



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2019 RM'000	Current Year To Date Ended 30 September 2020 RM'000	Preceding year To Date Ended 30 September 2019 RM'000
Revenue	10,059	10,946	28,210	37,783
Cost of sales	(8,125)	(8,240)	(24,403)	(29,063)
<b>Gross profit</b>	<b>1,934</b>	<b>2,706</b>	<b>3,807</b>	<b>8,720</b>
Other income	57	86	219	179
Administration expenses	(1,538)	(2,055)	(5,200)	(5,156)
Selling and distribution costs	(89)	(92)	(244)	(258)
Finance costs	(30)	(232)	(270)	(638)
<b>Profit/(loss) before taxation</b>	<b>334</b>	<b>413</b>	<b>(1,688)</b>	<b>2,847</b>
Taxation	141	69	141	(322)
<b>Net profit/(loss) for the financial period, representing total comprehensive income/(expense) for the financial period</b>	<b>475</b>	<b>482</b>	<b>(1,547)</b>	<b>2,525</b>
<b>Total comprehensive income/(expense) attributable to:</b>				
Equity owners of the Company	475	488	(1,547)	2,531
Non-controlling interests	-	(6)	-	(6)
	<b>475</b>	<b>482</b>	<b>(1,547)</b>	<b>2,525</b>
<b>Earnings/(loss) per share attributable to the equity holders of the Company (sen)</b>	<b>0.14</b>	<b>0.15</b>	<b>(0.47)</b>	<b>0.76</b>

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

	Unaudited As at 30 September 2020 RM'000	Audited As at 31 December 2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,569	17,539
Investment property	10,294	3,664
Right-of-use assets	31,014	39,318
	<b>64,877</b>	<b>60,521</b>
<b>Current assets</b>		
Inventories	4,178	8,107
Trade receivables	4,191	6,166
Other receivables	455	3,297
Tax recoverable	203	170
Short term investment	4,230	4,150
Fixed deposits	4,798	6,235
Cash and bank balances	3,719	2,539
	<b>21,774</b>	<b>30,664</b>
<b>TOTAL ASSETS</b>	<b>86,651</b>	<b>91,185</b>
<b>EQUITY</b>		
Share capital	41,093	41,093
Treasury shares	(401)	(302)
Merger deficit	(9,535)	(9,535)
Revaluation reserve	9,488	9,488
Retained profits	23,350	24,897
<b>Equity attributable to owners of the Company</b>	<b>63,995</b>	<b>65,641</b>
<b>Total equity</b>	<b>63,995</b>	<b>65,641</b>
<b>LIABILITY</b>		
<b>Non-current liabilities</b>		
Lease liabilities	656	1,198
Bank borrowings	12,473	13,004
Deferred tax liabilities	5,714	6,078
	<b>18,843</b>	<b>20,280</b>
<b>Current Liabilities</b>		
Trade payables	2,032	2,228
Other payables	197	1,013
Lease liabilities	427	768
Bank borrowings	1,157	1,255
	<b>3,813</b>	<b>5,264</b>
<b>Total liabilities</b>	<b>22,656</b>	<b>25,544</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86,651</b>	<b>91,185</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	0.19	0.20

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 2019 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 2020**

	<-----Attributable to Equity Holders of the Company ----->							
	<----- Non-distributable ----->				Distributable		Non- Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Revaluation Reserve	Merger Deficit	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Current year to date ended 30 September 2020</b>								
At 1 January 2020	41,093	(302)	9,488	(9,535)	24,897	65,641	-	65,641
							-	
Loss for the financial year, representing total comprehensive expense for the financial year	-	-	-	-	(1,547)	(1,547)	-	(1,547)
Purchase of treasury shares	-	(99)	-	-	-	(99)	-	(99)
<b>At 30 September 2020</b>	<b>41,093</b>	<b>(401)</b>	<b>9,488</b>	<b>(9,535)</b>	<b>23,350</b>	<b>63,995</b>	<b>-</b>	<b>63,995</b>
<b>Preceding year to date ended 30 September 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	-	-	-	-	2,531	2,531	(6)	2,525
Purchase of treasury shares	-	(273)	-	-	-	(273)	-	(273)
<b>At 30 September 2019</b>	<b>41,093</b>	<b>(273)</b>	<b>2,729</b>	<b>(9,535)</b>	<b>25,978</b>	<b>59,992</b>	<b>(364)</b>	<b>59,628</b>

