UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (1)

	Current Year Quarter	Preceding Year Quarter	Current Year-To-Date	Preceding Year-To-Date
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	RM'000	RM'000	RM'000	RM'000
Revenue	18,148	18,030	71,896	78,682
Cost of sales	10,020	9,955	41,608	44,667
Gross profit	**8,128**	**8,075**	**30,288**	**34,015**
Other income	560	838	2,746	2,752
Administrative expenses	(3,631)	(4,123)	(17,029)	(18,567)
Distribution expenses	(1,193)	(1,596)	(5,078)	(6,526)
Operating profit	**3,864**	**3,194**	**10,927**	**11,674**
Finance costs	(250)	(485)	(1,287)	(1,679)
Profit before tax	**3,614**	**2,709**	**9,640**	**9,995**
Income tax expense	(60)	(385)	(1,321)	(2,009)
Profit for the financial period	**3,554**	**2,324**	**8,319**	**7,986**
Other comprehensive income, net of tax :				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	53	20	360	(157)
Other comprehensive income for the financial period	**3,607**	**2,344**	**8,679**	**7,829**
Total comprehensive income for the financial period				
Profit attributable to:				
Owners of the Group	3,556	2,320	8,322	7,858
Non-controlling interests	(2)	4	(3)	128
	3,554	**2,324**	**8,319**	**7,986**
Total comprehensive income attributable to:				
Owners of the Group	3,609	2,340	8,682	7,732
Non-controlling interests	(2)	4	(3)	97
	3,607	2,344	8,679	7,829
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) (2)	1.08	0.71	2.53	2.39

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

(2) Based on weighted average number of ordinary shares in HPMT ("Shares") in issue during the period under review.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

	Unaudited As at 31-Dec-2020 RM'000	Audited As at 31-Dec-2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	71,238	76,578
Right-of-use assets	256	757
Deferred tax assets	35	-
Total non-current assets	**71,529**	**77,335**
Current assets		
Inventories	26,700	28,125
Current tax assets	571	2,405
Trade and other receivables	14,585	15,199
Derivative financial assets	-	137
Other investments [2]	36,566	-
Cash and short-term deposits	16,689	51,994
Total current assets	95,111	97,860
TOTAL ASSETS	**166,640**	**175,195**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	103,553	103,553
Other reserves	794	424
Merger deficit	(54,067)	(54,067)
Retained earnings	73,188	68,999
	123,468	118,909
Non-controlling interests	**368**	**371**
TOTAL EQUITY	**123,836**	**119,280**
Non-current liabilities		
Loans and borrowings	16,643	21,378
Lease liabilities	28	205
Deferred income	2,757	3,527
Deferred tax liabilities	5,411	5,932
Total non-current liabilities	**24,839**	**31,042**
Current liabilities		
Loans and borrowings	11,051	16,804
Lease liabilities	214	555
Deferred income	770	770
Current tax liabilities	-	119
Trade and other payables	5,726	6,612
Contract Liabilities	180	-
Derivative financial liabilities	24	13
Total current liabilities	**17,965**	**24,873**
TOTAL LIABILITIES	**42,804**	**55,915**
TOTAL EQUITY AND LIABILITIES	**166,640**	**175,195**
Net assets per share (RM)	**0.38**	**0.36**

Notes:

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

(2) Fund placement with licensed financial institutions.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[(1)]

	Share capital RM'000	Exchange reserve RM'000	PRC statutory reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020	**103,553**	**226**	**198**	**(54,067)**	**68,999**	**118,909**	**371**	**119,280**
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	8,322	8,322	(3)	8,319
Other comprehensive income for the financial period	-	360	-	-	-	360	-	360
Appropriation to statutory reserve	-	-	10	-	(10)	-	-	-
Total comprehensive income	**-**	**360**	**10**	**-**	**8,312**	**8,682**	**(3)**	**8,679**
Transaction with owners								
Dividends paid	-	-	-	-	(4,123)	(4,123)	-	(4,123)
At 31 December 2020	**103,553**	**586**	**208**	**(54,067)**	**73,188**	**123,468**	**368**	**123,836**
At 1 January 2019	*****	**352**	**175**	**6,206**	**64,026**	**70,759**	**3,247**	**74,006**
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	7,858	7,858	128	7,986
Other comprehensive loss for the financial period	-	(126)	-	-	-	(126)	(31)	(157)
Appropriation to statutory reserve	-	-	23	-	(23)	-	-	-
Total comprehensive income	**-**	**(126)**	**23**	**-**	**7,835**	**7,732**	**97**	**7,829**
Transaction with owners								
Acquisition of subsidiaries	63,234	-	-	(60,273)	12	2,973	(2,973)	-
Issuance of ordinary shares	42,310	-	-	-	-	42,310	-	42,310
Share issuance expenses	(1,991)	-	-	-	-	(1,991)	-	(1,991)
Dividends paid					(2,874)	(2,874)	-	(2,874)
At 31 December 2019	**103,553**	**226**	**198**	**(54,067)**	**68,999**	**118,909**	**371**	**119,280**

