



HAILY GROUP BERHAD

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

**Unaudited Interim Financial Report
For The Third Quarter Ended
30 September 2024**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	Note	QUARTER ENDED		YEAR-TO-DATE ENDED	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A9	84,830	83,487	239,556	220,638
Cost of sales		(76,924)	(76,805)	(217,087)	(201,763)
Gross profit		7,906	6,682	22,469	18,875
Other income		122	258	355	332
Administrative expenses		(4,949)	(4,233)	(13,848)	(12,048)
Operating profit		3,079	2,707	8,976	7,159
Interest income		62	45	143	168
Finance costs		(164)	(209)	(428)	(503)
Profit before tax	B12	2,977	2,543	8,691	6,824
Income tax expense	B5	(834)	(492)	(2,502)	(2,047)
Profit for the financial period, representing total comprehensive income for the financial period		2,143	2,051	6,189	4,777
Total comprehensive income attributable to:					
Owners of the Company		2,143	2,051	6,189	4,777
Non-controlling Interest		-	-	-	-
		<u>2,143</u>	<u>2,051</u>	<u>6,189</u>	<u>4,777</u>
Earnings Per Share attributable to owners of the Company (sen)⁽²⁾					
Basic/Diluted ⁽³⁾	B11	<u>0.91</u>	<u>1.15</u>	<u>3.10</u>	<u>2.68</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 B11.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

		As at 30.09.2024	As at 31.12.2023
	Note	Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		8,953	6,822
Other investments		3,995	3,995
Deferred tax assets		32	80
Total non-current assets		12,980	10,897
Current assets			
Current tax assets		2	2
Trade and other receivables		95,872	94,060
Contract assets		82,677	65,665
Cash and short-term deposits		21,470	15,408
Total current assets		200,021	175,135
TOTAL ASSETS		213,001	186,032
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		69,476	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		69,667	64,691
TOTAL EQUITY		99,113	85,916
Non-current liabilities			
Borrowings	B8	3,919	2,185
Deferred tax liabilities		146	146
Total non-current liabilities		4,065	2,331
Current liabilities			
Borrowings	B8	2,085	5,878
Tax liabilities		1,314	1,191
Trade and other payables		106,424	90,701
Contract liabilities		-	15
Total current liabilities		109,823	97,785
TOTAL LIABILITIES		113,888	100,116
TOTAL EQUITY AND LIABILITIES		213,001	186,032
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾		0.25	0.48

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
(CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 30 September 2024 of 392,305,400 shares (31 December 2023: 178,320,700 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	<----- Attributable to owners of the Company ----->			
	Share capital	Reorganisation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023 (Audited)	61,255	(40,030)	59,336	80,561
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year	-	-	7,352	7,352
Transaction with owners:				
Dividends paid on shares	-	-	(1,997)	(1,997)
At 31 December 2023 (Audited)	<u>61,255</u>	<u>(40,030)</u>	<u>64,691</u>	<u>85,916</u>
At 1 January 2024 (Audited)	61,255	(40,030)	64,691	85,916
Total comprehensive income for the financial period				
Profit for the financial period, representing total comprehensive income for the financial period	-	-	6,189	6,189
Transaction with owners:				
Shares issued pursuant to the private placement	8,221	-	-	8,221
Dividends paid on shares	-	-	(1,213)	(1,213)
At 30 September 2024 (Unaudited)	<u>69,476</u>	<u>(40,030)</u>	<u>69,667</u>	<u>99,113</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⁽¹⁾

	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	30.09.2024	30.09.2023
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	8,691	6,824
Adjustments for:		
Depreciation of property, plant and equipment	2,142	1,800
Gain on disposal of property, plant and equipment	-	(172)
Interest income	(143)	(168)
Finance costs	428	503
Operating profit before changes in working capital	11,118	8,787
Changes in working capital:		
Trade and other receivables	(1,854)	(21,502)
Contract assets	(17,012)	(16,172)
Trade and other payables	15,764	21,834
Contract liabilities	(14)	567
Net cash from/(used in) operations	8,002	(6,486)
Income tax paid	(2,332)	(1,852)
Interest paid	(251)	(447)
Net cash from/(used in) operating activities	5,419	(8,785)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,583)	(1,863)
Proceeds from disposal of property, plant and equipment	-	172
Change in other investments	-	(1,343)
Change in pledged deposits	(803)	(1,493)
Interest received	143	168
Net cash used in investing activities	(2,243)	(4,359)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to the private placement	8,221	-
Payment of lease liabilities	(378)	(374)
Payment of hire purchase	(399)	(365)
Proceeds from revolving credit	-	1,000
Drawdown from term loan	-	1,455
Payment of term loan	(258)	(28)
Dividend paid	(1,213)	(999)
Net cash from financing activities	5,973	689
Net increase/(decrease) in cash and cash equivalents	9,149	(12,455)
Cash and cash equivalents at the beginning of the financial period	9,008	19,854
Cash and cash equivalents at the end of the financial period	18,157	7,399
Cash and cash equivalents at the end of the financial period comprises:		
Short-term deposits	3,313	2,494
Less: Pledged deposits	(3,313)	(2,494)
	-	-
Cash and bank balances	18,157	15,531
Bank overdraft	-	(8,132)
	18,157	7,399

