



## **HAILY GROUP BERHAD**

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

**Unaudited Interim Financial Report  
For The First Quarter Ended  
31 March 2024**

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

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	72,113	68,013	72,113	68,013
Cost of sales		(65,819)	(61,449)	(65,819)	(61,449)
<b>Gross profit</b>		<b>6,294</b>	<b>6,564</b>	<b>6,294</b>	<b>6,564</b>
Other income		73	39	73	39
Administrative expenses		(4,140)	(3,843)	(4,140)	(3,843)
<b>Operating profit</b>		<b>2,227</b>	<b>2,760</b>	<b>2,227</b>	<b>2,760</b>
Interest income		35	69	35	69
Finance costs		(108)	(118)	(108)	(118)
<b>Profit before tax</b>	B11	<b>2,154</b>	<b>2,711</b>	<b>2,154</b>	<b>2,711</b>
Income tax expense	B5	(625)	(856)	(625)	(856)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>		<b>1,529</b>	<b>1,855</b>	<b>1,529</b>	<b>1,855</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,529	1,855	1,529	1,855
Non-controlling Interest		-	-	-	-
		<u>1,529</u>	<u>1,855</u>	<u>1,529</u>	<u>1,855</u>
<b>Earnings Per Share attributable to owners of the Company (sen)<sup>(2)</sup></b>					
Basic/Diluted <sup>(3)</sup>	B10	<u>0.86</u>	<u>1.04</u>	<u>0.86</u>	<u>1.04</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 2023 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 B10.

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

		As at 31.03.2024	As at 31.12.2023
	Note	Unaudited RM'000	Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,167	6,822
Other investments		3,995	3,995
Deferred tax assets		142	80
<b>Total non-current assets</b>		<b>11,304</b>	<b>10,897</b>
<b>Current assets</b>			
Current tax assets		2	2
Trade and other receivables		88,169	94,060
Contract assets		77,311	65,665
Cash and short-term deposits		10,123	15,408
<b>Total current assets</b>		<b>175,605</b>	<b>175,135</b>
<b>TOTAL ASSETS</b>		<b>186,909</b>	<b>186,032</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		66,220	64,691
<b>TOTAL EQUITY</b>		<b>87,445</b>	<b>85,916</b>
<b>Non-current liabilities</b>			
Borrowings	B7	2,132	2,185
Deferred tax liabilities		146	146
<b>Total non-current liabilities</b>		<b>2,278</b>	<b>2,331</b>
<b>Current liabilities</b>			
Borrowings	B7	3,633	5,878
Tax liabilities		1,427	1,191
Trade and other payables		92,126	90,701
Contract liabilities		-	15
<b>Total current liabilities</b>		<b>97,186</b>	<b>97,785</b>
<b>TOTAL LIABILITIES</b>		<b>99,464</b>	<b>100,116</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>186,909</b>	<b>186,032</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>		0.49	0.48

**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 2023 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 March 2024 of 178,320,700 shares (31 December 2023: 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 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	-	-	(1,997)	(1,997)
<b>At 31 December 2023 (Audited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>64,691</u>	<u>85,916</u>
<b>At 1 January 2024 (Audited)</b>	61,255	(40,030)	64,691	85,916
<b>Total comprehensive income for the financial period</b>				
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,529	1,529
<b>At 31 March 2024 (Unaudited)</b>	<u>61,255</u>	<u>(40,030)</u>	<u>66,220</u>	<u>87,445</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 2023 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 <u>31.03.2024</u> Unaudited RM'000	PRECEDING YEAR TO-DATE <u>31.03.2023</u> Unaudited RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,154	2,711
Adjustments for:		
Depreciation of property, plant and equipment	683	500
Gain on disposal of property, plant and equipment	-	(2)
Interest income	(35)	(69)
Finance costs	108	118
<b>Operating profit before changes in working capital</b>	<b>2,910</b>	<b>3,258</b>
<u>Changes in working capital:</u>		
Trade and other receivables	5,850	(15,672)
Contract assets	(11,646)	(12,063)
Trade and other payables	1,466	7,858
Contract liabilities	(15)	634
<b>Net cash used in operations</b>	<b>(1,435)</b>	<b>(15,985)</b>
Income tax paid	(451)	(552)
Interest paid	(60)	(101)
<b>Net cash used in operating activities</b>	<b>(1,946)</b>	<b>(16,638)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(888)	(171)
Proceeds from disposal of property, plant and equipment	-	2
Change in pledged deposits	358	(799)
Interest received	35	69
<b>Net cash used in investing activities</b>	<b>(495)</b>	<b>(899)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(126)	(123)
Payment of hire purchase	(120)	(137)
Proceeds from revolving credit	-	1,000
Payment of term loan	(86)	-
<b>Net cash (used in)/from financing activities</b>	<b>(332)</b>	<b>740</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,773)</b>	<b>(16,797)</b>
Cash and cash equivalents at the beginning of the financial period	9,008	19,854
<b>Cash and cash equivalents at the end of the financial period</b>	<b>6,235</b>	<b>3,057</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Short-term deposits	2,150	1,801
Less: Pledged deposits	(2,150)	(1,801)
	-	-
Cash and bank balances	7,972	10,578
Bank overdraft	(1,737)	(7,521)
	<b>6,235</b>	<b>3,057</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 2023 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 2023 and the accompanying explanatory notes attached to this interim financial report.

