



## **HAILY GROUP BERHAD**

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

**Unaudited Interim Financial Report  
For The Fourth Quarter Ended  
31 December 2023**

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

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	74,940	59,284	295,578	196,255
Cost of sales		(67,509)	(52,138)	(269,272)	(172,650)
<b>Gross profit</b>		<b>7,431</b>	<b>7,146</b>	<b>26,306</b>	<b>23,605</b>
Other income		772	494	1,272	947
Other operating expenses		(4,436)	(4,313)	(16,484)	(15,277)
<b>Operating profit</b>		<b>3,767</b>	<b>3,327</b>	<b>11,094</b>	<b>9,275</b>
Finance costs		(214)	(83)	(717)	(140)
<b>Profit before tax</b>	B11	<b>3,553</b>	<b>3,244</b>	<b>10,377</b>	<b>9,135</b>
Income tax expense	B5	(978)	(780)	(3,025)	(2,535)
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>		<b>2,575</b>	<b>2,464</b>	<b>7,352</b>	<b>6,600</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,575	2,464	7,352	6,600
Non-controlling Interest		-	-	-	-
		<u>2,575</u>	<u>2,464</u>	<u>7,352</u>	<u>6,600</u>
<b>Earnings Per Share attributable to owners of the Company (sen)<sup>(2)</sup></b>					
Basic/Diluted <sup>(3)</sup>	B10	<u>1.44</u>	<u>1.38</u>	<u>4.12</u>	<u>3.70</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 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/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 B10.

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

		As at 31.12.2023	As at 31.12.2022
		Unaudited	Audited
	Note	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,822	5,073
Other investments		3,995	2,552
Deferred tax assets		80	-
<b>Total non-current assets</b>		<b>10,897</b>	<b>7,625</b>
<b>Current assets</b>			
Current tax assets		28	2
Trade and other receivables		94,018	80,217
Contract assets		65,665	47,400
Cash and short-term deposits		15,408	26,386
<b>Total current assets</b>		<b>175,119</b>	<b>154,005</b>
<b>TOTAL ASSETS</b>		<b>186,016</b>	<b>161,630</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		64,690	59,336
<b>TOTAL EQUITY</b>		<b>85,915</b>	<b>80,561</b>
<b>Non-current liabilities</b>			
Borrowings	B7	2,185	617
Deferred tax liabilities		146	130
<b>Total non-current liabilities</b>		<b>2,331</b>	<b>747</b>
<b>Current liabilities</b>			
Borrowings	B7	5,879	6,379
Current tax liabilities		1,216	461
Trade and other payables		90,660	70,610
Contract liabilities		15	2,872
<b>Total current liabilities</b>		<b>97,770</b>	<b>80,322</b>
<b>TOTAL LIABILITIES</b>		<b>100,101</b>	<b>81,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>186,016</b>	<b>161,630</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>		0.48	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 31 December 2023 of 178,320,700 shares (31 December 2022: 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 ---->			
	Share capital	Reorganisation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	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 year</b>				
Profit for the financial year, representing total comprehensive income for the financial year	-	-	7,352	7,352
<b>Transaction with owners:</b>				
Dividends paid on shares	-	-	(1,998)	(1,998)
<b>At 31 December 2023 (Unaudited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>64,690</u>	<u>85,915</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 31.12.2023	PRECEDING YEAR TO-DATE 31.12.2022
	Unaudited	Audited
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	10,377	9,135
Adjustments for:		
Depreciation of property, plant and equipment	2,811	2,078
Gain on disposal of property, plant and equipment	(590)	(211)
Property, plant and equipment written off	-	4
Fair value gain of other investment	-	(64)
Interest income	(219)	(289)
Finance costs	717	140
<b>Operating profit before changes in working capital</b>	<b>13,096</b>	<b>10,793</b>
<u>Changes in working capital:</u>		
Trade and other receivables	(13,802)	(23,363)
Contract assets	(18,265)	(8,386)
Trade and other payables	20,050	15,234
Contract liabilities	(2,857)	2,635
<b>Net cash used in operations</b>	<b>(1,778)</b>	<b>(3,087)</b>
Income tax paid	(2,359)	(2,609)
Interest paid	(577)	(66)
<b>Net cash used in operating activities</b>	<b>(4,714)</b>	<b>(5,762)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,348)	(1,780)
Proceeds from disposal of property, plant and equipment	597	211
Change in other investments	(1,443)	(216)
Change in pledged deposits	(1,507)	(934)
Interest received	219	289
<b>Net cash used in investing activities</b>	<b>(5,482)</b>	<b>(2,430)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(500)	(490)
Payment of hire purchase	(492)	(589)
Drawdown from revolving credit	1,000	-
Drawdown of term loan	1,455	-
Payment of term loan	(114)	-
Dividend paid	(1,998)	(999)
<b>Net cash used in financing activities</b>	<b>(649)</b>	<b>(2,078)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,845)</b>	<b>(10,270)</b>
Cash and cash equivalents at the beginning of the financial year	19,854	30,124
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,009</b>	<b>19,854</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Short-term deposits	2,509	1,002
Less: Pledged deposits	(2,509)	(1,002)
	-	-
Cash and bank balances	12,899	25,384
Bank overdraft	(3,890)	(5,530)
	<b>9,009</b>	<b>19,854</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.