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

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 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:

Amendments to MFRSs

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>		Effective for financial periods beginning on or after
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 MALAYSIAN 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 except for the following: -

	No. of shares	RM
Issued share capital as at 1 January 2024	178,320,700	61,254,988
New ordinary shares issued under the private placement of 17,832,000 new ordinary shares in Haily ("Private Placement") which was completed on 11 June 2024	17,832,000	8,220,552
Issued share capital as at 30 June 2024/1 July 2024	196,152,700	69,475,540
New ordinary shares issued under the bonus issue of 196,152,700 new ordinary shares in Haily on the basis of 1 bonus share for every 1 existing share held which was completed on 13 September 2024	196,152,700	-
Enlarged issued share capital as at 30 September 2024	392,305,400	69,475,540

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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 0.68 sen per ordinary share for the financial year ended 31 December 2023, amounted to RM1,212,580.71 computed based on 178,320,700 ordinary shares in issue was paid on 21 May 2024, and
- b) First interim single tier dividend of 0.31 sen per ordinary share for the financial year ending 31 December 2024, amounted to RM1,216,146.71 computed based on 392,305,400 ordinary shares in issue was paid on 11 October 2024.

A9. Segmental Information

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

Segments	Product and services
Building construction	Building construction of residential and non-residential buildings
Others	Civil engineering construction works, 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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Revenue from external customers:				
Building construction	83,103	83,221	235,594	220,011
Others	1,727	266	3,962	627
	<u>84,830</u>	<u>83,487</u>	<u>239,556</u>	<u>220,638</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	2,880	721	7,229	2,064
Adjustment and eliminations	<u>(2,880)</u>	<u>(721)</u>	<u>(7,229)</u>	<u>(2,064)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	83,103	83,221	235,594	220,011
Others	4,607	987	11,191	2,691
Adjustment and eliminations	<u>(2,880)</u>	<u>(721)</u>	<u>(7,229)</u>	<u>(2,064)</u>
	<u>84,830</u>	<u>83,487</u>	<u>239,556</u>	<u>220,638</u>
Segment profit:				
Building construction	6,760	6,757	20,780	19,410
Others	1,146	(75)	1,689	(535)
	<u>7,906</u>	<u>6,682</u>	<u>22,469</u>	<u>18,875</u>
Other income	122	258	355	332
Unallocated expenses	(4,949)	(4,233)	(13,848)	(12,048)
Interest Income	62	45	143	168
Finance costs	(164)	(209)	(428)	(503)
Income tax expense	<u>(834)</u>	<u>(492)</u>	<u>(2,502)</u>	<u>(2,047)</u>
Profit for the financial period	<u>2,143</u>	<u>2,051</u>	<u>6,189</u>	<u>4,777</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

Pursuant to the Company's announcements dated 10 July 2024, 15 July 2024, 2 August 2024, 9 August 2024, 12 August 2024, 28 August 2024, 12 September 2024, 13 September 2024, 19 September 2024, 20 September 2024 and 10 October 2024 in relation to the followings:

- (i) proposed bonus issue of 196,152,700 new ordinary shares in Haily ("Haily Share(s)" or "Shares(s)") ("Bonus Share(s)") on the basis of 1 Bonus Share for every 1 existing Haily Share held by the shareholders of Haily whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on 12 September 2024 ("Bonus Issue of Shares") which was completed on 13 September 2024; and

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

A11. Material Subsequent Events (Cont'd)

- (ii) proposed free warrant issue of up to 196,152,700 free warrants in Haily (“Warrant(s)”) on the basis of 1 Warrant for every 2 existing Shares held by the shareholders of Haily whose names appear in the Record of Depositors of the Company as at 5.00 p.m. on 4 October 2024 (“Free Warrants Issue”),

the Company further announced that the Free Warrants Issue has been completed following the listing and quotation of 196,152,700 Warrants on the ACE Market of Bursa Securities on 11 October 2024.

