

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

	Financial Quarter Ended		Financial Year Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Revenue	11,054	N/A	39,209	40,839
Cost of sales	(7,476)	N/A	(23,820)	(24,073)
<b>Gross profit</b>	<b>3,578</b>	<b>N/A</b>	<b>15,389</b>	<b>16,766</b>
Other operating income	58	N/A	200	301
Administration expenses	(4,458)	N/A	(8,563)	(7,007)
Selling and distribution costs	(367)	N/A	(1,426)	(1,119)
Finance costs	(272)	N/A	(612)	(562)
<b>(Loss)/Profit before taxation</b>	<b>(1,461)</b>	<b>N/A</b>	<b>4,988</b>	<b>8,379</b>
Taxation	(414)	N/A	(1,883)	(2,323)
<b>Net (loss)/profit for the financial period, representing total comprehensive income for the financial period</b>	<b>(1,875)</b>	<b>N/A</b>	<b>3,105</b>	<b>6,056</b>
<b>Total comprehensive income attributable to :</b>				
Equity owners of the parent	(1,875)	N/A	3,105	6,056
Minority interests	-	N/A	-	-
	<b>(1,875)</b>	<b>N/A</b>	<b>3,105</b>	<b>6,056</b>
<b>Weighted average number of ordinary shares in issue ('000)</b>	288,030	N/A	258,315	248,301
<b>(Loss)/Earnings per share attributable to owner of the parent :</b>				
Basic (Sen)	(0.65)	N/A	1.20	2.44
Diluted (Sen)	N/A	N/A	N/A	N/A

**Notes:**

N/A denotes not applicable

- The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information for the six (6) months period ended 30 June 2012 and the Accountant's Report for the FYE 31 December 2011 as disclosed in the Prospectus of Hiap Huat Holdings Berhad ("Company") dated 5 November 2012 and the accompanying explanatory notes attached to this interim financial statements.
- No comparative figures for the preceding year's corresponding quarter are available as Hiap Huat was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 26 November 2012.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Unaudited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,724	34,588
<b>Current assets</b>		
Inventories	6,374	3,706
Trade receivables	8,348	8,439
Other receivables, deposits and prepayments	1,901	1,995
Fixed deposits	432	418
Cash and bank balances	14,500	2,755
	<b>31,555</b>	<b>17,313</b>
<b>TOTAL ASSETS</b>	<b>72,279</b>	<b>51,901</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade payables	1,960	2,800
Other payables and accruals	1,509	2,152
Bank borrowings	3,383	1,237
Hire purchase payable	1,284	1,531
Provision for taxation	1,433	1,445
	<b>9,569</b>	<b>9,165</b>
<b>Non-current liabilities</b>		
Hire purchase payables	2,606	4,037
Bank borrowings	13,812	11,800
Deferred tax liabilities	1,063	1,038
	<b>17,481</b>	<b>16,875</b>
<b>Total liabilities</b>	<b>27,050</b>	<b>26,040</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	33,330	24,830
Share premium	7,763	-
Merger deficit	(9,535)	(9,535)
Retained profits	13,671	10,566
<b>Total equity</b>	<b>45,229</b>	<b>25,861</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>72,279</b>	<b>51,901</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	0.14	0.10

**Notes:**

- The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information for the six (6) months period ended 30 June 2012 and the Accountant's Report for the FYE 31 December 2011 as disclosed in the Prospectus of the Company dated 5 November 2012 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

Note	<----- Attributable to owners of Company ----->				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	
<b>Balance as at 1 January 2012</b>	24,830	-	(9,535)	10,566	<b>25,861</b>
Total comprehensive income for the financial year	-	-	-	3,105	<b>3,105</b>
Issue of ordinary shares					
- private placement	8,000	8,000	-	-	<b>16,000</b>
- public issue	500	500	-	-	<b>1,000</b>
Listing expenses	-	(737)	-	-	<b>(737)</b>
<b>Balance at 31 December 2012</b>	<b>33,330</b>	<b>7,763</b>	<b>(9,535)</b>	<b>13,671</b>	<b>45,229</b>

**Notes :**

- The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information for the six (6) months period ended 30 June 2012 and the Accountant's Report for the FYE 31 December 2011 as disclosed in the Prospectus of the Company dated 5 November 2012 and the accompanying explanatory notes attached to this interim financial statements.
- No comparative figures for the preceding year's corresponding period are available as Hiap Huat was listed on the ACE Market of Bursa Securities on 26 November 2012.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