**A2. Material Accounting Policies**

The material 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 2023:

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

<u>Amendments to MFRSs</u>	
MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above 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.

- (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 10	Consolidated Financial Statements	Deferred
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Group will adopt the abovementioned standards, amendments or interpretations, if applicable, when they become effective in the respective financial periods.



**A. EXPLANATORY NOTES IN COMPLIANCE WITH MALYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**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 2023.

**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**

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

**A9. Segmental Information**

The Group prepared the following segmental information based on the internal reports of the Group’s strategic business units which are regularly reviewed by the directors for the purpose of making decision about resource allocation and performance assessment. The 2 reportable operating segments are as follows: -

<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

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

**A9. Segmental Information (Cont'd)**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
Revenue from external customers:				
Building construction	71,986	67,940	71,986	67,940
Others	127	73	127	73
	<u>72,113</u>	<u>68,013</u>	<u>72,113</u>	<u>68,013</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	2,586	690	2,586	690
Adjustment and eliminations	(2,586)	(690)	(2,586)	(690)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	71,986	67,940	71,986	67,940
Others	2,713	763	2,713	763
Adjustment and eliminations	(2,586)	(690)	(2,586)	(690)
	<u>72,113</u>	<u>68,013</u>	<u>72,113</u>	<u>68,013</u>
<b>Segment profit:</b>				
Building construction	6,429	6,855	6,429	6,855
Others	(135)	(291)	(135)	(291)
	<u>6,294</u>	<u>6,564</u>	<u>6,294</u>	<u>6,564</u>
Other income	73	39	73	39
Unallocated expenses	(4,140)	(3,843)	(4,140)	(3,843)
Interest income	35	69	35	69
Finance costs	(108)	(118)	(108)	(118)
Income tax expense	(625)	(856)	(625)	(856)
Profit for the financial period	<u>1,529</u>	<u>1,855</u>	<u>1,529</u>	<u>1,855</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.

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

### **A11. Material Subsequent Events**

On 3 May 2024, TA Securities Holdings Berhad (“TA Securities”) on behalf of the Board of Directors (“Board”) of Haily announced that the Company proposed to undertake a private placement of up to 17,832,000 new ordinary shares in Haily (“Haily Shares(s)” or “Shares(s)”) (“Placement Share(s)”), representing not more than 10% of the total number of issued shares of the Company (excluding treasury shares, if any) to third party investor(s) at an issue price to be determined later (“Private Placement”).

The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”) obtained from the shareholders of Haily in its 3<sup>rd</sup> annual general meeting (“AGM”) convened on 24 May 2023 whereby the Board had been authorised to allot and issue Shares not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that such authority shall continue to be in force until the conclusion of the next AGM of the Company (“General Mandate”). In the event the Private Placement transcends beyond the next AGM, approval will be sought from the shareholders of the Company at the next AGM to approve Haily to allot and issue Shares pursuant to Sections 75 and 76 of the Act.

The shareholders of the Company had also at the 3<sup>rd</sup> AGM approved to waive the statutory pre-emptive rights of the existing shareholders of the Company over all new shares to be offered or issued pursuant to the General Mandate with the new shares ranking equally to the existing issued shares of the Company under Section 85 of the Act to be read together with Clause 65 of the Constitution of the Company.

The listing application in relation to the Private Placement was submitted to Bursa Securities on 6 May 2024.

On 17 May 2024, on behalf of the Board, TA Securities announced that Bursa Securities had, vide their letter dated 17 May 2024 approved the listing and quotation of up to 17,832,000 Placement Shares to be issued pursuant to the Private Placement subject to the following conditions: -

- (i) Haily and TA Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Private Placement;
- (ii) Haily and TA Securities to inform Bursa Securities upon the completion of the Private Placement;
- (iii) Haily to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Private Placement is completed; and
- (iv) Haily to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company pursuant to Sections 75 and 76 of the Act, in the event the current general mandate expires prior to the completion of the Private Placement.

