



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

**Unaudited Interim Financial Report
For The Fourth Quarter Ended
31 December 2024**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

Note	QUARTER ENDED		YEAR-TO-DATE ENDED		
	31.12.2024 Unaudited	31.12.2023 Unaudited	31.12.2024 Unaudited	31.12.2023 Audited	
	RM'000	RM'000	RM'000	RM'000	
Revenue	A9	81,289	74,940	320,845	295,578
Cost of sales		(72,870)	(67,509)	(289,957)	(269,272)
Gross profit		8,419	7,431	30,888	26,306
Other income		333	721	688	1,053
Administrative expenses		(5,019)	(4,436)	(18,867)	(16,484)
Operating profit		3,733	3,716	12,709	10,875
Interest income		64	51	207	219
Finance costs		(218)	(214)	(646)	(717)
Profit before tax	B12	3,579	3,553	12,270	10,377
Income tax expense	B5	(1,109)	(978)	(3,611)	(3,025)
Profit for the financial period/year, representing total comprehensive income for the financial period/year		2,470	2,575	8,659	7,352
Total comprehensive income attributable to:					
Owners of the Company		2,470	2,575	8,659	7,352
Non-controlling Interest		-	-	-	-
		2,470	2,575	8,659	7,352
Earnings Per Share attributable to owners of the Company (sen)					
Basic	B11	0.62	1.44	3.47	4.12
Diluted	B11	0.44	1.44	2.09	4.12

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Note	As at 31.12.2024	As at 31.12.2023
		Unaudited RM'000	Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		9,527	6,822
Other investments		3,996	3,995
Deferred tax assets		-	80
Total non-current assets		13,523	10,897
Current assets			
Current tax assets		2	2
Trade and other receivables		109,608	94,060
Contract assets		78,867	65,665
Cash and short-term deposits		30,198	15,408
Total current assets		218,675	175,135
TOTAL ASSETS		232,198	186,032
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		77,458	61,255
Reorganisation reserve		(40,030)	(40,030)
Retained earnings		70,921	64,691
TOTAL EQUITY		108,349	85,916
Non-current liabilities			
Borrowings	B8	3,508	2,185
Deferred tax liabilities		167	146
Total non-current liabilities		3,675	2,331
Current liabilities			
Borrowings	B8	10,343	5,878
Tax liabilities		1,095	1,191
Trade and other payables		108,736	90,701
Contract liabilities		-	15
Total current liabilities		120,174	97,785
TOTAL LIABILITIES		123,849	100,116
TOTAL EQUITY AND LIABILITIES		232,198	186,032
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾		0.26	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 31 December 2024 of 423,005,400 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 year				
Profit for the financial year, representing total comprehensive income for the financial year	-	-	8,659	8,659
Transaction with owners:				
Shares issued pursuant to the private placement	8,221	-	-	8,221
Shares issued pursuant to the exercise of warrants	7,982	-	-	7,982
Dividends paid on shares	-	-	(2,429)	(2,429)
At 31 December 2024 (Unaudited)	<u>77,458</u>	<u>(40,030)</u>	<u>70,921</u>	<u>108,349</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
	<u>31.12.2024</u>	<u>31.12.2023</u>
	Unaudited	Audited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	12,270	10,377
Adjustments for:		
Depreciation of property, plant and equipment	3,060	2,810
Gain on disposal of property, plant and equipment	(107)	(590)
Fair value gain of other investment	(100)	-
Interest income	(207)	(219)
Finance costs	646	717
Operating profit before changes in working capital	<u>15,562</u>	<u>13,095</u>
Changes in working capital:		
Trade and other receivables	(15,590)	(13,843)
Contract assets	(13,202)	(18,265)
Trade and other payables	18,077	20,091
Contract liabilities	(14)	(2,857)
Net cash from/(used in) operations	<u>4,833</u>	<u>(1,779)</u>
Income tax paid	(3,607)	(2,359)
Interest paid	(380)	(577)
Net cash from/(used in) operating activities	<u>846</u>	<u>(4,715)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,271)	(1,948)
Proceeds from disposal of property, plant and equipment	110	597
Change in other investments	99	(1,443)
Change in pledge deposits	(2,263)	(1,507)
Interest received	207	219
Net cash used in investing activities	<u>(4,118)</u>	<u>(4,082)</u>
Cash flows from financing activities		
Proceeds from shares issued pursuant to the private placement	8,221	-
Proceeds from the exercise of warrants	7,982	-
Payments of lease liabilities	(531)	(1,900)
Payments of hire purchase	(556)	(492)
Drawdown of term loan	-	1,455
Payment of term loan	(345)	(115)
Proceeds from revolving credit	-	1,000
Dividends paid	(2,429)	(1,997)
Net cash from/(used in) financing activities	<u>12,342</u>	<u>(2,049)</u>
Net increase/(decrease) in cash and cash equivalents	<u>9,070</u>	<u>(10,846)</u>
Cash and cash equivalents at the beginning of the financial year	9,008	19,854
Cash and cash equivalents at the end of the financial year	<u>18,078</u>	<u>9,008</u>
Cash and cash equivalents at the end of the financial year comprises:		
Short-term deposits	4,772	2,509
Less: Pledged deposits	(4,772)	(2,509)
Cash and bank balances	-	-
Bank overdraft	25,426	12,899
	(7,348)	(3,891)
	<u>18,078</u>	<u>9,008</u>