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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 2022 and the accompanying explanatory notes attached to this interim financial report.

**A2. Accounting Policies**

The 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 new MFRSs and amendments to MFRSs for the current financial year:

<u>New MFRS</u>	
MFRS 17	Insurance Contracts
<u>Amendments to MFRSs</u>	
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments 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, except as discussed below:

***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group disclosed its material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group.

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**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 amendments to MFRSs that have been issued, but yet to be effective:

<u>Amendments to MFRSs</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
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.

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

**A8. Dividend Paid**

Dividends paid by the Company since the end of the previous financial year to the date of this report are as follows: -

- 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; and
- b) First interim single tier dividend of 0.56 sen per ordinary share for the financial year ending 31 December 2023, amounted to RM998,595.87 computed based on 178,320,700 ordinary shares in issue was paid on 16 October 2023.

**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

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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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
<b>Revenue:</b>				
Revenue from external customers:				
Building construction	74,007	59,210	294,018	195,741
Others	933	74	1,560	514
	<u>74,940</u>	<u>59,284</u>	<u>295,578</u>	<u>196,255</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	785	(755)	6,449	4,510
Adjustment and eliminations	(785)	755	(6,449)	(4,510)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	74,007	59,210	294,018	195,741
Others	1,718	(681)	8,009	5,024
Adjustment and eliminations	(785)	755	(6,449)	(4,510)
	<u>74,940</u>	<u>59,284</u>	<u>295,578</u>	<u>196,255</u>
<b>Segment profit:</b>				
Building construction	6,801	7,141	26,211	23,526
Others	630	5	95	79
	<u>7,431</u>	<u>7,146</u>	<u>26,306</u>	<u>23,605</u>
Other income	772	494	1,272	947
Unallocated expenses	(4,436)	(4,313)	(16,484)	(15,277)
Finance costs	(214)	(83)	(717)	(140)
Income tax expense	(978)	(780)	(3,025)	(2,535)
Profit for the financial quarter/year	<u>2,575</u>	<u>2,464</u>	<u>7,352</u>	<u>6,600</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.

**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.

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

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	120	480	480

**A15. Capital Commitments**

There were no material capital commitments as at the end of 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

### B1. Review of Group Performance

	Current quarter		Changes %	Year-to-date		Changes %
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000		31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000	
Revenue	74,940	59,284	26.41	295,578	196,255	50.61
Gross profit	7,431	7,146	3.99	26,306	23,605	11.44
Profit before tax	3,553	3,244	9.53	10,377	9,135	13.60
Profit after tax	2,575	2,464	4.50	7,352	6,600	11.39
Profit attributable to owners of the Company	2,575	2,464	4.50	7,352	6,600	11.39

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 %
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000		31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000	
Building construction	74,007	59,210	24.99	294,018	195,741	50.21
Others	933	74	1,160.81	1,560	514	203.50
Total	74,940	59,284	26.41	295,578	196,255	50.61

For the fourth quarter ended 31 December 2023, the Group reported revenue of RM74.94 million, an increase of RM15.66 million or 26.41% as compared to RM59.28 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 RM59.21 million for the fourth quarter ended 31 December 2022 to RM74.01 million for the quarter under review, representing an increase of RM14.80 million or 24.99%.