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to the holding company	120	120	360	360

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 %
	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000		30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000	
Revenue	84,830	83,487	1.61	239,556	220,638	8.57
Gross profit	7,906	6,682	18.32	22,469	18,875	19.04
Profit before tax	2,977	2,543	17.07	8,691	6,824	27.36
Profit after tax	2,143	2,051	4.49	6,189	4,777	29.56
Profit attributable to owners of the Company	2,143	2,051	4.49	6,189	4,777	29.56

The breakdown of the Group's revenue according to the relevant segments for the current quarter and financial year-to-date are as follows:

	Current quarter		Changes %	Year-to-date		Changes %
	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000		30.09.2024 Unaudited RM'000	30.09.2023 Audited RM'000	
Building construction	83,103	83,221	(0.14)	235,594	220,011	7.08
Others	1,727	266	549.25	3,962	627	531.90
Total	84,830	83,487	1.61	239,556	220,638	8.57

For the third quarter ended 30 September 2024, the Group reported revenue of RM84.83 million, an increase of RM1.34 million or 1.61% as compared to RM83.49 million registered for the third quarter of the preceding financial year. The increase in revenue was mainly attributable to the Group's others segment which reported increase in revenue from RM0.27 million for the third quarter ended 30 September 2023 to RM1.73 million for the quarter under review, representing an increase of RM1.46 million or 549.25%. Meanwhile, revenue from the Group's building construction segment decreased marginally from RM83.22 million for the quarter ended 30 September 2023 to RM83.10 million for the quarter under review, representing a decrease of RM0.12 million or 0.14%. The higher revenue reported for the quarter under review in relation to the Group's others segment arose mainly from the higher sales from the agricultural activities undertaken by the Company's wholly-owned subsidiary, Haily Capital Sdn Bhd and the increase in percentage of completion recognised for the civil engineering construction works.

Gross profit margin in relation to the Group's building construction segment for the current quarter at 8.13% is marginally higher than the margin registered for the corresponding quarter of the previous financial year at 8.12%. Hence, the increase in the Group's overall gross profit margin at 9.32% for the current quarter as compared to the margin registered for the quarter ended 30 September 2023 at 8.00% arose mainly from the Group's others segment due to reasons explained in the foregoing paragraph. Consequent to the above, the Group reported a higher gross profit at RM7.91 million, representing an increase of RM1.23 million or 18.32% as compared to the gross profit of RM6.68 million registered for the third quarter ended 30 September 2023.

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)

In line with the increase in the gross profit, the Group reported a higher profit before tax and profit after tax for the current quarter of RM2.98 million and RM2.14 million respectively representing an increase of 17.07% and 4.49% 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 RM239.56 million, representing an increase of RM18.92 million or 8.57% as compared to RM220.64 million registered for the corresponding period 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 RM220.01 million for the financial period ended 30 September 2023 to RM235.59 million for the period under review, representing an increase of RM15.58 million or 7.08%. The Group's others segment also reported increase in revenue from RM0.63 million registered for the financial period ended 30 September 2023 to RM3.96 million achieved for the period under review, representing an increase of RM3.33 million or 531.90% mainly due to the higher sales from the agricultural activities as well as the increase in percentage of completion recognised from the civil engineering construction works.

The increase in revenue from the building construction segment arose mainly from the following on-going building construction projects undertaken by the Group subsequent to the third quarter ended 30 September 2023 which contributed to revenue in the period under review of approximately RM103.75 million: -

- (i) 2 DSCH Show Houses Bandar Putra Project
- (ii) 327 DSTH Meridin East – Parcel 2G Project,
- (iii) 76 DSCH Taman Impian Emas Project,
- (iv) 120 DSCH Bandar Putra Project,
- (v) Show Villa M Tiara – Show Village 1A Project
- (vi) 220 DSTH Banda Jaya Putra Project,
- (vii) 332 DSTH Gelang Patah Project,
- (viii) 171 DSLH Kew Senibong Project, and
- (ix) 221 DSTH M Tiara – Parcel 1A & 1B Project.

In addition, the increase in revenue from the building construction segment is also attributed to the increase in percentage of completion recognised in the period under review in relation to the Group's on-going construction projects totalling approximately RM80.00 million, namely: -

- (i) 283 DSTH Meridin East - Parcel 1C Project,
- (ii) 262 DSTH Gelang Patah Project,
- (iii) 186 SSTH Bandar Putra Project, and
- (iv) 170 DSCH Taman Mutiara Maju Project.

