

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 RM'000	Current Year To Date Ended 30 June 2019 RM'000	Preceding year To Date Ended 30 June 2018 RM'000
Revenue	11,653	13,423	26,837	22,786
Cost of sales	(9,188)	(11,401)	(20,823)	(18,917)
<b>Gross profit</b>	<b>2,465</b>	<b>2,022</b>	<b>6,014</b>	<b>3,869</b>
Other income	48	825	93	915
Administration expenses	(1,592)	(1,614)	(3,101)	(3,101)
Selling and distribution costs	(73)	(93)	(166)	(144)
Finance costs	(206)	(202)	(406)	(418)
<b>Profit before taxation</b>	<b>642</b>	<b>938</b>	<b>2,434</b>	<b>1,121</b>
Taxation	(266)	(2)	(391)	(5)
<b>Net profit for the financial period, representing total comprehensive profit for the financial period</b>	<b>376</b>	<b>936</b>	<b>2,043</b>	<b>1,116</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Equity owners of the Company	381	954	2,048	1,134
Non-controlling interests	(5)	(18)	(5)	(18)
	<b>376</b>	<b>936</b>	<b>2,043</b>	<b>1,116</b>
<b>Weighted average number of ordinary shares in issue ('000)</b>	331,265	333,301	332,277	333,301
<b>Earning per share ("EPS") attributable to the equity holders of the Company (sen)</b>	0.12	0.29	0.62	0.34

**Note:**

- The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Unaudited As at 30 June 2019 RM'000	Audited As at 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	47,291	46,795
Investment property	3,705	3,745
Right-of-use assets	718	-
	<b>51,714</b>	<b>50,540</b>
<b>Current assets</b>		
Inventories	10,730	14,307
Trade receivables	6,269	5,517
Other receivables, deposits and prepayments	1,512	2,080
Tax recoverable	-	89
Short term investment	4,081	4,010
Fixed deposits	3,673	150
Cash and bank balances	3,578	4,189
	<b>29,843</b>	<b>30,342</b>
<b>TOTAL ASSETS</b>	<b>81,557</b>	<b>80,882</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade payables	1,437	1,267
Other payables and accruals	1,459	2,033
Lease liabilities on right-of-use assets	408	-
Hire purchase payable	262	162
Bank borrowings	1,143	2,126
	<b>4,709</b>	<b>5,588</b>
<b>Non-current liabilities</b>		
Hire purchase payables	917	903
Lease liabilities on right-of-use assets	315	-
Bank borrowings	13,594	14,139
Deferred tax liabilities	2,876	2,876
	<b>17,702</b>	<b>17,918</b>
<b>Total liabilities</b>	<b>22,411</b>	<b>23,506</b>
<b>Equity</b>		
Share capital	40,820	41,093
Merger deficit	(9,535)	(9,535)
Revaluation reserve	2,729	2,729
Retained profits	25,495	23,447
<b>Equity attributable to owners of the Company</b>	<b>59,509</b>	<b>57,734</b>
Non-controlling interest	(363)	(358)
<b>Total equity</b>	<b>59,146</b>	<b>57,376</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>81,557</b>	<b>80,882</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>0.18</b>	<b>0.17</b>

**Note:**

- The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	<----- Attributable to Equity Holders of the Company ----->							
	<----- Non-distributable ----->				Distributable			
	Share Capital	Treasury Shares	Revaluation Reserve	Merger Deficit	Retained Profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'001	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current year to date ended 30 June 2019</b>								
At 1 January 2019	41,093	-	2,729	(9,535)	23,447	57,734	(358)	57,376
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	2,048	2,048	(5)	2,043
Buy-back of shares	-	(273)	-	-	-	(273)	-	(273)
<b>At 30 June 2019</b>	<b>41,093</b>	<b>(273)</b>	<b>2,729</b>	<b>(9,535)</b>	<b>25,495</b>	<b>59,509</b>	<b>(363)</b>	<b>59,146</b>
<b>Preceding year to date ended 30 June 2018</b>								
At 1 January 2018	41,093	-	2,729	(9,535)	21,687	55,974	18	55,992
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	1,116	1,116	-	1,116
<b>At 30 June 2018</b>	<b>41,093</b>	<b>-</b>	<b>2,729</b>	<b>(9,535)</b>	<b>22,803</b>	<b>57,090</b>	<b>18</b>	<b>57,108</b>