Notes:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

* RM2

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW[(1)]

	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Cash flows from operating activities		
Profit before tax	9,640	9,995
Adjustments for:		
Depreciation of property, plant and equipment	8,416	8,221
Depreciation of right-of-use assets	502	624
Gain on disposal of property, plant and equipment	-	(1)
Property, plant and equipment written off	28	-
Allowances for slow-moving inventories	139	143
Inventories written off	106	-
Impairment loss on trade receivables	46	6
Recovered bad debt	-	(36)
Finance costs	1,287	1,679
Interest income	(964)	(879)
Fair value loss/(gain) on derivatives	147	(44)
Loss/(Gain) on unrealised foreign exchange	790	(498)
Other non-cash items	(41)	-
Operating profit before working capital changes	**20,096**	**19,210**
Changes in working capital:		
Inventories	1,180	(3,804)
Trade and other receivables	638	1,714
Trade and other payables	(2,846)	(7,327)
Contract liabilities	180	-
Cash generated from operations	19,248	9,793
Tax refund	1,249	677
Income tax paid	(1,412)	(1,691)
Interest paid	(63)	(81)
Interest received	166	211
Net cash from operating activities	19,188	8,909
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,869)	(6,303)
Net changes in other investments	(36,572)	-
Refund of stamp duty	-	564
Proceeds from disposal of property, plant and equipment	-	2
Interest received	798	668
Net cash used in investing activities	(37,643)	(5,069)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued) [1]

	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	42,310
Share issuance expenses	-	(1,991)
Net change in revolving credit	598	250
Net change in bankers' acceptances	(4,182)	3,640
Payment of lease/finance lease liabilities	(504)	(653)
Drawdown of term loan	-	4,751
Repayment of term loans	(7,734)	(8,705)
Interest paid	(1,224)	(1,598)
Dividend paid	(4,123)	(2,874)
Net cash (used in)/from financing activities	(17,169)	35,130
Net (decrease)/increase in cash and cash equivalent	(35,624)	38,970
Cash and cash equivalents at the beginning of the financial year	51,960	13,144
Effects of exchange differences on transalation	353	(154)
Cash and cash equivalents at the end of the financial year	**16,689**	**51,960**

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Cash and bank balances	16,689	51,994
Short-term deposits placed with licensed banks	-	-
Cash and short-term deposits	16,689	51,994
Less: Bank overdrafts	-	(34)
Cash and cash equivalents at the end of the financial periods	**16,689**	**51,960**

Notes:

(1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements.

This interim financial report should be read in conjunction with the Group's audited financial statement for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following new and revised MFRSs, Amendments to MFRS and IC interpretations.

New MFRS, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2020:-

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 10	Consolidated Financial Statements
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and future periods financial statements upon their first adoption.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

A5. Material Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial period under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review.

A8. Dividends Paid

Dividends paid during the financial year ending 31 December 2020 are as follow :

i) Third single tier interim dividend of 0.375 sen per share amounting to RM 1,231,834 for the financial year ended 31 December 2019 was paid on 25 March 2020.

ii) First single tier interim dividend of 0.5 sen per share amounting to RM 1,642,445 for the financial year ended 31 December 2020 was paid on 25 September 2020.

iii) Second single tier interim dividend of 0.38 sen per share amounting to RM 1,248,258 for the financial year ended 31 December 2020 was paid on 23 December 2020.