**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.

The Group has adopted the following applicable amendments to MFRSs for the current financial year:

Amendments to MFRSs

MFRS 7	Financial Instruments
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.

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.

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

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 followings: -

a) Ordinary Shares

	No. of shares	RM
Ordinary shares in issue as at 1 January 2024	178,320,700	61,254,988
New ordinary shares issued pursuant to the private placement of 17,832,000 ordinary shares in Haily which was completed on 11 June 2024	17,832,000	8,220,552
New ordinary shares issued pursuant to the bonus issue of 196,152,700 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	-
Ordinary shares in issue as at 30 September 2024/1 October 2024	392,305,400	69,475,540
New ordinary shares issued pursuant to the exercise of 30,700,000 Warrants A into 30,700,000 ordinary shares in Haily at the exercise price of RM0.26 each	30,700,000	7,982,000
Ordinary shares in issue as at 31 December 2024	423,005,400	77,457,540

b) Warrants A

	No. of Warrants A	RM
Warrants A in issue as at 1 January 2024/1 October 2024	-	-
New Warrants A issued pursuant to the Free Warrants Issue of up to 196,152,700 free warrants in Haily on the basis of 1 warrant for every 2 existing shares held which was completed on 11 October 2024	196,152,700	-
Conversion arising from the exercise of 30,700,000 Warrants A into 30,700,000 new ordinary ordinary shares at the exercise price of of RM0.26 each	(30,700,000)	-
Warrants A in issue as at 31 December 2024	165,452,700	-

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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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue:				
Revenue from external customers:				
Building construction	80,389	74,007	315,984	294,018
Others	900	933	4,861	1,560
	<u>81,289</u>	<u>74,940</u>	<u>320,845</u>	<u>295,578</u>
Inter-segment revenue:				
Building construction	-	-	-	-
Others	908	785	8,136	6,449
Adjustment and eliminations	(908)	(785)	(8,136)	(6,449)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total:				
Building construction	80,389	74,007	315,984	294,018
Others	1,808	1,718	12,997	8,009
Adjustment and eliminations	(908)	(785)	(8,136)	(6,449)
	<u>81,289</u>	<u>74,940</u>	<u>320,845</u>	<u>295,578</u>
Segment profit:				
Building construction	8,586	6,801	29,366	26,211
Others	(167)	630	1,522	95
	<u>8,419</u>	<u>7,431</u>	<u>30,888</u>	<u>26,306</u>
Other income	333	721	688	1,053
Unallocated expenses	(5,019)	(4,436)	(18,867)	(16,484)
Interest Income	64	51	207	219
Finance costs	(218)	(214)	(646)	(717)
Income tax expense	(1,109)	(978)	(3,611)	(3,025)
Profit for the financial period/year	<u>2,470</u>	<u>2,575</u>	<u>8,659</u>	<u>7,352</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

A wholly-owned subsidiary of the Company, Haily Engineering Sdn Bhd ("HESB") was incorporated on 6 February 2025 with an initial issued capital of RM2.00 comprising 2 ordinary shares. The intended principal activities of HESB are provision of civil engineering services and infrastructure construction projects. As at the date of this report, the company has not commenced operations.

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.

