



## **HAILY GROUP BERHAD**

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

**Unaudited Interim Financial Report  
For The Second Quarter Ended  
30 June 2023**

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

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	69,138	45,694	137,151	87,061
Cost of sales		(63,509)	(40,548)	(124,958)	(76,399)
<b>Gross profit</b>		<b>5,629</b>	<b>5,146</b>	<b>12,193</b>	<b>10,662</b>
Other income		89	75	197	201
Other operating expenses		(3,972)	(3,545)	(7,815)	(6,960)
<b>Operating profit</b>		<b>1,746</b>	<b>1,676</b>	<b>4,575</b>	<b>3,903</b>
Finance costs		(176)	(18)	(294)	(39)
<b>Profit before tax</b>	B12	<b>1,570</b>	<b>1,658</b>	<b>4,281</b>	<b>3,864</b>
Income tax expense	B5	(699)	(488)	(1,555)	(1,077)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>		<b>871</b>	<b>1,170</b>	<b>2,726</b>	<b>2,787</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		871	1,170	2,726	2,787
Non-controlling Interest		-	-	-	-
		<b>871</b>	<b>1,170</b>	<b>2,726</b>	<b>2,787</b>
<b>Earnings Per Share attributable to owners of the Company (sen)<sup>(2)</sup></b>					
Basic/Diluted <sup>(3)</sup>	B11	0.49	0.66	1.53	1.56

**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 2022 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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

		<b>As at 30.06.2023</b>	<b>As at 31.12.2022</b>
		<b>Unaudited</b>	<b>Audited</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,673	5,073
Other investments		2,552	2,552
<b>Total non-current assets</b>		<b>7,225</b>	<b>7,625</b>
<b>Current assets</b>			
Current tax assets		2	2
Trade and other receivables		95,528	80,217
Contract assets		63,798	47,400
Cash and short-term deposits		18,366	26,386
<b>Total current assets</b>		<b>177,694</b>	<b>154,005</b>
<b>TOTAL ASSETS</b>		<b>184,919</b>	<b>161,630</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		61,255	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		61,063	59,336
<b>TOTAL EQUITY</b>		<b>82,288</b>	<b>80,561</b>
<b>Non-current liabilities</b>			
Borrowings	B8	373	617
Deferred tax liabilities		130	130
<b>Total non-current liabilities</b>		<b>503</b>	<b>747</b>
<b>Current liabilities</b>			
Borrowings	B8	9,184	6,379
Current tax liabilities		974	461
Trade and other payables		82,848	70,610
Contract liabilities		9,122	2,872
<b>Total current liabilities</b>		<b>102,128</b>	<b>80,322</b>
<b>TOTAL LIABILITIES</b>		<b>102,631</b>	<b>81,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>184,919</b>	<b>161,630</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>		0.46	0.45

**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 2022 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 2023 of 178,320,700 shares (31 December 2022: 178,320,700 shares).

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

<----- Attributable to owners of the Company ----->

	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<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 (Audited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>59,336</u>	<u>80,561</u>
<b>At 1 January 2023 (Audited)</b>	61,255	(40,030)	59,336	80,561
<b>Total comprehensive income for the financial period</b>				
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,726	2,726
<b>Transaction with owners:</b>				
Dividends paid on shares	-	-	(999)	(999)
<b>At 30 June 2023 (Unaudited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>61,063</u>	<u>82,288</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 2022 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>30.06.2023</b> <b>Unaudited</b> RM'000	PRECEDING YEAR TO-DATE <b>30.06.2022</b> <b>Unaudited</b> RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,281	3,864
Adjustments for:		
Depreciation of property, plant and equipment	1,018	961
(Gain)/loss on disposal of property, plant and equipment	(2)	4
Interest income	(123)	(140)
Finance costs	294	39
<b>Operating profit before changes in working capital</b>	<b>5,468</b>	<b>4,728</b>
<b>Changes in working capital:</b>		
Trade and other receivables	(15,311)	(6,487)
Contract assets	(16,398)	(10,658)
Trade and other payables	12,238	6,265
Contract liabilities	6,250	222
<b>Net cash used in from operations</b>	<b>(7,753)</b>	<b>(5,930)</b>
Income tax paid	(1,041)	(1,006)
Interest paid	(262)	-
<b>Net cash used in operating activities</b>	<b>(9,056)</b>	<b>(6,936)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(426)	(1,161)
Proceeds from disposal of property, plant and equipment	2	-
Change in other investments	-	(761)
Change in pledge deposits	(810)	(922)
Interest received	123	140
<b>Net cash used in investing activities</b>	<b>(1,111)</b>	<b>(2,704)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(246)	(592)
Payment of hire purchase	(259)	(247)
Drawdown from revolving credit	1,000	-
Dividend paid	(999)	-
<b>Net cash used in financing activities</b>	<b>(504)</b>	<b>(839)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,671)</b>	<b>(10,479)</b>
Cash and cash equivalents at the beginning of the financial period	19,854	30,124
<b>Cash and cash equivalents at the end of the financial period</b>	<b>9,183</b>	<b>19,645</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Short-term deposits	1,812	988
Less: Pledged deposits	(1,812)	(988)
	-	-
Cash and bank balances	16,554	19,645
Bank overdraft	(7,371)	-
	<b>9,183</b>	<b>19,645</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 2022 and the accompanying explanatory notes attached to this interim financial report.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

