



**HIAP HUAT HOLDINGS BERHAD (200901038858 (881993-M))
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2024**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2024 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2023 RM'000	Current Year To Date Ended 30 September 2024 RM'000	Preceding year To Date Ended 30 September 2023 RM'000
Revenue	28,724	22,360	77,019	61,410
Cost of sales	(22,821)	(14,643)	(61,901)	(45,439)
Gross profit	5,903	7,717	15,118	15,971
Other income	548	595	1,755	1,194
Administration expenses	(3,781)	(2,828)	(9,737)	(8,132)
Selling and distribution costs	(297)	(194)	(701)	(664)
Finance costs	(658)	(338)	(1,887)	(1,006)
Profit before taxation	1,715	4,952	4,548	7,363
Taxation	(669)	(1,214)	(2,406)	(1,928)
Net profit for the financial period, representing total comprehensive income for the financial period	1,046	3,738	2,142	5,435
Profit for the financial period, representing total comprehensive income for the financial period attributable to:				
Equity owners of the Company	1,050	3,738	2,175	5,329
Non-controlling interests	(4)	-	(33)	106
	1,046	3,738	2,142	5,435
Earnings per share attributable to the equity holders of the Company (sen)	0.27	0.95	0.55	1.35

The Unaudited Condensed Consolidated Statements of Comprehensive Income 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 statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

	Unaudited As at 30 September 2024 RM'000	Audited As at 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,665	38,074
Investment property	7,193	7,264
Right-of-use assets	78,083	47,298
Other receivables	6	55
	136,947	92,691
Current assets		
Inventories	18,862	12,309
Trade receivables	7,639	14,256
Other receivables	3,325	2,253
Tax recoverable	1,488	297
Short term investments	7,876	-
Fixed deposits	666	-
Cash and bank balances	8,406	7,278
	48,262	36,393
TOTAL ASSETS	185,209	129,084
EQUITY		
Share capital	49,981	49,981
Treasury shares	(401)	(401)
Merger deficit	(9,535)	(9,535)
Revaluation reserves	8,881	8,881
Retained profits	45,157	42,982
Equity attributable to owners of the Company	94,083	91,908
Non-controlling interests	1,491	44
Total equity	95,574	91,952
LIABILITY		
Non-current liabilities		
Lease liabilities	33,434	3,327
Bank borrowings	24,744	18,906
Deferred tax liabilities	8,142	7,440
	66,320	29,673
Current Liabilities		
Trade payables	6,041	1,894
Other payables	1,659	994
Provision for taxation	2,377	1,307
Lease liabilities	1,411	1,271
Bank borrowings	11,827	1,993
	23,315	7,459
Total liabilities	89,635	37,132
TOTAL EQUITY AND LIABILITIES	185,209	129,084
Net assets per share attributable to equity holders of the Company (RM)	0.24	0.23

The Unaudited Condensed Consolidated Statements of Financial Position 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 statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	<-----Attributable to Equity Holders of the Company ----->							
	<----- Non-distributable ----->				Distributable			
	Share Capital	Treasury Shares	Revaluation Reserves	Merger Deficit	Retained Profits	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year to date ended 30 September 2024								
At 1 January 2024	49,981	(401)	8,881	(9,535)	42,982	91,908	44	91,952
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	2,175	2,175	(33)	2,142
Transactions with owner								
Acquisition of a subsidiary	-	-	-	-	-	-	(120)	(120)
Increase in share capital of subsidiary	-	-	-	-	-	-	1,600	1,600
Dividend Income	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	1,480	1,480
At 30 September 2024	49,981	(401)	8,881	(9,535)	45,157	94,083	1,491	95,574
Preceding year to date ended 30 September 2023								
At 1 January 2023	49,981	(401)	8,881	(9,535)	35,309	84,235	(222)	84,013
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	5,329	5,329	106	5,435
At 30 September 2023	49,981	(401)	8,881	(9,535)	40,638	89,564	(116)	89,448