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

	<b>Current Year To-date Ended 30 September 2020 RM'000</b>	<b>Preceding Year To-date Ended 30 September 2019 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(1,688)	2,847
Adjustments:		
Depreciation of property, plant and equipment	2,410	3,522
Depreciation of investment properties	170	61
Depreciation of right-of-use assets	1,067	211
Fair value gain on short term investment	(80)	(14)
Reversal of impairment loss on trade receivables	-	(137)
Property, plant and equipment written off	317	35
Loss/(gain) on disposal of property, plant and equipment	20	(18)
Interest income	(135)	(146)
Interest expenses	270	638
Operating profit before working capital changes	2,351	6,999
(Increase)/decrease in working capital:		
Inventories	3,929	4,982
Receivables	4,817	2,077
Payables	(1,013)	(1,972)
Cash generated from operations	10,084	12,086
Interest received	135	146
Interest paid	(255)	(638)
Tax refund	-	65
Tax paid	(256)	(212)
<b>Net cash from operating activities</b>	<b>9,708</b>	<b>11,447</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,068)	(3,454)
Purchase of treasury shares	(99)	(273)
Proceeds from disposal of property, plant and equipment	17	19
Acquisition of short term investment	-	(93)
<b>Net cash used in investing activities</b>	<b>(8,150)</b>	<b>(3,801)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	(512)	(883)
Repayment of lease liabilities	(1,185)	(456)
<b>Net cash used in financing activities</b>	<b>(1,697)</b>	<b>(1,339)</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(139)</b>	<b>6,307</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>8,656</b>	<b>3,425</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>8,517</b>	<b>9,732</b>
<b><u>Cash and Cash Equivalents at end of the period comprise the followings:</u></b>		
Fixed deposits with licenced banks	4,798	5,195
Cash and bank balances	3,719	4,537
	<u>8,517</u>	<u>9,732</u>

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 2019 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 2020**

**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 the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**A2. Summary of significant 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 2019 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable in the current financial year:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3, Business Combinations – Definition of Business
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

The application of the standards and amendments to the standards above does not have a material impact to the financial statements of the Group and the Company.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issue Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group and the Company:-

**(i) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 June 2020**

- Amendment to MFRS 16, Leases – Covid-19 – Related Rent Concessions

**(ii) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 January 2022**

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020

**A2. Summary of significant accounting policies (continued)**

*(iii) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 January 2023*

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

*(iv) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after a date yet to be confirmed*

- Amendment to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and 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 issuances, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial period under review.

As at 30 September 2020, a total of 4,113,000 buy-back shares were held as treasury shares and carried at cost as follow:

	<b>No. of Shares Purchased</b>	<b>Average Purchase Price (RM)</b>	<b>Consideration Paid (RM)</b>
<b>As at 1.1.2020</b>	3,129,000	0.10	301,680
July 2020	984,000	0.10	98,967
<b>As at 30.9.2020</b>	4,113,000	0.10	400,647

**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.

**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 has been brought forward without amendment from the financial statements for the year ended 31 December 2019.

**A11. Capital commitments**

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

	<b>Group 30 June 2020 RM'000</b>
Contracted and approved for:	
- Purchase of leasehold industrial land	9,573
- Purchase of equipments	4,458
	<u>14,031</u>

**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**

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

**A15. Contingent liabilities and contingent assets**

The contingent liabilities as at 30 September 2020 were as follows:

<u>Unsecured contingent liabilities</u>	<b>Group 30 September 2020 RM'000</b>
Corporate guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	21,855

**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 2019.

**A17. Status of corporate exercise**

There was no corporate exercise proposal announced as at the date of this announcement.

**A18. Related party transaction**

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

	<b>Group</b>	
	<b>Quarter ended 30 September 2020</b>	<b>Year-to-date 30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance to shareholder	17	51

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

**B1. Review of performance**

	Current Quarter Ended 30 September		Cumulative Quarter Ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	10,059	10,946	28,210	37,783
Profit/(Loss) before taxation	334	413	(1,688)	2,847
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	1,544	1,889	2,094	7,133

**Financial review for third quarter ended 30 September 2020 ("Q3 FY2020") versus corresponding quarter ended 30 September 2019 ("Q3 FY2019")**

The Group recorded revenue of RM10.06 million in Q3 FY2020, lower by 8% as compared to Q3 FY2019. The decrease was mainly due to the declined revenue in recycled petroleum products by 47% counterbalanced by the increase of revenue in recycled petrochemicals products and scheduled waste collection services.

The gross profit margin marked at 19% in the current quarter as compared to 25% in the corresponding quarter under review. The lower margin was due to the decrease in the gross profit margin from the scheduled waste collection services coupled with the increase of factory overhead cost in the current quarter.

Nevertheless, total operating expenses of the Group has reduced from 2.38 million in Q3 FY2019 to RM1.66 million in the current quarter. The drop was mainly due to the decrease in staff cost incurred and depreciation charged in the current quarter by RM0.41 million. Furthermore, the finance costs has decreased by RM0.20 million during the current quarter following the moratorium on loan repayment for 6 months effective from 1 April 2020 to 30 September 2020 under "Prihatin Economic Stimulus Package" as a measure to address the impact of the pandemic Covid-19.

The above has resulted in profit before tax of RM0.33 million in Q3 FY2020 against RM0.41 million in Q3 FY2019. EBITDA has also declined by 18% to RM1.54 million in the current quarter.

