

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

	Individual Quarter		Cumulative Quarter	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM'000	RM'000	RM'000	RM'000
Revenue	21,221	21,996	68,013	67,852
Cost of sales	13,328	14,077	42,869	41,751
Gross profit	7,893	7,919	25,144	26,101
Other income	126	986	2,397	2,095
Administrative expenses	(4,649)	(4,512)	(14,209)	(13,445)
Distribution expenses	(1,682)	(1,920)	(5,339)	(5,355)
Operating profit	1,688	2,473	7,993	9,396
Finance costs	(294)	(290)	(859)	(705)
Profit before tax	1,394	2,183	7,134	8,691
Income tax expense	(460)	(596)	(2,063)	(1,685)
Profit for the financial period	934	1,587	5,071	7,006
Other comprehensive income, net of tax :				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(17)	(12)	295	(28)
Other comprehensive income for the financial period	(17)	(12)	295	(28)
Total comprehensive income for the financial period	917	1,575	5,366	6,978
Profit attributable to:				
Owners of the Group	968	1,584	5,271	7,007
Non-controlling interests	(34)	3	(200)	(1)
	934	1,587	5,071	7,006
Total comprehensive income attributable to:				
Owners of the Group	951	1,572	5,566	6,979
Non-controlling interests	(34)	3	(200)	(1)
	917	1,575	5,366	6,978
Earnings per share attributable to ordinary shareholders :				
Basic and diluted (sen) ⁽²⁾	0.29	0.48	1.60	2.13

Notes:

- (1) The 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 2022 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30-Sep-2023 RM'000	Audited As at 31-Dec-2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	69,731	71,400
Right-of-use assets	1,027	637
Deferred tax assets	298	179
Total non-current assets	71,056	72,216
Current assets		
Inventories	32,606	31,204
Current tax assets	1,544	1,400
Trade and other receivables	17,603	17,703
Short-term cash investments ⁽²⁾	35,995	21,186
Cash and bank balances	21,396	26,231
Total current assets	109,144	97,724
TOTAL ASSETS	180,200	169,940
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	103,553	103,553
Other reserves	1,177	882
Merger deficit	(54,067)	(54,067)
Retained earnings	90,302	86,181
	140,965	136,549
Non-controlling interests	209	409
TOTAL EQUITY	141,174	136,958
Non-current liabilities		
Loans and borrowings	11,505	9,974
Lease liabilities	548	283
Deferred income	745	1,217
Deferred tax liabilities	6,320	7,108
Total non-current liabilities	19,118	18,582
Current liabilities		
Loans and borrowings	9,238	7,444
Lease liabilities	443	302
Deferred income	664	770
Current tax liabilities	2,649	160
Trade and other payables	6,912	5,669
Contract liabilities	-	52
Derivative financial liabilities	2	3
Total current liabilities	19,908	14,400
TOTAL LIABILITIES	39,026	32,982
TOTAL EQUITY AND LIABILITIES	180,200	169,940
 Net assets per share (RM)	 0.43	 0.42

HPMT Holdings Berhad

(Company No.: 201701041672 (1255845-W))

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023



Notes:

- (1) The 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 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Fund placement with licensed financial institutions.

HPMT Holdings Berhad

(Company No.: 201701041672 (1255845-W))

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

**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 2023	103,553	674	208	(54,067)	86,181	136,549	409	136,958
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	5,271	5,271	(200)	5,071
Other comprehensive income for the financial period	-	295	-	-	-	295	-	295
Total comprehensive income	-	295	-	-	5,271	5,566	(200)	5,366
Transaction with owners								
Dividends paid	-	-	-	-	(1,150)	(1,150)	-	(1,150)
At 30 September 2023	103,553	969	208	(54,067)	90,302	140,965	209	141,174
At 1 January 2022	103,553	732	208	(54,067)	80,783	131,209	407	131,616
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	7,007	7,007	(1)	7,006
Other comprehensive income for the financial period	-	(28)	-	-	-	(28)	-	(28)
Total comprehensive income	-	(28)	-	-	7,007	6,979	(1)	6,978
Transaction with owners								
Dividends paid	-	-	-	-	(2,792)	(2,792)	-	(2,792)
At 30 September 2022	103,553	704	208	(54,067)	84,998	135,396	406	135,802

Notes:

- (1) The 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 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW⁽¹⁾