The Unaudited Condensed Consolidated Statements of Changes in Equity 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 statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	Current Year To-date Ended 30 September 2024 RM'000	Preceding Year To-date Ended 30 September 2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,548	7,363
Adjustments:		
Depreciation of property, plant and equipment	2,634	3,882
Depreciation of investment properties	71	71
Depreciation of right-of-use assets	3,713	1,930
Dividend income on short term investments	(47)	-
Bad debts written off	-	21
Gain on disposal of property, plant and equipment	(1)	(43)
Reversal of impairment loss on trade receivables	-	(21)
Fair Value Adjustment on Short Term Investment	(28)	-
Property, plant and equipment written off	19	16
Interest income	-	(343)
Interest expenses	1,887	1,006
Operating profit before working capital changes	12,796	13,882
Net changes in working capital:		
Inventories	(6,553)	(3,430)
Receivables	6,218	(3,317)
Payables	4,035	490
Cash generated from operations	16,496	7,625
Tax refund	-	175
Tax paid	(2,563)	(1,412)
Net cash from operating activities	13,933	6,388
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	256
Purchase of property, plant and equipment	(13,996)	(8,807)
Additions to right-of-use assets	(753)	(19)
Proceeds from disposal of property, plant and equipment	1	78
Placement of fixed deposit	(666)	(2,141)
Redemption/(placement) of short term investments	(7,800)	-
Proceeds from issuance of shares in a subsidiary of NCI	1,600	-
Net outflow of acquisition of subsidiary	(2,092)	-
Net cash used in investing activities	(23,706)	(10,633)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,887)	(999)
Drawdown of borrowings	17,252	545
Repayment of bank borrowings	(1,580)	(2,885)
Repayment of lease liabilities	(2,883)	(1,198)
Net cash generated from/ (used in) financing activities	10,902	(4,537)
Net increase/(decrease)/ in cash & cash equivalents	1,129	(8,782)
Cash and cash equivalents at beginning of the financial period	7,277	13,593
Cash and cash equivalents at end of the financial period	8,406	4,811
Cash and Cash Equivalents at end of the period comprise the followings:		
Fixed deposits with licenced banks	666	7,641
Cash and bank balances	8,406	4,811
	9,072	12,452
Less: Fixed deposit with licensed bank	(666)	(7,641)
	8,406	4,811

The Unaudited Condensed Consolidated Statements of Cash Flows 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 statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS 134):

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of Hiap Huat Holdings Berhad and its group of companies (“the Group”) for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

A2. Summary of material accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023.

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards—Volume 11	Annual Improvements to MFRS Accounting Standards—Volume 11	1 January 2026
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A2. Summary of material accounting policies (continued)

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

A3. Auditors' report

The audit report of the Group's preceding annual Financial Statements was not subject to any qualification.

A4. Seasonal or cyclical factors

The principal businesses of the Group were not significantly affected by seasonal or cyclical factors.

A5. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. Material changes in estimates

There were no changes in the estimates of amount reported in prior financial period that had a material effect in the current quarter under review.

A7. Issuances, cancellations, repurchase, resale and repayments of debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial period under review.

As at 30 September 2024, a total of 4,113,000 buy-back shares were held as treasury shares and carried at cost.

A8. Dividends paid

No dividend has been paid during the quarter under review.

A9. Segmental information

No segmental reporting is prepared as the principal activities of the Group are predominantly carried out in Malaysia and are engaged in a single business segment of manufacturing, recycling and refining all kinds of petroleum-based products, petrochemicals, and sustainable products.

A10. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current financial period. The valuation of property, plant and equipment of the Group has been brought forward without amendment from the previous financial years.

A11. Capital commitments

Authorised capital expenditures for property, plant and equipment not provided for in the financial statements were as follows:

	Group 30 September 2024 RM'000
Approved and contracted for:	
- Purchase of machineries	11,796
- Factory construction	3,040
	14,836

A12. Material subsequent event

There are no material events subsequent to the end of the current financial period under review up to the date of this announcement that have not been reflected in these interim financial statements.