**A1. Basis of preparation**

The interim financial report of Haily Group Berhad (“Haily” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the 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 2022 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 2022:

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

MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 128, MFRS 132, MFRS 136, MFRS 137, MFRS 38 and MFRS 140	Amendments to the consequence of effective of MFRS 17 Insurance Contracts
MFRS 17	Insurance Contracts – New MFRS
MFRS 101	Presentation of Financial Statements – Amendments/Improvements to MFRS
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Amendments/Improvements to MFRS
MFRS 112	Income Taxes – Amendments/Improvements to MFRS

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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



**A. EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“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>Amendments/ Improvements to MFRSs</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 128	Investments in Associates and Joint Ventures	Deferred

**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 2022.

**A4. Seasonal or Cyclical Factors**

The Group’s business operations have 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 second interim single tier dividend of 0.56 sen per ordinary share for the financial year ended 31 December 2022, amounted to RM998,595.87 computed based on 178,320,700 ordinary shares in issue was paid on 17 April 2023.

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

**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, rental of construction machinery and equipment, and agricultural activities of managing and harvesting of durian and other fruits

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>				
Revenue from external customers:				
Building construction	68,850	45,527	136,790	86,863
Others	288	167	361	198
	<u>69,138</u>	<u>45,694</u>	<u>137,151</u>	<u>87,061</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	653	648	1,343	1,264
Adjustment and eliminations	<u>(653)</u>	<u>(648)</u>	<u>(1,343)</u>	<u>(1,264)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	68,850	45,527	136,790	86,863
Others	941	815	1,704	1,462
Adjustment and eliminations	<u>(653)</u>	<u>(648)</u>	<u>(1,343)</u>	<u>(1,264)</u>
	<u>69,138</u>	<u>45,694</u>	<u>137,151</u>	<u>87,061</u>
<b>Segment profit:</b>				
Building construction	5,797	5,124	12,652	10,636
Others	<u>(168)</u>	<u>22</u>	<u>(459)</u>	<u>26</u>
	5,629	5,146	12,193	10,662
Other income	89	75	197	201
Unallocated expenses	(3,972)	(3,545)	(7,815)	(6,960)
Finance costs	(176)	(18)	(294)	(39)
Income tax expense	<u>(699)</u>	<u>(488)</u>	<u>(1,555)</u>	<u>(1,077)</u>
Profit for the financial period	<u>871</u>	<u>1,170</u>	<u>2,726</u>	<u>2,787</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.

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

**A11. Material Subsequent Events**

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

**A12. Changes in the Composition of the Group**

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

**A13. Contingent Assets and Contingent Liabilities**

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

**A14. Significant Related Party Transaction**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	120	240	240

**A15. Capital Commitments**

There were no material capital commitments as at the end of the current quarter and financial year-to-date.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

### B1. Review of Group Performance

	Current quarter		Changes %	Year-to-date		Changes %
	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000		30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	
Revenue	69,138	45,694	51.31	137,151	87,061	57.53
Gross profit	5,629	5,146	9.39	12,193	10,662	14.36
Profit before tax	1,570	1,658	(5.31)	4,281	3,864	10.79
Profit after tax	871	1,170	(25.56)	2,726	2,787	(2.19)
Profit attributable to owners of the Company	871	1,170	(25.56)	2,726	2,787	(2.19)

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 %
	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000		30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	
Building construction	68,850	45,527	51.23	136,790	86,863	57.48
Others	288	167	72.46	361	198	82.32
Total	69,138	45,694	51.31	137,151	87,061	57.53

For the second quarter ended 30 June 2023, the Group reported revenue of RM69.14 million, an increase of RM23.45 million or 51.31% as compared to RM45.69 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 RM45.53 million for the second quarter ended 30 June 2022 to RM68.85 million for the quarter under review, representing an increase of RM23.32 million or 51.23%.