As at the date of this report, the Company has not implemented the Private Placement.

On 28 May 2024, the shareholders of the Company had at the 4<sup>th</sup> AGM approved, among others, the renewal of the General Mandate.

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

**A11. Material Subsequent Events (Cont'd)**

Save for the above, there was no other 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**

	<b>QUARTER ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Related expenses paid to the holding company	120	120	120	120

**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 %
	31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000		31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000	
Revenue	72,113	68,013	6.03	72,113	68,013	6.03
Gross profit	6,294	6,564	(4.11)	6,294	6,564	(4.11)
Profit before tax	2,154	2,711	(20.55)	2,154	2,711	(20.55)
Profit after tax	1,529	1,855	(17.57)	1,529	1,855	(17.57)
Profit attributable to owners of the Company	1,529	1,855	(17.57)	1,529	1,855	(17.57)

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 %
	31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000		31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000	
Building construction	71,986	67,940	5.96	71,986	67,940	5.96
Others	127	73	73.97	127	73	73.97
Total	72,113	68,013	6.03	72,113	68,013	6.03

For the first quarter ended 31 March 2024, the Group reported revenue of RM72.11 million, an increase of RM4.10 million or 6.03% as compared to RM68.01 million registered for the first 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 RM67.94 million for the first quarter ended 31 March 2023 to RM71.99 million for the quarter under review, representing an increase of RM4.05 million or 5.96%.

The increase in revenue arose mainly from the following on-going building construction projects undertaken by the Group subsequent to the first quarter ended 31 March 2023 which contributed to revenue in the quarter under review of approximately RM23.95 million: -

- (i) 170 DSCH Mutiara Maju Project,
- (ii) 327 DSTH Meridin East – Parcel 2G Project,
- (iii) 76 DSCH Taman Impian Emas Project, and
- (iv) 120 DSCH Bandar Putra Project.

In addition, the increase in revenue for the building construction segment is 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 RM38.06 million, namely: -

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

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

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

The increase in revenue above was offset by the decrease in revenue totalling approximately RM56.11 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) 147 DSTV Aurora Sentral Project,
- (ii) 217 DSTH Mutiara Maju Project,
- (iii) 206 DSTH Gelang Patah Project,
- (iv) 159 SSTH Taman Impian Emas Project,
- (v) 66 DSTH Kluang 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) 108 DSTH Meridin East - Parcel 2H3 Project.

For the current quarter, the Group reported gross profit at RM6.29 million, representing a decrease of RM0.27 million or 4.11% as compared to the gross profit of RM6.56 million registered for the first quarter ended 31 March 2023. The gross profit margin also decreased to 8.73% for the current quarter as compared to 9.65% registered for the corresponding quarter of the preceding year. This was mainly due to adjustments made during the projects' accounts finalisation to the contract sums as well as the overall building construction costs for certain projects completed and due for completion in the current financial year. In line with the reasons described above and coupled with the higher administrative expenses incurred which increased by RM0.30 million or 7.73% from RM3.84 million for the first quarter of the preceding financial year as compared to RM4.14 million for the quarter under review, the profit before tax and profit after tax of the Group for the current quarter decreased to RM2.15 million and RM1.53 million respectively representing decrease of 20.55% and 17.57% respectively as compared to the results reported for the corresponding quarter of the preceding financial year.

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

	QUARTER ENDED		Changes %
	31.03.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	
Revenue	72,113	74,940	(3.77)
Gross profit	6,294	7,431	(15.30)
Profit before tax	2,154	3,553	(39.38)
Profit after tax	1,529	2,575	(40.62)
Profit attributable to owners of the Company	1,529	2,575	(40.62)

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

### **B2. Comparison with Immediate Preceding Quarter's Result (Cont'd)**

The Group reported a decrease in revenue by RM2.83 million or 3.77% from RM74.94 million registered for the immediate preceding quarter to RM72.11 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 a decrease in gross profit margin at 8.73% for the current quarter as compared to 9.92% achieved for the immediate preceding quarter. This was mainly attributed to no revenue being derived from the agricultural activities segment for the current quarter and marginally lower gross profit margin from the building construction segment which decreased by 2.83% from 9.19% registered for the fourth quarter ended 31 December 2023 to 8.93% for the quarter under review. Consequently, this resulted in the decrease in gross profit by RM1.14 million or 15.30% from RM7.43 million for the fourth quarter ended 31 December 2023 to RM6.29 million for the quarter under review.