The increase in revenue arose mainly from the following on-going building construction projects undertaken by the Group subsequent to the financial year ended 31 December 2022 which contributed to revenue in the quarter under review of approximately RM46.40 million: -

- (i) 283 DSTH Meridin East - Parcel 1C Project,
- (ii) 77 TSSO Bandar Jaya Putra Project,
- (iii) 262 DSTH Gelang Patah Project,
- (iv) 186 SSTH Bandar Putra Project,
- (v) 170 DSCH Mutiara Maju Project, and
- (vi) 327 DSTH Meridin East – Parcel 2G Project.

The Aurora Sentral Clubhouse Project which commenced in the financial year ended 31 December 2022 further contributed to an increase in revenue of approximately RM1.04 million attributed by the increase in percentage of completion recognised in the quarter under review.

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

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

The increase in revenue above was offset by the decrease in revenue totalling approximately RM32.48 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) Bandar Jaya Putra Project,
- (ii) 122 DSTH Bandar Putra Project,
- (iii) 217 DSTH Mutiara Maju Project,
- (iv) 206 DSTH Gelang Patah Project,
- (v) 159 SSTH Taman Impian Emas Project,
- (vi) 155 DSTH Meridin East - Parcel 2H1 Project,
- (vii) 176 SSTH Taman Impian Emas Project,
- (viii) 216 Strata Townhouse Bandar Putra Project,
- (ix) 99 TSSO Bandar Jaya Putra Project,
- (x) 121 DSTV Aurora Sentral Project, and
- (xi) Indahpura Food Court Infrastructure Project.

For the current quarter, the Group reported gross profit at RM7.43 million, representing an increase by RM0.28 million or 3.99% as compared to the gross profit of RM7.15 million registered for the fourth quarter ended 31 December 2022. However, the gross profit margin decreased to 9.92% for the current quarter as compared to 12.05% 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. Despite the lower gross profit margin recorded, the profit before tax and profit after tax of the Group for the current quarter increased to RM3.55 million and RM2.58 million respectively representing increase of 9.53% and 4.50% respectively as compared to the results reported for the corresponding quarter of the preceding financial year mainly due to the higher revenue.

For the financial year-to-date, the Group reported a higher revenue of RM295.58 million, representing an increase of RM99.32 million or 50.61% as compared to RM196.26 million registered for the preceding financial year. However, the gross profit margin declined to 8.90% for the financial year under review as compared to 12.03% registered for the preceding financial year owing to the increase in building construction costs as explained in the foregoing paragraph. In line with the increase in revenue, gross profit for the financial year-to-date increased by RM2.70 million or 11.44% to RM26.31 million as compared to RM23.61 million registered for the preceding financial year. Consequently, profit before tax increased by RM1.24 million or 13.60% to RM10.38 million as compared to RM9.14 million registered for the financial year ended 31 December 2022. As compared to the profit after tax for the financial year ended 31 December 2022 of RM6.60 million, profit after tax for the financial year under review increased to RM7.35 million, representing an increase by RM0.75 million or 11.39%.

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**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
	31.12.2023	30.09.2023	
	Unaudited RM'000	Unaudited RM'000	%
Revenue	74,940	83,487	(10.24)
Gross profit	7,431	6,682	11.21
Profit before tax	3,553	2,543	39.72
Profit after tax	2,575	2,051	25.55
Profit attributable to owners of the Company	2,575	2,051	25.55

The Group reported a decrease in revenue by RM8.55 million or 10.24% from RM83.49 million registered for the immediate preceding quarter to RM74.94 million for the quarter under review. The decrease was in tandem with the construction activities and progress of the Group's on-going projects.