The increase in revenue above was offset by the decrease in revenue totalling approximately RM167.80 million due to the reduction in percentage of completion recognised in the period under review for the Group's completed and on-going building construction projects, namely: -

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)

- (i) Bandar Jaya Putra Project,
- (ii) 122 DSTH Bandar Putra Project,
- (iii) 147 DSTV Aurora Sentral Project,
- (iv) Aurora Sentral Clubhouse Project,
- (v) 217 DSTH Mutiara Maju Project,
- (vi) 206 DSTH Gelang Patah Project,
- (vii) 159 SSTH Taman Impian Emas Project,
- (viii) 66 DSTH Kluang Project,
- (ix) 155 DSTH Meridin East - Parcel 2H1 Project,
- (x) 176 SSTH Taman Impian Emas Project,
- (xi) 216 STH Bandar Putra Project,
- (xii) 99 TSSO Bandar Jaya Putra Project,
- (xiii) 121 DSTV Aurora Sentral Project,
- (xiv) 108 DSTH Meridin East - Parcel 2H3 Project, and
- (xv) 77 TSSO Bandar Jaya Putra Project.

The gross profit margin in respect of the Group's building construction segment was maintained at approximately 8.82% for both the financial periods ended 30 September 2023 and 30 September 2024. In view of that, the higher gross profit margin registered by the Group's others segment contributed towards the increase in the Group's overall gross profit margin at 9.38% for the period under review as compared to 8.55% for the corresponding period of the preceding financial year. Coupled with the increase in revenue, the Group reported a higher gross profit at RM22.47 million for the period under review, representing an increase of RM3.59 million or 19.04% as compared to the gross profit of RM18.88 million registered for the financial period ended 30 September 2023. Consequently, profit before tax increased by RM1.87 million or 27.36% to RM8.69 million as compared to RM6.82 million registered for the financial period ended 30 September 2023. As compared to the financial period ended 30 September 2023 of RM4.78 million, profit after tax for the period under review increased by RM1.41 million or 29.56% to RM6.19 million.

B2. Comparison with Immediate Preceding Quarter's Result

	QUARTER ENDED		Changes %
	30.09.2024 Unaudited RM'000	30.06.2024 Unaudited RM'000	
Revenue	84,830	82,613	2.68
Gross profit	7,906	8,269	(4.39)
Profit before tax	2,977	3,560	(16.38)
Profit after tax	2,143	2,517	(14.86)
Profit attributable to owners of the Company	2,143	2,517	(14.86)

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 marginal increase in revenue by RM2.22 million or 2.68% from RM82.61 million registered for the immediate preceding quarter to RM84.83 million for the quarter under review. The increase was in tandem with the construction activities and progress of the Group's on-going projects.

Gross profit margin for the current quarter was marginally lower at 9.32% as compared to 10.01% registered for the quarter ended 30 June 2024. The Group's gross profit for the current quarter decreased marginally to RM7.91 million as compared to RM8.27 million registered in the preceding quarter.

As a result of the above, the profit before tax and profit after tax of the Group decreased to RM2.98 million and RM2.14 million respectively for the current quarter as compared to RM3.56 million and RM2.52 million respectively, for the immediate preceding quarter.

B3. Prospects

Overview and outlook of the Malaysian economy

"The Malaysian economy expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle. On a quarter-on-quarter, seasonally-adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%).

With the forthcoming performance, the year-to-date growth is strong at 5.2%, well within projection of between 4.8 – 5.3%. Moving into 2025, growth is expected to expand between 4.5 – 5.5%.

Going forward, growth of the Malaysian economy will be driven by robust expansion in investment activity, continued improvement in exports, and resilient household spending. On the domestic front, investment activities will be supported by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and higher realisation of approved investments are also key drivers for investment activities. These investments, which are supported by higher capital imports, will raise exports and expand productive capacity in the economy. Household spending will be underpinned by continued employment and wage growth as well as policy measures. Externally, the ongoing global tech upcycle, continued strong demand for manufactured goods and commodities, and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks stemming from slower external demand, further escalation of geopolitical tensions and protectionist measures, as well as weaker-than-expected commodity production. Nevertheless, upside risks to growth include greater spillovers from the tech upcycle, faster implementation of investment projects and more robust tourism activity" (*Source: Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the Third 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)

Overview and outlook of the construction sector in Malaysia

“The value of work done in the Construction sector amounted to RM41.1 billion (Q2 2024: RM38.9 billion) in the third quarter of 2024, marking a substantial growth of 22.9 per cent, an improvement from the 20.2 per cent recorded in the previous quarter. Meanwhile, a quarter-on-quarter comparison showed the value of work done grew 5.6 per cent in the third quarter of 2024.