	Cumulative Quarter	
	30-Sep-2023	30-Sep-2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	7,134	8,691
Adjustments for:		
Depreciation of property, plant and equipment	7,021	6,520
Depreciation of right-of-use assets	420	481
Gain on disposal of property, plant and equipment	-	(457)
Property, plant and equipment written off	1	3
Government grant amortisation	(578)	(578)
Allowances for slow-moving inventories	383	177
Inventories written off	28	-
Impairment loss/(Reversal) on trade receivables	5	(13)
Finance costs	859	705
Interest income	(410)	(311)
Net fair value (gain)/ loss on derivatives	(1)	79
Net unrealised foreign exchange gain	(339)	(336)
Gain on lease modifications	(1)	(4)
Operating profit before working capital changes	14,522	14,957
<u>Changes in working capital:</u>		
Inventories	(1,813)	(5,195)
Trade and other receivables	150	(824)
Trade and other payables	685	(4,466)
Contract liabilities	(52)	(238)
Cash generated from operation	13,492	4,234
Tax refunded	535	2
Income tax paid	(1,160)	(2,214)
Interest paid	(55)	(53)
Interest received	108	54
Net cash from operating activities	12,920	2,023
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,792)	(6,466)
Additional to right-of-use assets	-	(76)
Net changes in short-term cash investments	(14,395)	10,918
Proceeds from disposal of property, plant and equipment	-	457
Short-term cash investment income	302	258
Net cash (used in)/from investing activities	(18,885)	5,091

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued) ⁽¹⁾

	Cumulative Quarter	
	30-Sep-2023	30-Sep-2022
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of revolving credit	1,200	500
Net drawdown of bankers' acceptances	1,328	152
Payment of lease liabilities	(401)	(454)
Drawdown of term loans	3,922	-
Repayment of term loans	(3,255)	(3,991)
Interest paid	(804)	(652)
Dividends paid	(1,150)	(2,792)
Net cash from/(used in) financing activities	840	(7,237)
Net decrease in cash and cash equivalent	(5,125)	(123)
Cash and cash equivalents at the beginning of the financial period	26,231	23,470
Effects of exchange differences on translation	290	(29)
Cash and cash equivalents at the end of the financial period	21,396	23,318

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

	Cumulative Quarter	
	30-Sep-2023	30-Sep-2022
	RM'000	RM'000
Cash and bank balances	21,396	23,318
Short-term deposits placed with licensed banks	-	-
Cash and short-term deposits	21,396	23,318
Less: Bank overdrafts	-	-
Cash and cash equivalents at the end of the financial period	21,396	23,318

Notes:

- (1) The 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 2022 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 statements for the financial year ended 31 December 2022 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 2022, except for the adoption of the following Amendments to MFRS.

Amendments to MFRSs effective for financial periods beginning on or after 1 January 2023:-

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendment to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2022.

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.

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date under review.

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

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 ended 31 December 2023 are as follow :

- i) Second interim dividend of 0.35 sen per share amounting to RM 1,149,712 for the financial year ended 31 December 2022 was paid on 27 March 2023.
- ii) First interim dividend of 0.30 sen per share amounting to RM 985,467 for the financial year ended 31 December 2023 was paid on 09 October 2023.

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:

	Individual Quarter		Cumulative Quarter	
	30-Sep-2023 RM'000	30-Sep-2022 RM'000	30-Sep-2023 RM'000	30-Sep-2022 RM'000
Revenue				
Manufacturing	20,310	19,568	64,789	61,443
Trading	491	1,707	1,817	4,296
Coating	420	721	1,407	2,113
Total	21,221	21,996	68,013	67,852

A10. Property, Plant and Equipment

- (i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM 5.35 million.

There were written off assets with carrying amount of about RM589 during the current period under review.

- (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 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

Corporate Guarantee issued to financial institutions in respect of banking facilities granted to subsidiary companies.

As at 30 September 2023
RM'000

21,753

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 2022.

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 property, plant and equipment	3,888
Approved but not contracted for	
• Purchase of property, plant and equipment	15,239
Total	19,127

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	
	30-Sep-2023 RM'000	30-Sep-2022 RM'000		
Revenue	21,221	21,996	(775)	-3.5%
Profit before Taxation	1,394	2,183	(789)	-36.1%

The Group recorded revenue and profit before taxation ("PBT") of approximately RM 21.22 million and RM 1.40 million respectively during the current quarter under review, representing a decrease of 3.5% and 36.1% as compared to RM 22.00 million and RM 2.18 million generated in the corresponding quarter ended 30 September 2022.