	Financial Year Ended	
	31.12.2012	31.12.2011
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,988	8,379
Adjustments:-		
Depreciation of property, plant and equipment	2,014	1,811
Gain on disposal of property, plant and equipment	(87)	(297)
Interest income	(87)	(27)
Interest expenses	612	562
Property, plant and equipment written off	34	116
Operating profit before working capital changes	7,474	10,544
Changes in working capital:		
Inventories	(2,668)	(1,218)
Trade receivables	91	(1,484)
Other receivables	94	(359)
Trade payables	(840)	628
Other payables	(643)	(1,269)
Amount owing to Directors	-	(812)
Cash generated from operations	3,508	6,030
Interest received	87	27
Interest paid	(612)	(562)
Tax refund	-	46
Tax paid	(1,376)	(1,617)
<b>Net cash from operating activities</b>	<b>1,607</b>	<b>3,924</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,336)	(3,438)
Proceeds from disposal of property, plant and equipment	239	1,457
<b>Net cash used in investing activities</b>	<b>(8,097)</b>	<b>(1,981)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	5,504	-
Increased in fixed deposit pledged with licensed banks	(14)	(11)
Proceed from issuance of shares	17,000	-
Listing expenses paid	(737)	-
Repayments of hire purchase payables	(1,678)	(944)
Repayments of term loans	(1,346)	(530)
<b>Net cash from financing activities</b>	<b>18,729</b>	<b>(1,485)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>12,239</b>	<b>458</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>2,261</b>	<b>1,804</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>14,500</b>	<b>2,262</b>
<b><u>Cash and Cash Equivalents at end of the period comprise the followings:</u></b>		
Fixed deposits with licenced banks	432	418
Cash and bank balances	14,500	2,755
Bank overdraft	-	(493)
	14,932	2,680
Less: Fixed deposit pledged with licensed bank	(432)	(418)
	<b>14,500</b>	<b>2,262</b>

**Notes:**

- The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Proforma Consolidated Financial Information for the six (6) months period ended 30 June 2012 and the Accountant's Report for the FYE 31 December 2011 as disclosed in the Prospectus of the Company dated 5 November 2012 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2012**

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

**A1. First-Time Adoption of Malaysian Financial Reporting Standards (MFRS)**

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the Listing Requirements. This quarterly consolidated financial statement also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRS).

This interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The date of transition to the MFRS framework is 1 January 2012. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial statements, are consistent with those of the audited financial statements for the year ended 31 December 2011.

The interim financial statements should be read in conjunction with the proforma consolidated financial information, the Accountants’ Report and the audited financial statements of the Company for the financial period ended 30 June 2012 as disclosed in the Prospectus of the Company dated 5 November 2012 and the accompanying explanatory notes attached to the interim financial report.

**A2. Summary of significant accounting policies**

This is the Group’s first set of financial statements prepared in accordance with MFRS, which is in line with International Financial Reporting Standards as issued by the International Accounting Standards Board. The adoptions of new and revised MFRS, Amendments/Improvements to MFRS, IC Interpretations and Amendments to IC Interpretations in this interim financial report are consistent with those adopted in the audited financial statements for the financial period ended 30 June 2012.

In the previous financial year, the financial statements of the Group were in compliance with FRS.

As at the date of this interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

<b>MFRS, Amendments to MFRS and IC Interpretations</b>		<b><i>Effective for annual periods beginning on or after</i></b>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013

**A2. Summary of significant accounting policies (cont'd)**

<b>MFRS, Amendments to MFRS and IC Interpretations</b>		<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

**A3. Auditors' report**

The auditors' report on the preceding audited financial statements of the Company and its subsidiaries ("Hiap Huat Group" or the "Group") for the financial year ended 31 December 2011 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 during the current financial quarter ended 31 December 2012 and financial year to-date.

**A5. Items of unusual nature and amount**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter ended 31 December 2012 under review and financial year to-date.

**A6. Material Changes in Estimates**

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial quarter ended 31 December 2012 and financial year to-date.

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

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities for the quarter ended 31 December 2012 and financial year to-date.

In conjunction with and as an integral part of the listing of the Company on the ACE Market of Bursa Securities, the Company on 19 November 2012 allotted 85,000,000 new ordinary shares of RM0.10 each in the Company ("**Hiap Huat Shares**") pursuant to the Company's initial public offering at an issue price of RM0.20 per Hiap Huat Share.

The entire issued and paid-up share capital of the Company of RM33,330,133 comprising 333,301,330 Hiap Huat Shares were listed and quoted on the ACE Market of Bursa Securities on 26 November 2012.