A13. Significant event during the period

There were no significant events during the current financial period under review that have not been reflected in these interim financial statements.

A14. Changes in the composition of the Group

On 8 March 2024, the Company incorporated an indirect subsidiary namely, Bio Energz Sdn Bhd. Its principal business is recycling and refining of sustainable products.

Save as disclosed above, there were no changes in the composition of the Group during the current year-to-date period.

A15. Contingent liabilities and contingent assets

The contingent liabilities as at 30 September 2024 were as follows:

<u>Unsecured contingent liabilities</u>	Group 30 September 2024 RM'000
Bank guarantee for performance bond given to supplies	819

<u>Unsecured contingent liabilities</u>	Group 30 September 2024 RM'000
Corporate guarantee given to financial institutions and non-financial institutions for financing facilities granted to subsidiaries	96,294

A16. Financial risk management

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as for the financial year ended 31 December 2023.

A17. Status on corporate proposals

There were no corporate proposals announced but not completed at the latest practicable date of this quarterly report.

A18. Related party transaction

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	Group	
	Quarter ended 30 September 2024	Year-to-date 30 September 2024
	RM'000	RM'000
	17	50

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of performance

	Current Quarter Ended				Cumulative Quarter Ended			
	30 September 2024	30 September 2023	Change		30 September 2024	30 September 2023	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	28,724	22,360	6,364	28.46%	77,019	61,410	15,609	25.42%
Profit before taxation	1,715	4,952	(3,237)	-65.37%	4,548	7,363	(2,815)	-38.23%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	4,568	7,154	(2,586)	-36.15%	12,853	13,909	(1,056)	-7.59%

Financial review for second quarter ended 30 September 2024 (“Q3 FY2024”) versus corresponding quarter ended 30 September 2023 (“Q3 FY2023”)

The Group’s revenue was recorded at RM28.72 million in Q3 FY2024 against RM22.36 million in Q3 FY2023. The increase of RM6.36 was mainly from the increase in export sales of 272.25% while local sales decreased by 55.14%. In terms of product segments, sales in the sustainable products segment and recycled petrochemicals segment increased by RM8.24 million and RM6.19 million respectively. Conversely, sales in the recycled petroleum segment and scheduled waste collection segment decreased by 32.56% and 65.60% respectively.

The Group recorded the gross profit margin at 20.55% in the current quarter, a drop of 13.96% as compared to 34.51% in the previous corresponding quarter. Lower gross profit margin was mainly due to higher material costs and changes in sales of product segment. In addition, there was an increase in labour cost after the increased labour in Q1 of 2024 and higher depreciation charged with additional assets capitalized.

Financial review for second quarter ended 30 September 2024 (“Q3 FY2024”) versus corresponding quarter ended 30 September 2023 (“Q3 FY2023”) (continued)

As a result, the Group closed at RM1.72 million of profit before tax and RM4.57 million of EBITDA in the current quarter compared to RM4.95 million of profit before tax and RM7.15 million of EBITDA in the corresponding quarter

Financial review for the year-to-date ended 30 September 2024 (“YTD FY2024”) versus 30 September 2023 (“YTD FY2023”)

On year-to-date basis, the Group achieved a revenue of RM77.02 million in YTD FY2024, an increase of 25.42% from RM61.41 million in YTD FY2023. The export sales representing 71.68% of the total revenue in YTD FY2024 have grown to RM34.31 million whilst local sales have reduced by 46.15% due to the increase in production costs on material purchase, direct labour costs and higher depreciation charged.

Sales of recycled petrochemicals and sustainable products increased by RM9.7 million and RM23.32 million during the financial year. In contrast, sales of recycled petroleum and scheduled waste collection decreased by 45.75% and 43.53% respectively.

However, the gross profit margin was down by 6.38% to 19.63% in FY2024. The decrease was mainly due to an increase in production costs.

For YTD FY2024, the Group recorded profit before tax at RM4.55 million, representing 38.23% decrease from profit before tax of RM7.36 million in YTD FY2023. EBITDA amounted to RM12.85 million in YTD FY2024, a decrease of RM1.06 million as compared to RM13.91 million in YTD FY2023.