**Financial review for year-to-date financial period ended 30 September 2020 ("YTD FY2020") versus year-to-date corresponding financial period ended 30 September 2019 ("YTD FY2019")**

The Group's revenue for the YTD FY2020 was RM28.21 million as compared to RM37.78 million in YTD FY2019, dropped by 25%. Recycled petroleum product has contributed for the major decrease of 37%, followed by the decrease in scheduled waste collection services of 13%. The decrease has alleviated by the increase of recycled petrochemicals product by 75% in the current financial period.

The decrease in the revenue has resulted lower profit margin, from 23% in YTD FY2019 to 13% in the current year-to-date. The unfavorable margin was affected especially in the second quarter during the year resultant from the Movement Control Order ("MCO") imposed by the government to tackle the pandemic Covid-19. The Group has gradually improved its sales after the MCO ease into Conditional MCO ("CMCO") and Recovery MCO ("RMCO") in the third quarter.

Operating expenses of the Group has decreased by 5% in comparison of YTD. The decrease was mainly on the decline in finance cost subsequent to the moratorium loan period of 6 months from second quarter. In addition, the decrease in operating expenses was also due to the decrease in staff cost and depreciation expenses as compared to YTD 2019.

As a result, the Group's performance closed at loss before tax of RM1.69 million with EBITDA of RM2.09 million as compared to profit before tax of RM2.85 million with EBITDA of RM7.13 million in the corresponding YTD FY2019.

**B2. Financial review of current quarter ended 30 September 2020 (“Q3 FY2020”) versus immediate preceding quarter ended 30 June 2020 (“Q2 FY2020”)**

	<b>Financial Quarter Ended</b>	
	<b>30 September 2020</b>	<b>30 June 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,059	6,263
Profit/(Loss) before taxation	334	(2,487)
Earnings/(loss) before interest, taxes, depreciation and : amortisation (“EBITDA”)/“LBITDA”)	1,544	(1,224)

In comparison of Q3 FY2020 versus Q2 FY2020, the Group has recorded a spike in revenue by 61% from RM6.26 million in Q2 FY2020. The improved revenue was due to the increase sales order in the current quarter subsequent to the bearish market in Q2 FY2020 following the implementation of movement control order by the government to curb Covid-19 pandemic.

Revenue from each product segment has increased considerably especially on recycled petrochemicals product and scheduled waste collection services which contributed approximately 54% of total revenue in Q3 FY2020. The remaining 46% was contributed by recycled petroleum products. Gross profit margin has increased to 19% in line with the surge of revenue as compared to gross loss margin in Q2 FY2020.

Total operating expenses was down by 18% in Q3 FY 2020 mainly due to fixed assets written off amounted to RM0.32 million in the immediate preceding quarter.

With the above, the Group has recorded a profit before tax of RM0.33 million in Q3 FY2020 as compared to a loss before tax of RM2.49 million in Q2 FY2020. EBITDA in the current quarter has rebounded to an earnings position of RM1.54 million with higher profit margin within the product mix.

**B3. Prospects**

The current market sentiment remains conservative with the recent resurgence of Covid-19 cases. Conditional Movement Control Order (“CMCO”) has been re-implemented since 22 October 2020 to 6 December 2020 with the spike of Covid-19 cases in Malaysia.

At this juncture, it is difficult to gauge the market direction in the near term in view of the Covid-19 pandemic.

Despite the unpredictable market condition, the Group stays vigilant on the market outlook while taking stringent measures in the internal control and its production efficiency as well as cost control measures to sustain the business within the Group. The Group expects favourable prospect of business ahead and envisages to gear up the sales and profitability within the Group.

**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 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax</b>				
- current year	223	(69)	223	322
<b>Deferred Tax</b>				
- origination and reversal of temporary differences	(364)	-	(364)	-
	(141)	(69)	(141)	322

**B6. Bank borrowings**

The Group's bank borrowings as at 30 September 2020 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loans	12,473	1,157	13,630
	12,473	1,157	13,630

**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. Profit/(loss) for the period**

	<b>Current Quarter ended 30 September 2020 RM'000</b>	<b>Cumulative Quarter ended 30 September 2020 RM'000</b>
Profit/(loss) before taxation is arrived at after charging/(crediting):		
Interest income	(34)	(135)
Interest expenses	30	270
Depreciation of property, plant and equipment	851	2,410
Depreciation of investment properties	132	170
Depreciation of rights-of-use asset	231	1,067
Gain on fair value adjustments	(22)	(80)
Loss on disposal of property, plant and equipment	7	20
Property, plant and equipment written off	2	317

**B10. Earnings/(loss) 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.

	<b>Current Quarter Ended 30 September</b>		<b>Cumulative Quarter Ended 30 September</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Group's net profit/(loss) attributable to equity holders of the Company (RM'000)	475	488	(1,547)	2,531
Weighted average number of ordinary shares ('000)	329,370	330,866	329,902	331,669
Earnings/(loss) per share (sen)				
- Basic	0.14	0.15	(0.47)	0.76

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 of Directors in accordance with a resolution of the Directors dated 23 November 2020.

By order of the Board of Directors

DATO' CHAN SAY HWA  
Group Managing Director

23 November 2020