**A8. Dividends Paid**

No dividends were declared or paid during the current financial quarter ended 31 December 2012.

**A9. Segmental Information**

No segment 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.

**A10. Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment in the current financial quarter ended 31 December 2012 under review.

**A11. Capital Commitments**

Capital commitment as at the reporting date is as follows:

	<b>Financial Quarter Ended 31.12.2012 RM'000</b>	<b>Financial Year Ended 31.12.2012 RM'000</b>
Approved and contracted for: Property, plant and equipment	<u>159</u>	<u>9,740</u>

**A12. Material subsequent event**

There are no material events subsequent to the financial period ended 31 December 2012 up to the date of this report that have not been reflected in this interim financial statements.

**A13. Significant event during the period**

There were no significant events during the financial period ended 31 December 2012 that have not been reflected in this interim financial statements.

**A14. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter ended 31 December 2012.

**A15. Contingent Liabilities and Contingent Assets**

The Group did not have any material contingent liabilities to be disclosed as at the date of this report.

**A16. Related Party Transaction**

Save as disclosed below, there was no other related party transactions for the current financial quarter ended 31 December 2012.

	<b>Financial Quarter Ended 31.12.2012 RM'000</b>	<b>Financial Year Ended 31.12.2012 RM'000</b>
Shareholder:		
- Allowance	<u>17</u>	<u>67</u>

**B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1. Review of Performance**

**For the current financial quarter**

For the current financial quarter ended 31 December 2012, the Group recorded revenue of approximately RM11.05 million and loss before tax of approximately RM1.46 million. There are no comparative figures available for the preceding year's corresponding quarter as the Company was listed on the ACE Market of Bursa Securities on 26 November 2012.

**For the financial year-to-date**

As for the financial year ended 31 December 2012 ("FYE 2012"), the Group's recorded revenue of RM39.21 million represents a decrease of RM1.63 million or 3.99% as compared to the revenue of the preceding financial year ended 31 December 2011 ("FYE 2011") of RM40.84 million. The said decrease was mainly due to the lower sales volume of recycled drums and containers products and scheduled waste collection services. The decrease in sales volume of the recycled drums and containers products was due to supply constraints of used drums and containers while the lower sales volume of scheduled waste collection services resulted from a decrease in order received from customers for the collection of their scheduled waste.

The Group's gross profit reduced by RM1.38 million from RM16.77 million in FYE 2011 to RM15.39 million in FYE 2012 while the gross profit margin decreased from 41.05% in FYE 2012 to 39.25% in FYE 2011. The said marginal decrease of the gross profit margin of 1.80% was mainly due to the decrease in the gross profit margins of the Group's scheduled waste collection services. The said decrease resulted from the less than proportionate decrease in cost of sales as compared to the decrease in revenue due to the incurrence of fixed transportation costs.

The Group registered profit before tax of RM4.99 million, which represents a decrease of RM3.39 million as compared to the previous year's profit before tax of RM8.38 million. The decrease in profit before tax was mainly due to the higher administrative expenses incurred such as the one-off listing expenses and the increase in directors' emoluments and increase in staff related expenses.



**B2. Comparison with preceding quarter's results**

	Financial Quarter Ended		Variance
	31.12.2012	30.9.2012	
	RM'000	RM'000	RM'000
Revenue	11,054	9,870	1,184
(Loss)/Profit before Tax	(1,461)	2,623	(4,084)

The Group recorded an increase in revenue by RM1.18 million to RM11.05 million in the current financial quarter ended 31 December 2012 as compared to RM9.87 million in the preceding financial quarter ended 30 September 2012. The said increase in revenue was mainly due to the higher sales volume of recycled fuel oil products and schedule waste collection services.

Despite the increase in revenue, the Group suffered a loss before tax mainly due to the increase in administrative expenses by RM3.37 million to RM4.46 million as compared to RM1.09 million in the preceding financial quarter ended 30 September 2012. This increase was mainly due to listing expenses amounting to RM2.53 million being expensed off in the current financial quarter, the payment of director's emoluments as well as an increase in staff related expenses.

**B3. Prospects**

As disclosed in the prospectus of the Company dated 5 November 2012, the Group intends to maximise shareholder value by consolidating its position as a market leader in the oil recycling industry in terms of integration of operations, profitability and return on capital. In the shorter term, we intend to focus on expanding and reinforcing our supply chain as well as increase our Group's production capacity. The Board anticipates that the Pulau Indah production plant will be commissioned by the first half of 2013.

