 2021		2,996
	<b>999</b>	<b>2,996</b>

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

**B10. Dividends (Cont'd)**

On 27 February 2023, the Board declared a second interim single tier dividend of 0.56 sen per ordinary share for the financial year ended 31 December 2022, amounting to RM998,595.92 computed based on 178,320,700 ordinary shares in issue. The second interim single tier dividend will be payable to members on 17 April 2023 whose names appear in the Record of Depositors as at 24 March 2023.

**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	
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Profit attributable to owners of the Company (RM'000)	2,464	3,205	6,600	6,257
Weighted average number of shares in issue <sup>(1)</sup> ('000)	178,321	178,321	178,321	161,476
Basic earnings per share <sup>(1)</sup> (sen)	1.38	1.80	3.70	3.87

(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/year under review.

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**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	
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Interest income	88	75	289	256
Gain on disposal of property, plant and equipment	50	-	211	-
Property, plant and equipment written off	(4)	-	(4)	-
Fair value gain from other investments	64	-	64	-
Other income	292	97	383	282
Finance costs	(83)	(22)	(140)	(252)
Depreciation of property, plant and equipment	(593)	(685)	(2,078)	(1,707)
Impairment losses on goodwill	-	(118)	-	(118)

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 in accordance with a resolution passed by the Board on 27 February 2023.

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