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

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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	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 %
	31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000		31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000	
Revenue	81,289	74,940	8.47	320,845	295,578	8.55
Gross profit	8,419	7,431	13.30	30,888	26,306	17.42
Profit before tax	3,579	3,553	0.73	12,270	10,377	18.24
Profit after tax	2,470	2,575	(4.08)	8,659	7,352	17.78
Profit attributable to owners of the Company	2,470	2,575	(4.08)	8,659	7,352	17.78

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 %
	31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000		31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000	
Building construction	80,389	74,007	8.62	315,984	294,018	7.47
Others	900	933	(3.54)	4,861	1,560	211.60
Total	81,289	74,940	8.47	320,845	295,578	8.55

For the fourth quarter ended 31 December 2024, the Group reported revenue of RM81.29 million, an increase of RM6.35 million or 8.47% as compared to RM74.94 million registered for the fourth quarter of the preceding financial year. The increase in revenue was mainly attributable to the Group's building construction segment which reported increase in revenue from RM74.01 million for the fourth quarter ended 31 December 2023 to RM80.39 million for the quarter under review, representing an increase of RM6.38 million or 8.62%.

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 2023 which contributed to revenue in the quarter under review of approximately RM64.18 million: -

- (i) 76 DSCH Taman Impian Emas Project,
- (ii) 120 DSCH Bandar Putra Project,
- (iii) 220 DSTH Bandar Jaya Putra Project,
- (iv) 332 DSTH Gelang Patah Project,
- (v) 171 DSLH Kews Senibong Project,
- (vi) 223 DSTH M Tiara – Parcels 1A & 1B Project,
- (vii) 393 DSTH Meridin East – Parcels 4A3, 4A4 & 4A5 Project, and
- (viii) 198 DSTH Permas Jaya Project.

The 327 DSTH Meridin East – Parcel 2G Project which commenced construction works during the financial year ended 31 December 2023 further contributed to an increase in revenue of approximately RM8.16 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 RM65.95 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) 147 DSTV Aurora Sentral Project,
- (iii) Aurora Sentral Clubhouse Project,
- (iv) 206 DSTH Gelang Patah Project,
- (v) 66 DSTH Kluang Project,
- (vi) 176 SSTH Taman Impian Emas Project,
- (vii) 99 TSSO Bandar Jaya Putra Project,
- (viii) 121 DSTV Aurora Sentral Project,
- (ix) 108 DSTH Meridin East – Parcel 2H3 Project,
- (x) 283 DSTH Meridin East – Parcel 1C Project,
- (xi) 77 TSSO Bandar Jaya Putra Project,
- (xii) 262 DSTH Gelang Patah Project,
- (xiii) 186 SSTH Bandar Putra Project, and
- (xiv) 170 DSCH Mutiara Maju Project.

The Group reported a higher gross profit margin of 10.36% for the current quarter as compared to 9.92% registered for the corresponding quarter of the preceding year. The improvement in the gross profit margin was mainly due to the positive impacts of mitigating actions taken by the Group after the escalation in building construction costs arising from hikes in prices of building construction materials as well as increase in cost of hiring of foreign labours that occurred during the financial year ended 31 December 2023.

In line with the increase in revenue as well as the higher gross profit margin as explained in the foregoing paragraphs, the Group reported a higher gross profit of RM8.42 million for the current quarter, representing an increase of RM0.99 million or 13.30% as compared to the gross profit of RM7.43 million registered for the fourth quarter ended 31 December 2023. The Group's administrative expenses for the current quarter also increased in tandem with the increase in the construction activities by 13.14% or RM0.58 million. Consequently, the profit before tax of the Group increased marginally by RM0.03 million or 0.73% from RM3.55 million for the fourth quarter ended 31 December 2023 to RM3.58 million for the quarter under review. Profit after tax decreased from RM2.58 million to RM2.47 million due mainly to the higher income tax expenses arising from non-deductible charges incurred by the Group from corporate exercises undertaken during the current financial year.

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

B1. Review of Group Performance (Cont'd)

For the financial year-to-date, the Group reported a higher revenue of RM320.85 million, representing an increase of RM25.27 million or 8.55% as compared to RM295.58 million registered for 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 RM294.02 million for the financial year ended 31 December 2023 to RM315.98 million for the financial year under review, representing an increase of RM21.96 million or 7.47%. The Group's others segment also reported increase in revenue from RM1.56 million registered for the financial year ended 31 December 2023 to RM4.86 million achieved for the financial year under review, representing an increase of RM3.30 million or 211.60% mainly due to the higher revenue contribution 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 financial year ended 31 December 2023 which contributed to revenue for the financial year under review of approximately RM131.20 million: -

- (i) 76 DSCH Taman Impian Emas Project,
- (ii) 120 DSCH Bandar Putra Project,
- (iii) M Tiara Show Village 1A Project,
- (iv) 220 DSTH Bandar Jaya Putra Project,
- (v) 332 DSTH Gelang Patah Project,
- (vi) 171 DSLH Kews Senibong Project,
- (vii) 223 DSTH M Tiara – Parcels 1A & 1B Project,
- (viii) Sales Gallery 2 Bandar Jaya Putra Project,
- (ix) 393 DSTH Meridin East – Parcels 4A3, 4A4 & 4A5 Project, and
- (x) 198 DSTH Permas Jaya 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 financial year under review in relation to the Group's on-going construction projects totalling approximately RM93.60 million, namely: -