A9. Segmental Information

The Group's operating segments are manufacturing, trading and coating services. These operating segments are required to be organised and managed for the purpose of making decisions about resource allocation and performance assessment. The Group's segmental revenue are as follows:

	Current Quarter 31-Dec-2020 RM'000	Preceding Year Quarter 31-Dec-2019 RM'000	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Revenue				
Manufacturing	16,879	16,660	64,709	73,153
Trading	646	824	4,967	3,049
Coating	623	546	2,220	2,480
Total	**18,148**	**18,030**	**71,896**	**78,682**

A10. Property, Plant and Equipment

(i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM 3.07 million.

(ii) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

A11. Material Events Subsequent to the end of the Quarter

There were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period under review.

A13. Contingent Liabilities and Contingent Assets

	As at 31 December 2020 RM'000
Corporate Guarantee issued to financial institutions in respect of banking facilities granted to subsidiary companies.	**31,348**

Save for the above, there were no changes in contingent assets and contingent liabilities of the Group, since the last audited accounts as at 31 December 2019.

A14. Material Capital Commitment

The capital commitments of the Group as at the end of the quarter under review were as follows:

	RM'000
Approved and contracted for	
• Purchase of machineries and equipment	-
Approved but not contracted for	
• Purchase of machineries and equipment	28,704
Total	**28,704**

A15. Significant Related Party Transactions

There were no significant related party transactions during the current quarter and financial period under review.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	Individual Quarter		Changes	
	31-Dec-2020 RM'000	31-Dec-2019 RM'000	RM'000	%
Revenue	18,148	18,030	118	0.7%
Profit before Taxation	3,614	2,709	905	33.4%

The Group recorded revenue and profit before taxation ("PBT") of approximately RM 18.15 million and RM 3.61 million respectively during the current quarter under review, representing an increase of 0.7% and 33.4% as compared to RM 18.03 million and RM 2.71 million generated in the corresponding quarter ended 31 December 2019.

B2. Comparison with Immediate Preceding Quarter

	Current Quarter 31-Dec-2020 RM'000	Preceding Quarter 30-Sep-2020 RM'000	Changes RM'000	%
Revenue	18,148	18,566	(418)	-2.3%
Profit before Taxation	3,614	2,989	625	20.9%

The Group revenue for the current quarter was RM 18.15 million, a decrease of RM 0.42 million as compared to RM 18.57 million generated during the preceding quarter. Revenue from the manufacturing segment decreased by RM 0.55 million or 3.2% due to decreased orders from dealers to replenish their inventory levels. Revenue from the trading segment increased by RM0.07 million or 12.2% with an increase in trading sales. Revenue from the coating segment increased by RM 0.06 million or 11.6%.

The Group's reported profit before tax of RM 3.61 million for the current quarter is approximately RM 0.63 million higher as compared to profit before tax of the preceding quarter of RM 2.99 million. The increase in PBT is mainly due to cost savings initiatives during this period.

B3. Prospects for the Next Financial Year

The Year 2021 remains uncertain and challenging for the cutting tools industry with the weak market sentiments predicated on uneven economic recovery post Covid-19 pandemic across different industries and the ongoing trade tensions between China and the US.

The Group leveraged on a well-diversified customer base grounded in various geographical regions and end-user markets to remain resilient during this pandemic. Amidst these challenges, the Group will continue to enhance the efficiency of production processes and improve the competitiveness of our products to maintain profitability. At the same time, the group will be cautious on capital expenditure where investments in machines will be phased according to prevailing market sentiments and capacity utilization rate.

The Board remains cautiously optimistic on the Group's outlook.

B4. Profit Forecast

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

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B5. Tax Expense

	Current Quarter 31-Dec-2020 RM'000	Preceding Year Quarter 31-Dec-2019 RM'000	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Current Income Tax	27	(174)	1,878	755
Deferred Tax	33	559	(557)	1,254
Total	60	385	1,321	2,009

The effective tax rate of the Group is 13.7% which is lower than the statutory tax rate, this is mainly due to tax allowances arising from capital investment.

B6. Status of Corporate Proposals

There are no corporate proposals announced but pending completion as at the date of this interim report.