Note :

- The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	<b>Unaudited Current Year To-date Ended 30 June 2019 RM'000</b>	<b>Unaudited Preceding Year To-date Ended 30 June 2018 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,434	1,121
Adjustments:		
Depreciation of property, plant and equipment	2,341	2,204
Depreciation of investment properties	40	40
Amortisation of right-of-use assets	107	-
Adjustment to fair value due to change in market value of Financial Instruments	(9)	-
Gain on disposal of property, plant and equipment	-	(75)
Property, plant and equipment written off	22	1
Impairment loss on trade receivables	-	28
Reversal of impairment loss on trade receivables	(154)	-
Interest income	(83)	(15)
Interest expenses	405	404
Operating profit before working capital changes	5,103	3,708
(Increase)/decrease in working capital:		
Inventories	3,577	(436)
Receivables, deposits and prepayment	(30)	(2,807)
Payables and accruals	(693)	2,491
Cash generated from operations	7,957	2,956
Interest received	83	15
Interest paid	(405)	(404)
Tax refund	61	57
Tax paid	(73)	(140)
<b>Net cash generated from operating activities</b>	<b>7,623</b>	<b>2,484</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(131)	(617)
Purchase of treasury shares	(273)	-
Acquisition of capital work in progress	(2,499)	-
Proceeds from disposal of property, plant and equipment	-	75
Acquisition of short term investment	(61)	-
<b>Net cash used in investing activities</b>	<b>(2,964)</b>	<b>(542)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net repayment of term loans	(613)	(697)
Repayment of right-of-use lease liabilities	(103)	-
Repayment of hire purchase	(117)	(135)
Decrease in fixed deposits pledged	-	1,477
<b>Net cash (used in)/generated from financing activities</b>	<b>(833)</b>	<b>645</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>3,826</b>	<b>2,587</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>3,425</b>	<b>(2,390)</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>7,251</b>	<b>197</b>
<b>Cash and Cash Equivalents at end of the period comprise the followings:</b>		
Fixed deposits with licenced banks	3,673	-
Cash and bank balances	3,578	1,856
Bank overdraft	-	(1,659)
	<b>7,251</b>	<b>197</b>

**Note:**

- The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2018 and the accompanying explanatory notes attached to this interim financial statement.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED (“FPE”) 30 JUNE 2019**

**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS134):**

**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 the Company for the financial year ended (“FYE”) 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

**A2. Summary of significant accounting policies  
Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Annual Improvements to MFRSs 2015–2017 Cycle

- Amendments to MFRS 3
- Amendments to MFRS 11
- Amendments to MFRS 112
- Amendments to MFRS 123

MFRS 16

Leases

IC Interpretation 23

Uncertainty over Income Tax Treatments

Amendments to MFRS 9

Prepayment Features with Negative Compensation

Amendments to MFRS 119

Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128

Long-term interest in Associates and Joint Ventures

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group.

**Standards issued but not yet effective**

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

**A2. Summary of significant accounting policies (cont'd)**  
**Adoption of new and amended standards (cont'd)**  
**Standards issued but not yet effective (cont'd)**

		<b>Effective dates for financial periods beginning on or after</b>
MFRS 17	Insurance Contracts	1 January 2021
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
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of mineral Resources	1 January 2020
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs	1 January 2020

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

The initial application of the above mentioned MFRSs is not expected to have any significant impact of the financial statements of the Group and of the Company except as mentioned below:

i) MFRS 17 Insurance Contracts

MFRS 17 which will supersede MFRS 4 *Insurance Contracts* is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as MFRS 9 and MFRS 15 are also applied. An entity identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. MFRS 17 requires to separate specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts, as well as to divide the contracts into groups that an entity will recognise and measure. MFRS 17 also includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

**A2. Summary of significant accounting policies (cont'd)  
Adoption of new and amended standards (cont'd)  
Standards issued but not yet effective (cont'd)**

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are constantly being assessed by management.