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

The increase in revenue above was offset by the decrease in revenue totalling approximately RM202.77 million due to the reduction in percentage of completion recognised in the year 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) 147 DSTV Aurora Sentral Project,
- (iv) Aurora Sentral Clubhouse Project,
- (v) 217 DSTH Mutiara Maju Project,

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

B1. Review of Group Performance (Cont'd)

- (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 Group reported a higher gross profit margin of 9.63% for the financial year under review as compared to 8.90% registered for the preceding financial year. As previously explained, the improvement in the gross profit margin was mainly due to the positive impacts of mitigating actions taken by the Group after the escalation in building construction costs arising from hikes in prices of building construction materials as well as increase in cost of hiring of foreign labours that occurred during the financial year ended 31 December 2023. In line with the increase in revenue as well as the higher gross profit margin as explained above, the Group reported a higher gross profit of RM30.89 million for the current financial year, representing an increase of RM4.58 million or 17.42% as compared to the gross profit of RM26.31 million registered for the financial year ended 31 December 2023.

Corresponding to the above, profit before tax and profit after tax of the Group increased by 18.24% and 17.78% to RM12.27 million and RM8.66 million for the current financial year as compared to the results of the preceding financial year of RM10.38 million and RM7.35 million respectively.

B2. Comparison with Immediate Preceding Quarter's Result

	QUARTER ENDED		Changes %
	31.12.2024 Unaudited RM'000	30.09.2024 Unaudited RM'000	
Revenue	81,289	84,830	(4.17)
Gross profit	8,419	7,906	6.49
Profit before tax	3,579	2,977	20.22
Profit after tax	2,470	2,143	15.26
Profit attributable to owners of the Company	2,470	2,143	15.26

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 RM3.54 million or 4.17% from RM84.83 million registered for the immediate preceding quarter to RM81.29 million for the quarter under review. Apart from the recognition of revenue from the agricultural activities in the third quarter ended 30 September 2024 of RM1.42 million, the decrease in the Group's revenue is in tandem with the construction activities and progress of the Group's on-going projects. Gross profit margin for the current quarter was higher at 10.36% as compared to 9.32% registered for the quarter ended 30 September 2024 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 respective financial quarters. As a result of the above, gross profit for the current quarter increased to RM8.42 million as compared to RM7.91 million registered in the immediate preceding quarter, representing an increase of RM0.51 million or 6.49%.

Consequently, the profit before tax and profit after tax of the Group increased to RM3.58 million and RM2.47 million respectively for the current quarter as compared to RM2.98 million and RM2.14 million respectively, for the immediate preceding quarter.

B3. Prospects

Overview and outlook of the Malaysian economy

"The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. The strong investment activity was underpinned by the continued realisation of new and existing projects. Household spending was sustained amid positive labour market conditions and continued policy support. In the external sectors, exports of goods and services continued to expand while capital and intermediate imports growth moderated. On the supply side, growth was mainly accounted for by expansion in the services sector, with increased support from both consumer-related and business-related subsectors. The manufacturing sector was supported by the E&E and primary-related clusters. The construction sector continued to record double-digit growth with robust activities in the residential, non-residential and special trade subsectors. However, growth was weighed down by contraction in the commodities sector following lower oil palm output as well as the continued decline in oil production. On a quarter-on-quarter, seasonally-adjusted basis, growth declined by 1.1% (3Q 2024: +1.9%).

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending" (Source: *Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the Fourth 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 Construction work done value in 2024 reached RM158.8 billion, while in the fourth quarter of 2024 amounted to RM42.0 billion. The value of work done in the Construction sector continued its growth in the fourth quarter of 2024 by recording a notable surge of 23.1 per cent (Q3 2024: 22.9%).

Nearly 62.3 per cent of the work done value was concentrated in Selangor, Johor, Wilayah Persekutuan (Kuala Lumpur, Putrajaya and Labuan) and Sarawak. Selangor recorded the highest Construction work done value at RM9.4 billion (22.5%), driven by both Non-residential buildings and Residential buildings at RM2.9 billion, along with Civil engineering sub-sector amounting to RM2.6 billion. Meanwhile, Johor ranked second with RM7.4 billion or 17.7 per cent, mainly bolstered by the Non-residential building sub-sector (RM3.0 billion). In addition, the work done value for Wilayah Persekutuan was RM4.7 billion (11.3%) while Sarawak recorded RM4.6 billion (10.9%).