Corresponding to the above, the profit before tax and profit after tax of the Group decreased to RM2.15 million and RM1.53 million for the current quarter as compared to the results of the immediate preceding quarter of RM3.55 million and RM2.58 million respectively.

### **B3. Prospects**

"The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

Growth in 2024, which is projected to improve to between 4% and 5%, will be driven by resilient domestic expenditure with additional support from the recovery in external demand. On the domestic front, continued employment and wage growth will support household spending.

Improvement in tourist arrivals and spending are expected to continue. Investment activities will be driven by progress in multi-year projects across private and public sectors, alongside catalytic initiatives announced in national master plans, as well as the higher realisation of approved investments. The growth outlook remains subject to downside risk stemming from weaker-than-expected demand, further escalation in geopolitical conflicts and larger declines in commodity production domestically. Nonetheless, there are upside risks from greater spillover from the tech upcycle, more robust tourism activities and faster implementation of existing and new investment projects" (Source: Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the First Quarter of 2024).

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

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

“The construction sector is expected to grow by 6.7% in 2024 (2023: 6.1%), driven by continued activities in the civil engineering, special trade and residential subsectors. This will be supported by new and ongoing large infrastructure and small-scale projects under the Budget 2024, New Industrial Master Plan 2030 (NIMP 2030) and National Energy Transformation Roadmap. Meanwhile, growth in residential subsector will be driven by new housing launches amid further improvement in housing demand” (Source: *Bank Negara Malaysia’s Economic and Monetary Review 2023*).

“The value of work done in the Construction sector continued its upward trajectory in the first quarter of 2024 by recording a notable surge of 14.2 per cent (4Q 2023: 6.8%). In the first quarter of 2024, the total work done value reached RM36.8 billion. Construction sector by state showed that nearly 58.4 per cent of the work done value in the first quarter of 2024 was concentrated in Selangor, Johor, Wilayah Persekutuan (Kuala Lumpur, Putrajaya and Labuan) and Sarawak. The Construction work done value in Selangor amounted to RM8.3 billion or 22.6 per cent. Meanwhile, Johor ranked second with a value of RM4.8 billion or 13 per cent. In addition, the work done value in Wilayah Persekutuan was RM4.3 billion (11.7%) while Sarawak recorded RM4.1 billion (11.1%)” (Source: *Department of Statistics Malaysia’s Construction Statistics, First Quarter 2024*).

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. Premised on the outlook as set out above, the Group is cautiously optimistic of the demand for its provision of building construction of residential and non-residential buildings for the financial year ending 31 December 2024.

### **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.

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**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	
	31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000	31.03.2024 Unaudited RM'000	31.03.2023 Audited RM'000
Income tax - current	625	856	625	856
Effective tax rate <sup>(1)</sup> (%)	29.02	31.58	29.02	31.58
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**

Save for the Private Placement as explained in section A11 above, there are no other corporate proposals announced but not implemented.

**B7. Borrowings**

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

	As At 31.03.2024 Unaudited RM'000	As At 31.12.2023 Audited RM'000
<b>Non-current:</b>		
Lease liabilities	667	661
Hire purchase	417	408
Term loan	1,048	1,116
	2,132	2,185
<b>Current:</b>		
Lease liabilities	190	308
Hire purchase	443	423
Bank overdraft	1,737	3,890
Revolving credit	1,000	1,000
Term loan	263	258
	3,633	5,879
<b>Total borrowings</b>	<b>5,765</b>	<b>8,064</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)**

**B8. Material Litigation**

As at 23 May 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.

**B9. Dividends**

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Second interim single tier dividend of 0.68 sen per ordinary share for the financial year ended 31 December 2023, declared on 27 March 2024 and paid on 21 May 2024	1,213	-	1,213	-
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
	<u>1,213</u>	<u>999</u>	<u>1,213</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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (RM'000)	1,529	1,855	1,529	1,855
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)	0.86	1.04	0.86	1.04

(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.

**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)**

**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.

**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	
	31.03.2024 Unaudited RM'000	31.03.2023 Unaudited RM'000	31.03.2024 Unaudited RM'000	31.03.2023 Audited RM'000
Interest income	35	69	35	69
Gain on disposal of property, plant and equipment	-	2	-	2
Other income	73	39	73	39
Finance costs	(108)	(118)	(108)	(118)
Depreciation of property, plant and equipment	(683)	(500)	(683)	(500)

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 May 2024.

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