**A3. Auditors' report**

There was no qualification on the Audited Financial Statements of Hiap Huat Holdings Berhad and its subsidiaries ("Group") for the FYE 31 December 2018.

**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 under review.

**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 financial 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 financial quarter under review.

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

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities in the financial period under review other than as follows:

During the six months ended 30 June 2019, the Company had repurchased a total of 2,829,000 ordinary shares of its issued share capital from the open market for a total consideration of RM273,180. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127(16) of the Companies Act, 2016.

**A8. Dividends paid**

No interim or final dividends were declared or paid in the current financial quarter under review.

**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**

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 quarter and financial year to date. The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2018.

**A11. Capital commitments**

There are no capital commitments as at the reporting date that have not been reflected in this interim financial statements

**A12. Material subsequent event**

There are no material events subsequent to the end of the current financial quarter under review 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 quarter under review that have not been reflected in these 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 under review.

**A15. Contingent liabilities and contingent assets**

As at 30 June 2019, the Group has no material contingent liabilities and contingent assets save for corporate guarantee of RM399,000.00 in respect of banking facilities granted to the subsidiary companies.

**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 at and for financial year ended 31 December 2018.

**A17. Status of corporate exercise**

There were no other corporate proposals announced but not completed as at 15 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report other than as disclosed belows:

On 9 March 2018, Company proposes to undertake a special issue of 42,200,000 new ordinary shares in Hiap Huat ("Hiap Huat Shares") ("Proposed Special Issue"), representing approximately 11.24% of the new enlarged issued share capital of Hiap Huat (after the completion of the Proposed Special Issue) to Bumiputera investors to be identified and approved by the Ministry of International Trade and Industry ("MITI") at an issue price to be determined later.



**A17. Status of corporate exercise (cont'd)**

Subsequent thereto, the applications to Securities Commission Malaysia (“SC”) for the Proposed Special Issue, and the MITI for identifying Bumiputera investors for the Company to implement the Proposed Special Issue have been submitted on 14 March 2018.

On 24 April 2018, the SC had, vide its letter dated 11 April 2018 (which was received on 24 April 2018) approved the Proposed Special Issue.

On 23 May 2018, MITI had, vide its letter dated 22 May 2018, taken note of the Proposed Special Issue and have no objections on the Proposed Special Issue.

On 30 May 2018, Bursa Securities had, via its letter dated 30 May 2018, resolved to approve the listing of up to 42,200,000 new Hiap Huat Shares to be issued pursuant to the Proposed Special Issue on the ACE Market of Bursa Securities.

The shareholders of the Company had at its Extraordinary General meeting held on 26 June 2018 approved the Proposed Special Issue.

The Proposed Special Issue is not conditional upon any other corporate proposals undertaken or to be undertaken by Hiap Huat.

On 22 April 2019, confirmation was seek from MITI that up till to-date, there are no other interested and qualified Bumiputra investors to subscribe for the shares to be issued pursuant to the Bumiputera Special Issue.

On 30 April 2019, MITI had replied that it has taken all efforts to assists Hiap Huat to fulfil the Bumiputra equity requirement.

On 9 May 2019, Hong Leong Investment Bank, on behalf of Hiap Huat , would like to seek SC’s approval that Hiap Huat is deemed to have complied with the Bumiputra equity requirement.

On 17 June 2019, received a letter from SC informing that Hiap Huat is deemed to have complied with the Equity Condition.