Selangor recorded the highest value of Construction work done at RM9.3 billion or 22.7 per cent. Meanwhile, Johor ranked second with a value of RM6.9 billion or 16.9 per cent. In the meantime, the value of work done in Wilayah Persekutuan was RM4.6 billion (11.3%), while Sarawak recorded RM4.3 billion (10.5%). These four states collectively made up RM25.2 billion or 61.4 per cent of the total value of work done” (Source: *Department of Statistics Malaysia’s Quarterly Construction Statistics, Third Quarter 2024*).

“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 construction sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as Light Rail Transit 3 (LRT3) Phase 2 and Sarawak-Sabah Link Road Phase 2. Similarly, the non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the Ekonomi MADANI framework, alongside new development projects by the private sector” (Source: *Economic Outlook 2025, Ministry of Finance Malaysia*).

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

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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)

The Group will continue to focus on its core competency in building construction in Johor, as supported by its track record of more than 16 years since the commencement of its business operations in 2008. While the Group's on-going projects are mainly focussed in the districts of Johor Bahru, Kulai, Pontian and Kluang, all in Johor, the Group will continue to leverage on its experience and extend its reach to other districts in Johor and focus on construction projects involving residential, commercial and industrial buildings. The Group will continue to tender for projects located at other districts in Johor, should the opportunities arise. Moving forward, the Group expects its performance to be continuously driven by its ability to successfully complete the on-going construction projects.

The Group has been continuously seeking 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.

B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5. Income Tax Expense

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000
Current income tax				
- Current income tax charge	816	681	2,484	2,236
- Adjustment in respect of prior period/year	18	1	18	1
Deferred tax	-	(190)	-	(190)
Total income tax expense	834	492	2,502	2,047
Effective tax rate ⁽¹⁾ (%)	28.01	19.35	28.79	30.00
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.

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

B6. Status of Corporate Proposals

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

B7. Status of Utilisation of Proceeds Raised from the Private Placement

(a) As at 30 September 2024, the status of utilisation of the gross proceeds of RM8.22 million raised from the Private Placement is as follows:

	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of listing of the Placement Shares
Working capital ⁽¹⁾	8,116	8,116	-	Within 24 months
Expenses relating to the Private Placement	105	105	-	Immediate
Total	8,221	8,221	-	

Notes:

(1) The proceeds are earmarked for the Group's working capital (i.e. payment to the subcontractors for amongst others, building works, mechanical and electrical works, earth works and site preparation works as well as the suppliers of construction materials such as concrete and cement materials, steel-based materials, brickwork materials, tiles, timber and plywood) of the Group's ongoing construction projects. The breakdown for the actual utilisation of the proceeds from the Private Placement by the Group is as follows:

Working capital	RM'000
Payment to the subcontractors (includes building works, mechanical and electrical works)	4,487
Payment to the suppliers of construction materials (includes concrete and cement materials, steel-based materials, tiles, timber and plywood)	3,629
Total	8,116

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

B8. Borrowings

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

	As At 30.09.2024 Unaudited RM'000	As At 31.12.2023 Audited RM'000
Non-current:		
Lease liabilities	2,654	661
Hire purchase	355	408
Term loan	910	1,116
	3,919	2,185
Current:		
Lease liabilities	385	308
Hire purchase	428	422
Bank overdraft	-	3,890
Revolving credit	1,000	1,000
Term loan	272	258
	2,085	5,878
Total borrowings	6,004	8,063

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

B9. Material Litigation

As at 22 November 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)

B10. Dividends

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	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	-
First interim single tier dividend of 0.31 sen per ordinary share for the financial year ending 31 December 2024, declared on 28 August 2024 and paid on 11 October 2024	1,216	-	1,216	-
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	-	999
	<u>1,216</u>	<u>999</u>	<u>2,429</u>	<u>1,998</u>

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (RM'000)	2,143	2,051	6,189	4,777
Weighted average number of shares in issue ⁽¹⁾ ('000)	236,662	178,321	199,472	178,321
Basic earnings per share ⁽¹⁾ (sen)	0.91	1.15	3.10	2.68

(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)

B11. 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.

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	
	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000	30.09.2024 Unaudited RM'000	30.09.2023 Unaudited RM'000
Interest income	62	45	143	168
Gain on disposal of property, plant and equipment	-	170	-	172
Other income	122	258	355	332
Finance costs	(164)	(209)	(428)	(503)
Depreciation of property, plant and equipment	(732)	(782)	(2,142)	(1,800)

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

B13. Derivatives

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

B14. Authorisation for Issue

This interim financial report was authorised for issue by the Board in accordance with a resolution passed by the Board on 27 November 2024.

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