B2. Comparison with Immediate Preceding Quarter

	Current Quarter 30-Sep-2023 RM'000	Preceding Quarter 30-Jun-2023 RM'000	Changes	
			RM'000	%
Revenue	21,221	23,231	(2,010)	-8.7%
Profit before Taxation	1,394	2,980	(1,586)	-53.2%

The Group revenue for the current quarter was RM 21.22 million, a decrease of RM 2.01 million as compared to RM 23.23 million generated during the preceding quarter. Revenue from the manufacturing segment decreased by RM 1.80 million or 8.1% due to decreased orders from dealers to replenish their inventory levels. Revenue from the trading segment decreased by RM0.04 million or 8.2% with decrease in trading sales. Revenue from the coating segment decreased by RM0.17 million or 28.9%.

The Group's reported profit before tax of RM 1.39 million for the current quarter is approximately RM 1.59 million lower as compared to profit before tax of the preceding quarter of RM 2.98 million. The decrease in PBT is primarily attributable to lower revenue generated in current quarter, foreign exchange loss and slight reduction in operating expenses.

B3. Prospects for the Current Financial Year

Economic momentum in the second half of 2023 is anticipated to be affected by subdued global demand, stemming from protracted geopolitical conflicts, rising wage and energy cost from persistent inflationary pressures, leading to sluggish growth trajectory.

Despite the challenges faced, the Group remains unwavering in its commitment to optimizing production efficiency and improving the competitiveness of our products. The Group remains cautiously optimistic that it will weather the storm.

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

	Individual Quarter		Cumulative Quarter	
	30-Sep-2023 RM'000	30-Sep-2022 RM'000	30-Sep-2023 RM'000	30-Sep-2022 RM'000
Current Income Tax	772	432	2,970	1,307
Deferred Tax	(312)	164	(907)	378
Total	460	596	2,063	1,685

The effective tax rate of the Group is 28.9% which is higher than the statutory tax rate, this is mainly due to lower tax allowances claimable for current year.

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 60 months ⁽¹⁾	34,000	22,279	65.5%
(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	30,589	

Notes :

- (1) On 27 May 2022, the Company announced the extension of timeframe for the utilisation of proceeds allocated for purchase of new machineries and equipment from within 36 months to within 60 months.

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

		As at 30-Sep-2023	As at 30-Sep-2022
	Currency	RM'000	RM'000
Long-term Borrowings (secured)			
(i) Term Loan	MYR	11,505	10,012
	EUR	-	456
Sub-total		11,505	10,468
Short-term borrowings (secured)			
(i) Term Loan	MYR	1,924	1,687
	EUR	500	1,953
(ii) Bank Acceptance	MYR	3,814	-
	USD	-	5,330
(iii) Revolving Credit	MYR	3,000	1,500
Sub-total		9,238	10,470
Total borrowings		20,743	20,938

We utilise credit facilities such as overdrafts, revolving credit 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 30 September 2023, 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	994	(2)

The Group 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 gain of approximately RM1,000 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

Saved as disclosed in Note A8, no dividend has been declared by the Company during the current quarter under review.

The total dividend declared for the current financial year ending 31 December 2023: 0.30 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:

	Individual Quarter		Cumulative Quarter	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to the owner of the Group (RM'000)	968	1,584	5,271	7,007
Weighted average number of ordinary shares in issue ('000)	328,489	328,489	328,489	328,489
Basic EPS (sen) ⁽¹⁾	0.29	0.48	1.60	2.13
Diluted EPS (sen) ⁽²⁾	0.29	0.48	1.60	2.13

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**

	Individual Quarter		Cumulative Quarter	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(174)	(236)	(410)	(311)
Other income	(196)	(662)	(595)	(1,058)
Gain on disposal of property, plant and equipment	-	-	-	(457)
Interest expense	294	290	859	705
Depreciation of property, plant and equipment	2,372	2,265	7,021	6,520
Depreciation of right-of-use assets	119	162	420	481
Allowance for slow-moving inventories	119	84	383	177
Inventories written off	24	-	28	-
Impairment loss/(Reversal) on trade receivables	6	2	5	(13)
Realised (gain)/loss on foreign exchange	(36)	321	(1,051)	412
Unrealised loss/(gain) on foreign exchange	280	(185)	(339)	(336)
Unrealised (gain)/loss on derivatives	(190)	95	(1)	79

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