**A18. Related party transaction**

There were no other related party transactions for the current financial quarter and the financial quarter-to - date other than as disclosed below:-

	Current Quarter		Cumulative Quarter	
	Ended 30 June	Ended 30 June	Ended 30 June	Ended 30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Shareholder:				
- Allowance	17	17	34	34

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

**B1. Review of performance**

	Current Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	11,653	13,423	26,837	22,786
Profit before taxation	642	938	2,434	1,121

**Performance review for the current quarter three (3) months ended 30 June 2019**

The Group's revenue for the current quarter three (3) months ended 30 June 2019 ("2Q2019") was lower as compared to 30 June 2018 ("2Q2018") by RM1.77 million, a decrease of 13.19%. This was mainly due to the decrease in sales of the recycled petroleum products by 19.83% offsetted by increase in recycled petrochemicals, scheduled waste collection services and others by 3.65%, 1.42% and 1.58% respectively as compared to 2Q2018.

The Group's gross profit margin was 21.15% in 2Q2019, an increase of 6.09% as compared to 2Q2018. The increase in gross profit margin was mainly due to different product mix in the 2Q2019 as compared to 2Q2018.

The administrative expenses has decreased by 1.36% as compared to 2Q2018 mainly due to lower insurance and legal fees charges in 2Q2019 which was partly offsetted by higher depreciation and amortization charges in 2Q2019.

The selling and distribution cost has decreased by 21.51% as compared to 2Q2018 mainly due to decrease in commission and agent fees.

The finance cost has increased by 1.98% as compared to 2Q2018 mainly due to higher overdraft interest expenses incurred in 2Q2019.

Resulting from the above, the Group has recorded a lower profit before taxation of RM0.64 million for the current quarter as compared to RM0.94 million recorded in the 2Q2018.

**Performance review for the FPE 30 June 2019 versus the FPE 30 June 2018**

The Group's revenue for the FPE 30 June 2019 has increased by RM 4.05 million or 17.78% as compared to the FPE 30 June 2018 due mainly to increase in sales of recycled petroleum products and scheduled waste collection services.

The Group's gross profit in the FPE 30 June 2019 was RM6.01 million, which was RM2.15 million higher as compared to the FPE 30 June 2018 mainly due to higher contribution in value and in gross profit margin from the all product segments other than the recycled petrochemicals products. Recycled petrochemicals products gross profit margin in FPE 30 June 2019 has decreased by 2.57%. As a result, the overall gross profit margin for the FPE 30 June 2019 stood at 22.41%, an increase of 5.43% as compared to the FPE 30 June 2018.

The other income has decreased to RM0.93 million as compared to preceding year corresponding period mainly due to the reversal of impairment loss on trade receivables in the FPE 30 June 2018 arising from the recovery of payment from a customer.

**B1. Review of performance (cont'd)**

**Performance review for the FPE 30 June 2019 versus the FPE 30 June 2018 (cont'd)**

The administrative expenses remained consistent as compared to the FPE 30 June 2018.

The selling and distribution cost has increased by 15.27% as compared to the FPE 30 June 2018 mainly due to higher commission and agent fees.

The finance cost has decreased by 2.87% as compared to the FPE 30 June 2018 mainly due to lower overdraft interest expenses incurred in FPE 30 June 2019.

Resulting from the above, the Group has recorded a higher profit before taxation of RM2.43 million for the FPE 30 June 2019, an improvement of 116.96% as compared to RM1.12 million in the FPE 30 June 2018.

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

	<b>Financial Quarter Ended</b>		Variance RM'000
	<b>30 June 2019</b> RM'000	<b>31 March 2019</b> RM'000	
Revenue	11,653	15,184	(3,531)
Profit before taxation	642	1,792	(1,150)

For the 2Q2019, the Group's revenue has decreased by RM3.53 million or 23.25% as compared to RM15.18 million recorded in the preceding quarter ended 31 March 2019 ("1Q2019"). The decrease in revenue was mainly due to decrease in the sales of recycled petroleum products by RM3.46 million.

