



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 December 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2022 RM'000	Current Year To Date Ended 31 December 2023 RM'000	Preceding year To Date Ended 31 December 2022 RM'000
Revenue	25,771	17,409	87,181	80,035
Cost of sales	(18,772)	(14,214)	(64,211)	(59,349)
<b>Gross profit</b>	<b>6,999</b>	<b>3,195</b>	<b>22,970</b>	<b>20,686</b>
Other income	359	293	1,553	730
Administration expenses	(2,697)	(2,822)	(10,829)	(8,880)
Selling and distribution costs	(332)	(130)	(996)	(791)
Finance costs	(324)	(265)	(1,330)	(919)
<b>Profit before taxation</b>	<b>4,005</b>	<b>271</b>	<b>11,368</b>	<b>10,826</b>
Taxation	(1,390)	355	(3,318)	(2,772)
<b>Net profit for the financial period, representing total comprehensive income for the financial period</b>	<b>2,615</b>	<b>626</b>	<b>8,050</b>	<b>8,054</b>
<b>Profit for the financial period, representing total comprehensive income for the financial period attributable to:</b>				
Equity owners of the Company	2,455	651	7,784	8,154
Non-controlling interests	160	(25)	266	(100)
	<b>2,615</b>	<b>626</b>	<b>8,050</b>	<b>8,054</b>
<b>Earnings per share attributable to the equity holders of the Company (sen)</b>	<b>0.62</b>	<b>0.16</b>	<b>1.97</b>	<b>2.06</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 2022 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	<b>Unaudited As at 31 December 2023 RM'000</b>	<b>Audited As at 31 December 2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	38,076	30,367
Investment property	7,264	7,358
Right-of-use assets	47,298	46,675
Other receivables	55	128
	<b>92,693</b>	<b>84,528</b>
<b>Current assets</b>		
Inventories	12,436	7,586
Trade receivables	14,259	11,470
Other receivables	1,912	1,685
Tax recoverable	337	390
Fixed deposits	-	5,666
Cash and bank balances	7,278	13,427
	<b>36,222</b>	<b>40,224</b>
<b>TOTAL ASSETS</b>	<b>128,915</b>	<b>124,752</b>
<b>EQUITY</b>		
Share capital	49,981	49,981
Treasury shares	(401)	(401)
Merger deficit	(9,535)	(9,535)
Revaluation reserves	8,881	8,881
Retained profits	43,093	35,309
<b>Equity attributable to owners of the Company</b>	<b>92,019</b>	<b>84,235</b>
Non-controlling interests	44	(222)
<b>Total equity</b>	<b>92,063</b>	<b>84,013</b>
<b>LIABILITY</b>		
<b>Non-current liabilities</b>		
Lease liabilities	3,326	2,625
Bank borrowings	19,099	22,645
Deferred tax liabilities	7,451	7,519
	<b>29,876</b>	<b>32,789</b>
<b>Current Liabilities</b>		
Trade payables	1,551	3,460
Other payables	1,001	985
Provision for taxation	1,353	683
Lease liabilities	1,271	974
Bank borrowings	1,800	1,848
	<b>6,976</b>	<b>7,950</b>
<b>Total liabilities</b>	<b>36,852</b>	<b>40,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>128,915</b>	<b>124,752</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>0.23</b>	<b>0.21</b>

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 2022 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 2023**

	<-----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
<b><u>Financial year ended 31 December 2023</u></b>								
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	-	-	-	-	7,784	7,784	266	8,050
At 31 December 2023	<b>49,981</b>	<b>(401)</b>	<b>8,881</b>	<b>(9,535)</b>	<b>43,093</b>	<b>92,019</b>	<b>44</b>	<b>92,063</b>
<b><u>Financial year ended 31 December 2022</u></b>								
At 1 January 2022	49,981	(401)	8,881	(9,535)	27,155	76,081	(122)	75,959
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	8,154	8,154	(100)	8,054
At 31 December 2022	<b>49,981</b>	<b>(401)</b>	<b>8,881</b>	<b>(9,535)</b>	<b>35,309</b>	<b>84,235</b>	<b>(222)</b>	<b>84,013</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 2022 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