Summarising the performance of the Construction work done in 2024, the sector reached RM158.8 billion, marking a double-digit growth of 20.2 per cent compared to 8.4 per cent in the previous year. All sub-sectors experience an uptrend, with notable double-digit increases recorded in Special trade activities (35.9%), Residential buildings (24.5%) and Non-residential buildings (15.5%). Meanwhile, Civil engineering activities maintained steady double-digit growth at 17.3 per cent (Q3 2024: 15.7%). Overall, Malaysia's construction sector in 2024 demonstrated a solid performance, underpinned by broad-based growth across all sub-sectors" (*Source: Department of Statistics Malaysia's Quarterly Construction Statistics, Fourth Quarter 2024*).

"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 2025 after having considered the positive outlook of the construction sector.

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 17 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 coming 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	
	31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Current income tax				
- Current income tax charge	1,043	792	3,527	3,028
- Adjustment in respect of prior period/year	2	60	20	61
Deferred tax	64	126	64	(64)
Total income tax expense	1,109	978	3,611	3,025
Effective tax rate ⁽¹⁾ (%)	30.99	27.53	29.43	29.15
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 are no corporate proposals announced but not implemented as at the date of this report.

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

B7. Status of Utilisation of Proceeds Arising from the Exercise of Warrants A

In December 2024, Haily received gross proceeds totalling RM7.98 million arising from the exercise of 30,700,000 Warrants A at the exercise price of RM0.26 each. The gross proceeds were fully utilised for the day-to-day operations of Haily subsequent to 31 December 2024. The status of utilisation of the gross proceeds as at the date of this report is as follows: -

	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of receipt of the proceeds from the exercise of the Warrants
Payment to the subcontractors (for amongst others, building works, mechanical and electrical works, earth works and site preparation works)	2,073	2,073	-	Within 36 months
Payment to the suppliers (for amongst others, purchase of construction materials such as concrete and cement materials, steel-based materials, brickwork materials, tiles, timber and plywood)	5,909	5,909	-	Within 36 months
Total	7,982	7,982	-	

B8. Borrowings

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

	As At 31.12.2024 Unaudited RM'000	As At 31.12.2023 Audited RM'000
Non-current:		
Lease liabilities	2,104	661
Hire purchase payables	565	408
Term loan	838	1,116
	3,508	2,185
Current:		
Lease liabilities	1,196	307
Hire purchase payables	521	422
Term loan	277	258
Revolving credit	1,000	1,000
Bank overdraft	7,348	3,891
	10,343	5,878
Total borrowings	13,851	8,063

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

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

B9. Material Litigation

As at 21 February 2025 (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.

B10. Dividends

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

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited 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 ended 31 December 2024, declared on 28 August 2024 and paid on 11 October 2024	-	-	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	-
	<hr/>	<hr/>	<hr/> 2,429	<hr/> 1,998

B11. Earnings Per Share ("EPS")

The basic/diluted earnings per share for the current quarter and financial year-to-date are computed as follows:

(i) Basic EPS

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Profit attributable to owners of the Company (RM'000)	2,470	2,575	8,659	7,352
Weighted average number of ordinary shares in issue ('000)	399,647	178,321	249,789	178,321
Basic earnings per share ⁽¹⁾ (sen)	0.62	1.44	3.47	4.12

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

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

(ii) Diluted EPS

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Profit attributable to owners of the Company (RM'000)	2,470	2,575	8,659	7,352
Weighted average number of ordinary shares in issue ('000)	399,647	178,321	249,789	178,321
Effect of dilution on potential exercise of warrants ('000)	165,453	-	165,453	-
Adjusted weighted average number of ordinary shares in issue ('000)	565,100	178,321	415,242	178,321
Diluted earnings per share ⁽²⁾ (sen)	0.44	1.44	2.09	4.12

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.
- (2) Diluted 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 after adjusting for the dilutive effects from the potential exercise of warrants.

B12. Notes to the Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the current quarter and financial year-to-date were arrived at after crediting/(charging) the following:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Interest income	64	51	207	219
Gain on disposal of property, plant and equipment	107	418	107	590
Fair value gain of other investment	100	-	100	-
Other income	126	303	481	463
Finance costs	(218)	(214)	(646)	(717)
Depreciation of property, plant and equipment	(918)	(1,010)	(3,060)	(2,810)

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.

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

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 26 February 2025.

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