Premised on the above strategies and capitalizing on the core competencies of the Group, the Board of Directors envisages that the Group will be able to enjoy positive growth and favourable prospects in the long term. Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group's performance for the financial year ending 31 December 2013.

**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**

	Financial Quarter Ended 31.12.2012 RM'000	Financial Year Ended 31.12.2012 RM'000
Current tax expenses	288	1,858
Deferred tax expenses	126	25
	<u>414</u>	<u>1,883</u>

The Group effective tax rate of 37.75% for 31 December 2012 was higher than the statutory corporate tax rate of 25%. This was mainly due to certain expenses not deductible for tax purposes.

**B6. Status of corporate proposals**

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

**B7. Status of utilisation of proceeds**

The Company was listed on 26 November 2012 on the ACE Market of Bursa Securities. The status of utilisation of the gross proceeds of RM17 million from the public issue by the Group as at 31 December 2012 are as follows:

Purposes	Intended timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation	
				RM'000	%
(i) Capital expenditure	2 years	4,500	-	-	-
(ii) Working Capital	2 years	8,200	1,985	<sup>(1)</sup> (227)	2.77
(iii) Repayment of bank borrowing	1 year	2,000	-	-	-
(iv) Estimated listing expenses	1 month	2,300	2,527	<sup>(1)</sup> 227	9.87
Total gross proceeds		17,000	4,512		

Note:

(1) The additional listing expenses of approximately RM227,000 was due to an underestimation of miscellaneous expenses relating to the Company's listing on the ACE Market of Bursa Securities such as printing costs and campaigning expenses. This amount has been adjusted against the gross proceeds allocated for working capital.

**B8. Group borrowings and debt securities**

The Group's borrowings as at 31 December 2012 are as follows:

	<b>Financial Year Ended 31.12.2012 RM'000</b>
<b>Short term borrowings:</b>	
Secured:	
Hire purchases	1,284
Term Loans	3,383
	<u>4,667</u>
<b>Long term borrowings:</b>	
Secured:	
Hire purchases	2,606
Term Loans	13,812
	<u>16,418</u>
<b>Total Borrowings</b>	<u><u>21,085</u></u>

The above borrowings are denominated in Ringgit Malaysia.

**B9. Off balance sheet financial instruments**

The Group does not have off balance sheet financial instruments as at the date of this report.

**B10. Material Litigation**

The Group does not have material litigation as at the date of this report.

**B11. Dividends**

No dividends has been declared or recommended in respect of the current financial quarter ended 31 December 2012.

**B12. Retained and unrealised profits/losses**

	<b>Unaudited as at 31.12.2012 RM'000</b>	<b>Audited as at 31.12.2011 RM'000</b>
Total retained profits of the Group		
- Realised	14,749	11,604
- Unrealised	(1,063)	(1,038)
	<u>13,686</u>	<u>10,566</u>
Add: Consolidated adjustments	(15)	-
Total retained profits as per Statements of Financial Position	<u><u>13,671</u></u>	<u><u>10,566</u></u>

Note:

N/A denotes not applicable.

**B13. (Loss)/Earnings Per Share**

The basic and diluted (loss)/earnings per share is calculated based on the Group's comprehensive income attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	<b>Financial Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Group's comprehensive income attributable to equity holders of the Company (RM'000)	(1,875)	N/A	3,105	6,056
Weighted average number of ordinary shares ('000)	288,030	N/A	258,315	248,301
(Loss)/Earnings per share (sen)				
- Basic ^	(0.65)	N/A	1.20	2.44
- Diluted	N/A	N/A	N/A	N/A

Notes:

N/A denotes not applicable.

^ Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.

**B14. (Loss)/Profit for the period**

	Financial Quarter Ended		Financial Year Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
- Depreciation of property, plant and equipment	503	N/A	2,014	1,811
- Interest expenses	272	N/A	612	562
- Property, plant and equipment written off	34	N/A	34	116
- Realised loss on foreign exchange	-	N/A	2	1,008
- Gain on disposal of property, plant and equipment	(1)	N/A	(87)	(297)
- Interest income	(58)	N/A	(87)	(27)
- Realised gain on foreign exchange	-	N/A	(16)	-
- Rental income on machinery	(18)	N/A	(18)	*
- Rental income on factory	-	N/A	(12)	N/A

Note:

\* *Negligible.*

**B15. Authority For Issue**

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 28 February 2013.

By order of the Board of Directors

CHAN SAY HWA  
Group Managing Director

28 February 2013