The increase in revenue arose mainly from the following on-going building construction projects undertaken by the Group subsequent to the second quarter ended 30 June 2022 which contributed to revenue in the quarter ended 30 June 2023 of approximately RM26.45 million: -

- (i) 99 TSSO Bandar Jaya Putra Project,
- (ii) 108 DSTH Meridin East - Parcel 2H3 Project,
- (iii) 283 DSTH Meridin East - Parcel 1C Project,
- (iv) 77 TSSO Bandar Jaya Putra Project,
- (v) 262 DSTH Gelang Patah Project, and
- (vi) 186 SSTH Bandar Putra Project.

In addition, the increase in revenue for the building construction segment was also attributed to the increase in percentage of completion recognised in the quarter under review in relation to the Group's on-going construction projects totalling approximately RM15.41 million, namely: -

- (i) 147 DSTV Aurora Sentral Project,
- (ii) 206 DSTH Gelang Patah 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)**

- (iii) 66 DSTH Kluang Project,
- (iv) 155 DSTH Meridin East - Parcel 2H1 Project,
- (v) 176 SSTH Taman Impian Emas Project, and
- (vi) 121 DSTV Aurora Sentral Project.

The increase in revenue above was offset by the decrease in revenue totalling approximately RM19.05 million due to the reduction in percentage of completion recognised in the quarter under review for the Group's completed and on-going building construction projects, namely: -

- (i) 185 DSTH Meridin East - Parcel 1I Project,
- (ii) AME Dormitory Project,
- (iii) Bandar Jaya Putra Project,
- (iv) 122 DSTH Bandar Putra Project,
- (v) 217 DSTH Mutiara Maju Project,
- (vi) 159 SSTH Taman Impian Emas Project, and
- (vii) 216 Strata Townhouse Bandar Putra Project.

For the current quarter, the Group reported gross profit at RM5.63 million, representing an increase by RM0.48 million or 9.39% as compared to the gross profit of RM5.15 million registered for the second quarter ended 30 June 2022. However, the gross profit margin decreased to 8.14% for the current quarter as compared to 11.26% registered for the corresponding quarter of the preceding year. This was largely attributed to the increase in building construction costs arising from the price hikes of building materials and higher labour costs as well as costs incurred for the Group's agriculture activities which commenced business during the first quarter of the current financial year. Consequently, the profit before tax and profit after tax of the Group for the current quarter decreased to RM1.57 million and RM0.87 million respectively representing decrease of 5.31% and 25.56% respectively as compared to the results reported for the corresponding quarter of the preceding financial year.

For the financial year-to-date, the Group reported a higher revenue of RM137.15 million, representing an increase of RM50.09 million or 57.53% as compared to RM87.06 million registered for the corresponding period in the preceding financial year. Despite the increase in revenue as stated above, gross profit margin declined to 8.89% for the financial period under review as compared to 12.25% registered for the financial period ended 30 June 2022 owing to the increase in building construction costs as well as the costs incurred for the Group's agriculture activities as explained in the foregoing paragraph. However, due to the higher revenue, gross profit for the financial period ended 30 June 2023 increased by RM1.53 million or 14.36% to RM12.19 million as compared to RM10.66 million registered for corresponding period of the preceding financial year. Consequently, profit before tax increased by RM0.42 million or 10.79% to RM4.28 million as compared to RM3.86 million registered for the financial period ended 30 June 2022. As compared to the financial period ended 30 June 2022 of RM2.79 million, profit after tax for the financial period under review decreased marginally to RM2.73 million.

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

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

	QUARTER ENDED		Changes %
	30.06.2023 Unaudited RM'000	31.03.2023 Unaudited RM'000	
Revenue	69,138	68,013	1.65
Gross profit	5,629	6,564	(14.24)
Profit before tax	1,570	2,711	(42.09)
Profit after tax	871	1,855	(53.05)
Profit attributable to owners of the Company	871	1,855	(53.05)

The Group reported a marginal increase in revenue by RM1.13 million or 1.65% from RM68.01 million registered for the immediate preceding quarter to RM69.14 million for the quarter under review.

The Group registered a decrease in gross profit margin at 8.14% for the current quarter as compared to 9.65% achieved for the immediate preceding quarter. Consequently, the Group recorded a decrease in gross profit by RM0.93 million or 14.24% from RM6.56 million for the quarter ended 31 March 2023 to RM5.63 million for the quarter under review. The decrease in the gross profit and gross profit margin were mainly due to the increase in building construction costs arising from the price hikes of certain building materials during the financial quarter under review.

Corresponding to the above, the profit before tax and profit after tax of the Group decreased to RM1.57 million and RM0.87 million for the current quarter as compared to the results of the immediate preceding quarter of RM2.71 million and RM1.86 million respectively.