The Group registered an increase in gross profit margin at 9.92% for the current quarter as compared to 8.00% achieved for the immediate preceding quarter attributed mainly to the higher contribution by the Company's subsidiary, Haily Capital Sdn Bhd from its agricultural activities of managing and harvesting of durian and other fruits during the quarter under review. Consequently, this resulted in an increase in gross profit by RM0.75 million or 11.21% from RM6.68 million for the quarter ended 30 September 2023 to RM7.43 million for the quarter under review.

Corresponding to the above, the profit before tax and profit after tax of the Group increased to RM3.55 million and RM2.58 million for the current quarter as compared to the results of the immediate preceding quarter of RM2.54 million and RM2.05 million respectively.

**B3. Prospects**

"The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3Q 2023: 3.3%; 2Q 2023: 2.9%). On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.1% (3Q 2023: +2.6%).

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

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

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023" (*Source: Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023*).

"For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity.

The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects" (*Source: BNM Quarterly Bulletin for Fourth Quarter 2023*).

"For the seventh quarter, the Construction sector remained on a positive trajectory, registering an increase of 6.8 per cent to reach RM34.1 billion of work done value in the fourth quarter of 2023 (Q3 2023: 9.6%; RM33.4 billion). The performance of the Construction work done in 2023, reaching a value of RM132.2 billion, demonstrating continuous positive momentum at 8.4 per cent after turning around in 2022 with 8.8 per cent growth" (*Source: Department of Statistics Malaysia's Quarterly Construction Statistics, Fourth 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, commercial 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. The Group is cautiously optimistic that the financial results for the financial year ending 31 December 2024 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.



**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	
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Current income tax				
- Current income tax charge	792	845	3,028	2,551
- Adjustment in respect of prior year	60	-	61	49
Deferred tax	126	(65)	(64)	(65)
<b>Total income tax expense</b>	<b>978</b>	<b>780</b>	<b>3,025</b>	<b>2,535</b>
Effective tax rate <sup>(1)</sup> (%)	27.53	24.04	29.15	27.75
Statutory tax rate (%)	24.00	24.00	24.00	24.00

**Note:**

- (1) The effective tax rate for the current quarter and financial year-to-date were higher than the statutory tax rate mainly due to adjustments for non-deductible expenses.

**B6. Status of Corporate Proposals**

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

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

**B7. Borrowings**

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

	<b>As At 31.12.2023 Unaudited RM'000</b>	<b>As At 31.12.2022 Audited RM'000</b>
<b>Non-current:</b>		
Lease liabilities	661	242
Hire purchase	408	375
Term loan	1,116	-
	<b>2,185</b>	<b>617</b>
<b>Current:</b>		
Lease liabilities	308	463
Hire purchase	423	386
Bank overdraft	3,890	5,530
Revolving credit	1,000	-
Term loan	258	-
	<b>5,879</b>	<b>6,379</b>
<b>Total borrowings</b>	<b>8,064</b>	<b>6,996</b>

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

**B8. Material Litigation**

As at 22 February 2024 (being a date not earlier than 7 days from the date of issue of this report), there was 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.

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

**B9. Dividends**

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Unaudited	Unaudited	Audited
	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	-
First interim single tier dividend of 0.56 sen per ordinary share for the financial year ended 31 December 2023, declared on 24 August 2023 and paid on 16 October 2023	-	-	999	-
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
	<u>-</u>	<u>-</u>	<u>1,998</u>	<u>999</u>

**B10. 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (RM'000)	2,575	2,464	7,352	6,600
Weighted 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)	1.44	1.38	4.12	3.70

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

**B10. 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/year under review.

**B11. 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	
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Interest income	51	88	219	289
Gain on disposal of property, plant and equipment	418	50	590	211
Property, plant and equipment written off	-	(4)	-	(4)
Fair value gain from other investments	-	64	-	64
Other income	303	292	463	383
Finance costs	(214)	(83)	(717)	(140)
Depreciation of property, plant and equipment	(1,011)	(593)	(2,811)	(2,078)

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

**B12. Derivatives**

The Group did not enter into any derivatives during the current quarter and financial year-to-date.

**B13. Authorisation for Issue**

This interim financial report was authorised for issue by the Board in accordance with a resolution passed by the Board on 28 February 2024.