The gross profit margin has decreased by 2.22% in 2Q2019 from 23.37% recorded in the 1Q2019 mainly due to lower gross profit margin derived from the recycled petroleum products as result of lower sales prices.

The increase of 5.50% in administrative expenses as compared to the 1Q2019 was mainly due to the amortisation of right-of-use assets offsetted by a decreased in insurance expenses.

The selling and distribution cost has decreased by 20.40% as compared to the 1Q2019 mainly due to decrease in commission and agent fees.

In view of the above, the Group's profit before taxation has decreased by RM1.15 million as compared to the 1Q2019.

**B3. Prospects**

The outlook for the financial year ending 31 December 2019 remains challenging due to uncertainty of the oil prices and global economy. This in turn may affect the demand for the Group's products and services and correspondingly assert a downward pressure on the Group's revenue and margins. Nevertheless, the Group is constantly undertaking continuous enhancements in production efficiencies, overhead and production cost management. In addition, the Group intends to enhance its product offerings to overseas market, which is expected to generate better sales and profitability.

**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**

	Current Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Taxation	266	2	391	5

The income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

The Group's effective tax rate for FPE 30 June 2019 was lower than the statutory tax rate mainly due to certain income not subjected to tax and there were unused tax losses and unabsorbed capital allowances available to offset the taxable profit.

**B6. Group borrowings and debt securities**

The Group's borrowings as at 30 June 2019 are as follows:

	Current Quarter Ended 30 June 2019 RM'000
<b>Short term borrowings</b>	
Secured:	
Hire purchases	262
Lease liabilities on right-of-use asset	408
Term loans	1,143
	<u>1,813</u>
<b>Long term borrowings</b>	
Secured:	
Hire purchases	917
Lease liabilities on right-of-use asset	315
Term loans	13,594
	<u>14,826</u>
<b>Total borrowings</b>	<u><b>16,639</b></u>

**B7. Off balance sheet financial instruments**

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

**B8. Material litigation**

The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of Hiap Huat do not have any knowledge of proceedings pending or threatened against Hiap Huat 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.

**B9. Dividends**

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

**B10. Earning/(Loss) per share**

The basic and diluted profit per share is calculated based on the Group's comprehensive earning attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Current Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group's comprehensive profit attributable to equity holders of the Company (RM'000)	381	954	2,048	1,134
Weighted average number of ordinary shares ('000)	331,265	333,301	332,277	333,301
Earning per share (sen)				
- Basic	0.12	0.29	0.62	0.34

*Note:*

*The diluted profit per share is equivalent to basic profit per share as there were no potential shares outstanding which are dilutive in nature at the end of the reporting year.*

**B11. Profit for the year**

	Current Quarter ended 30 June		Cumulative Quarter ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	(48)	(1)	(83)	(15)
Interest expenses	205	196	405	404
Depreciation of property, plant and equipment	1,141	1,109	2,341	2,204
Depreciation of investment properties	20	20	40	40
Amortisation of rights-of-use asset	107	-	107	-
Reversal of impairment loss on trade receivables	(39)	-	(154)	-
Gains on fair value adjustments	(9)	-	(9)	-
Impairment loss on trade receivable	-	28	-	28
Realised foreign exchange loss	-	(1)	-	4
Gain on disposal of property, plant, and equipment	0	-	0	(75)
Property, plant and equipment written off	14	1	22	1

**B11. Profit for the year (cont'd)**

There are no income or expenses in relation to the following items:

- i) Gain or loss on derivatives;
- ii) Gain or loss on disposal of quoted investments or properties;
- iii) Provision for and write off of inventories;
- iv) Inventory written off; and
- v) Exceptional items

**B12. 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 22 August 2019.

By order of the Board of Directors

DATO' CHAN SAY HWA  
Group Managing Director

22 August 2019