B2. Financial review of current quarter ended 30 September 2024 (“Q3 FY2024”) versus immediate preceding quarter ended 30 June 2024 (“Q2 FY2024”)

	Financial Quarter Ended			
	30 September 2024	30 June 2024	Change	
	RM'000	RM'000	RM'000	%
Revenue	28,724	27,119	1,605	5.92%
Profit before taxation	1,715	2,224	(509)	-22.89%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	4,568	4,971	(403)	-8.11%

In the current quarter, the Group achieved its revenue at RM28.72 million, an increase by 5.92% as compared to RM27.12 million in Q2 FY2024. It was mainly contributed by sustainable products and other segments with notable increases of RM2.90 million and RM0.56 million respectively.

The Group recorded lower profit before tax in the current quarter at RM1.72 million compared to RM2.22 million in Q2 FY2024. EBITDA for the current quarter was RM4.57 million compared to RM4.97 million in Q2 FY2024.

B3. Prospects

The Board of Directors (“the Board”) anticipates that the growth momentum of the industry in which our operations operate will moderate in comparison to 2023, largely due to the subdued global economic conditions.

The oil price is expected to remain volatile which may affect the demand for the Group’s products and services.

While the Group is mindful of the external environment, the Board is seeking opportunity to expand the business of the Group by exploring new stream of revenue to diversify and complement our existing business. In doing this, the Group would invest in capital expenditure in current financial year. Meanwhile, the Board would continue to focus on efficient production process and prudent financial management to sustain the business.

B4. Profit guarantee or profit forecast

No profit guarantee or profit forecast has been issued by the Group previously in any public document.

B5. Taxation

	Quarter ended		Cumulative Quarter ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM’000	RM’000	RM’000	RM’000
Current Tax				
- Current period	1,606	951	3,343	1,820
Deferred Tax				
- origination and reversal of temporary differences	(937)	263	(937)	108
	669	1,214	2,406	1,928

The effective tax rate of the Group for the current year-to-date was higher than the statutory tax rate, mainly due to non-deductible expenses as well as certain subsidiaries registered loss before taxation.

B6. Bank borrowings

The Group’s bank borrowings as at 30 September 2024 are as follows:

	Long Term RM’000	Short Term RM’000	Total RM’000
<u>Secured</u>			
-Term Loan	24,744	11,827	36,571
	24,744	11,827	36,571

All bank borrowings are denominated in Ringgit Malaysia.

B7. Material litigation

The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of the Group do not have any knowledge of proceedings pending or threatened against the Company and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group as at the date of this report.

B8. Dividends

No dividends has been declared or recommended in respect of the current financial period under review.

B9. Disclosure of profit or loss items for the period

	Current Quarter Ended 30 September		Cumulative Quarters Ended 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	-	(85)	-	(343)
Interest expenses	658	338	1,887	1,006
Depreciation of property, plant and equipment	890	1,269	2,634	3,882
Depreciation of investment properties	24	24	71	71
Depreciation of right-of-use assets	1,280	656	3,713	1,930
Dividend income on short term investments	16	-	47	-
Gain on disposal of property, plant and equipment	-	-	(1)	(43)
Property, plant and equipment written off	4	2	19	16

B10. Earnings per share

Basic earnings per share is calculated by dividing the Group's net profit attributable to the owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Current Quarter Ended 30 September		Cumulative Quarter Ended 30 September	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group's net profit attributable to equity holders of the Company (RM'000)	1,050	3,738	2,175	5,329
Weighted average number of ordinary shares (RM'000)	395,025	395,025	395,025	395,025
Earnings per share (sen)				
- Basic	0.27	0.95	0.55	1.35

The Group has no dilution impact in their earnings/(loss) per share as there was no potential dilutive ordinary shares during the current financial period.

B11. Authority for issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board in accordance with a resolution of the Directors dated 26 November 2024.

By order of the Board,

DATO' CHAN SAY HWA
Executive Chairman cum Group Managing Director

26 November 2024