B7. Utilisation of Proceeds from the Public Issue

Details of utilisation of proceeds	Estimated timeframe for utilisation upon Listing	Amount of proceeds RM'000	Actual Utilisation RM'000	Percentage utilised %
(i) Purchase of new machineries and equipment	Within 36 months	34,000	7,508	22.1%
(ii) Working Capital:				
- Finished goods inventories	Within 24 months	1,000	1,000	100.0%
- Staff costs and raw materials	Within 24 months	1,910	1,910	100.0%
(iii) Estimated listing expenses	Immediate	5,400	5,400	100.0%
Total		**42,310**	**15,818**	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the company dated 17 May 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B8. Group Borrowings

	Currency	Unaudited As at 31-Dec-2020 RM'000	Audited As at 31-Dec-2019 RM'000
Long-term Borrowings (secured)			
(i) Term Loan	MYR	11,345	12,537
	EUR	5,298	8,841
Sub-total		**16,643**	**21,378**
Short-term borrowings (secured)			
(i) Term Loan	MYR	1,577	2,452
	EUR	4,208	5,507
(ii) Bank Acceptance	USD	3,968	8,111
(iii) Revolving Credit	MYR	1,298	700
(iv) Bank Overdraft	MYR	-	34
Sub-total		**11,051**	**16,804**
Total borrowings		**27,694**	**38,182**

We utilise credit facilities such as overdrafts and bankers' acceptances to partially finance our working capital. In addition, we utilise term loans to finance purchase of our manufacturing equipment and factory building. The credit facilities are secured by corporate guarantees, specific debentures and properties.

B9. Derivative Financial Instruments

As at 31 December 2020, the outstanding foreign currency forward contracts are as follows:

	Contract / Notional Amount RM'000	Fair Value Asset / (Liabilities) RM'000
Forward Currency Contracts		
Less than 1 year	3,687	(24)

The Group's enter into forward currency contracts to hedge against the net exposure to movements in exchange rate arising from sales, purchase and finance cost.

The Group recognised a loss of RM0.15 million arising from changes in fair value of derivatives.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B10. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B11. Dividend

A third single tier dividend for the financial year ending 31 December 2020, amounting to RM 1.64 million computed based on 328,489,000 ordinary shares as at 31 December 2020 has been declared by the Board of Directors on 22 February 2021:

(i) Amount per Share: Single tier dividend of 0.50 sen per ordinary share

(ii) Previous corresponding period as at 31 December 2019: 0.375 sen

(iii) Entitlement Date: 08 March 2021

(iv) Payment Date: 22 March 2021

The total dividend declared for the current financial year ending 31 December 2020: 1.38 sen per share.

B12. Earnings Per Share ("EPS")

The basic and diluted EPS for the current quarter and financial year-to-date is computed as below:

	Current Quarter 31-Dec-2020 RM'000	Preceding Year Quarter 31-Dec-2019 RM'000	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Profit after tax attributable to the owner of the Group (RM'000)	3,556	2,320	8,322	7,858
Weighted average number of ordinary shares in issue ('000)	328,489	328,489	328,489	328,489
Basic EPS (sen) [(1)]	1.08	0.71	2.53	2.39
Diluted EPS (sen)[(2)]	1.08	0.71	2.53	2.39

Notes:

(1) Basic EPS is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the period under review.

(2) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

B13. Profit Before Tax

	Current Quarter 31-Dec-2020 RM'000	Preceding Year Quarter 31-Dec-2019 RM'000	Current Year-To-Date 31-Dec-2020 RM'000	Preceding Year-To-Date 31-Dec-2019 RM'000
Interest income	(227)	(397)	(964)	(879)
Other income	(331)	(318)	(1,421)	(1,295)
Interest expense	247	440	1,247	1,619
Interest on lease liabilities	3	60	40	60
Depreciation of property, plant and equipment	2,073	1,948	8,416	8,221
Depreciation of right-of-use assets	83	624	502	624
Allowance for slow-moving inventories	41	58	139	143
Inventories written off	106	-	106	-
Impairment loss on trade receivables	26	1	46	6
Bad debt recovered	-	-	-	(36)
Realised loss/(gain) on foreign exchange	56	102	(304)	137
Unrealised loss/(gain) on foreign exchange	35	(154)	790	(498)
Unrealised loss/(gain) on derivatives	9	32	147	(44)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.