**B3. Prospects**

"The Malaysian economy expanded moderately in the second quarter of 2023 by 2.9% (1Q 2023: 5.6%), weighed mainly by slower external demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Risks to Malaysia's growth outlook is subject to downside risk stemming primarily from weaker-than-expected global growth. There are, however, upside risk factors are such as stronger-than-expected tourism activity and faster implementation of projects" (*Source: Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the Second Quarter of 2023*).

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

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

“For the second quarter 2023, the value of work done in the construction sector continued to increase for the fifth quarter with year-on-year growth of 8.1 per cent (Q1 2023: 9.4%), amounting to RM32.4 billion (Q1 2023: RM32.2 billion). Meanwhile, a quarter-on-quarter comparison showed the value of work done grew modestly at 0.4 per cent in the second quarter 2023 (Q1 2023: 0.8%).

Johor recorded the second highest value of construction work done at RM3.8 billion after Selangor with the value of work done recorded at RM7.5 billion” (*Source: Department of Statistics Malaysia’s Quarterly Construction Statistics, Second Quarter 2023*).

The Group will continue to focus on its core competency in building construction in the districts of Johor Bahru, Kulai, Pontian and Kluang as well as expanding into other districts in Johor and focus on construction projects involving landed residential buildings and industrial buildings. Moving forward, the Group expects its performance to be continuously driven by its ability to successfully complete the on-going construction projects.

The Group is constantly on the lookout for new opportunities to secure new construction projects. Based on the existing order book, the Group views positively on the prospects for the current year as it is anticipated that the Malaysian economy will continue to recover despite the on-going uncertainties in the global economy and political affairs. The Group remains steadfast and resolute to take full advantage of this. Moving forward, the Group is cautiously optimistic that the financial results for the financial year ending 31 December 2023 will be 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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

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

**B5. Income Tax Expense**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000
Income tax - current	699	488	1,555	1,077
Effective tax rate <sup>(1)</sup> (%)	44.52	29.43	36.32	27.87
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**

- (a) As at 30 June 2023, the status of utilisation of the gross proceeds of RM20.40 million raised from the IPO is as follows:

	Proposed utilisation RM'000	Deviation <sup>(1)</sup> RM'000	Actual utilisation RM'000	Unutilised amount RM'000	Intended time frame for utilisation upon Listing <sup>(2)</sup>
Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	4,200	-	(2,577)	1,623 <sup>(3)</sup>	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	-	(18,777)	1,623	



**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)**

**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.
  - (3) Subsequent to 30 June 2023, an amount of RM0.74 million was utilised for purchase of scaffoldings. The unutilised balance amounting to RM0.88 million was approved by Haily's Board of Directors ("Board") via a directors' resolution dated 17 July 2023 to be utilised for working capital for construction projects.
- (b) The gross proceeds of RM20.40 million raised from the IPO has been fully utilised by the Group within the stipulated time frame of 24 months from the date of the IPO, i.e. not later than 21 July 2023.

**B8. Borrowings**

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

	<b>As At 30.06.2023 Unaudited RM'000</b>	<b>As At 31.12.2022 Audited RM'000</b>
<b>Non-current:</b>		
Lease liabilities	31	242
Hire purchase	342	375
	<b>373</b>	<b>617</b>
<b>Current:</b>		
Lease liabilities	481	463
Hire purchase	332	386
Bank overdraft	7,371	5,530
Revolving credit	1,000	-
	<b>9,184</b>	<b>6,379</b>
<b>Total borrowings</b>	<b>9,557</b>	<b>6,996</b>

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

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

**B9. Material Litigation**

As at 18 August 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 is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

**B10. Dividends**

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Second interim single tier dividend of 0.56 sen per ordinary share for the financial year ended 31 December 2022, declared on 27 February 2023 and paid on 17 April 2023	-	-	999	-
	-	-	999	-

(b) A first interim single tier dividend of 0.56 sen per ordinary share for the financial year ending 31 December 2023, amounting to RM998,595.92 computed based on 178,320,700 ordinary shares in issue was declared by the Directors on 24 August 2023. The first interim single tier dividend of 0.56 sen per share will be payable on 16 October 2023 to members whose names appear in the Record of Depositors on 22 September 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Profit attributable to owners of the Company (RM'000)	871	1,170	2,726	2,787
Weightage average number of shares in issue <sup>(1)</sup> ('000)	178,321	178,321	178,321	178,321
Basic earnings per share <sup>(1)</sup> (sen)	0.49	0.66	1.53	1.56

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

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

(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	
	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000
Interest income	54	61	123	140
Gain on disposal of property, plant and equipment	-	-	2	-
Other income	35	14	72	61
Finance costs	(176)	(18)	(294)	(39)
Depreciation of property, plant and equipment	(518)	(529)	(1,018)	(961)

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 24 August 2023.