	<b>Current Year To-date Ended 31 December 2023 RM'000</b>	<b>Preceding Year To-date Ended 31 December 2022 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,368	10,826
Adjustments:		
Depreciation of property, plant and equipment	4,914	5,198
Depreciation of investment properties	94	183
Depreciation of right-of-use assets	2,572	1,673
Dividend income on short term investments	-	(138)
Fair value loss on short term investments	-	26
Gain on disposal of property, plant and equipment	(279)	(121)
Reversal of impairment loss on trade receivables	-	9
Property, plant and equipment written off	29	33
Interest income	(376)	(3)
Interest expenses	1,330	919
Operating profit before working capital changes	19,652	18,605
(Increase)/decrease in working capital:		
Inventories	(4,850)	(520)
Receivables	(2,943)	(5,213)
Payables	(1,893)	940
Cash generated from operations	9,966	13,812
Tax refund	175	73
Tax paid	(2,838)	(1,936)
<b>Net cash from operating activities</b>	<b>7,303</b>	<b>11,949</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	376	3
Purchase of property, plant and equipment	(12,450)	(4,555)
Additions to right-of-use assets	(628)	(2,585)
Proceeds from disposal of property, plant and equipment	141	132
Withdrawal/(placement) of fixed deposit	5,666	(5,500)
Redemption/(placement) of short term investments	-	6,728
<b>Net cash used in investing activities</b>	<b>(6,895)</b>	<b>(5,777)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,321)	(919)
Drawdown of borrowings	545	9,098
Repayment of bank borrowings	(4,139)	(7,586)
Repayment of lease liabilities	(1,642)	(889)
<b>Net cash (used in)/from financing activities</b>	<b>(6,557)</b>	<b>(296)</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(6,149)</b>	<b>5,876</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>13,427</b>	<b>7,717</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>7,278</b>	<b>13,593</b>
<b><u>Cash and Cash Equivalents at end of the period comprise the followings:</u></b>		
Fixed deposits with licenced banks	-	5,666
Cash and bank balances	7,278	13,427
	7,278	19,093
Less: Fixed deposit with licensed bank with maturity more than 3 months	-	(5,500)
	7,278	13,593

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 2022 and the accompanying explanatory notes attached to this interim financial statement.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

**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 2022 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 2022 except for the following standards, amendments to published standards and interpretations to existing standards which are applicable in the current financial year:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 Financial Instruments - Comparative Information
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, and International Tax Reform – Pillar Two Model Rules

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 of 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 January 2024**

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flow and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

**(ii) MFRSs, Interpretations and Amendments effective for annual financial periods beginning on or after 1 January 2025**

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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

***(iii) 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 intend to adopt the abovementioned accounting standards, interpretations and amendments when they become effective.

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 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 31 December 2023, 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 biofuel 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:

	<b>Group</b>
	<b>31 December 2023</b>
	<b>RM'000</b>
Approved and contracted for:	
- Purchase of machineries	3,115
- Factory construction	5,248
	<u>8,363</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**

On 20 July 2023, the Company incorporated a new wholly-owned subsidiary, S Logistics Sdn Bhd with paid-up capital of RM500,000.

Save as disclosed above, 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 31 December 2023 were as follows:

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM42.8 million of which RM25.5 million has been utilized as at 31 December 2023. Apart from this, the Group issued bank guarantee to customers and suppliers amounted to RM0.8 million in relation to performance bond.

**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 2022.



**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:

	<b>Group</b>	
	<b>Quarter ended 31 December 2023</b>	<b>Year-to-date 31 December 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance to a person connected to certain Directors	17	67

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

**B1. Review of performance**

	<b>Current Quarter Ended</b>				<b>Cumulative Quarter Ended</b>			
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>Change</b>		<b>31 December 2023</b>	<b>31 December 2022</b>	<b>Change</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	25,771	17,409	8,362	48.03%	87,181	80,035	7,146	8.93%
Profit before taxation	4,005	271	3,734	1377.86%	11,368	10,826	542	5.01%
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	5,993	2,411	3,582	148.57%	19,902	18,795	1,107	5.89%

**Financial review for fourth quarter ended 31 December 2023 ("Q4 FY2023") versus corresponding quarter ended 31 December 2022 ("Q4 FY2022")**

The Group registered revenue of RM25.77 million in Q4 FY2023, representing 48.03% increase compared to RM17.41 million in the previous corresponding quarter. This was mainly due to sales in scheduled waste collection segment and recycled petrochemical segment increased by RM5.55 million and RM4.46 million respectively, while recycled petroleum segment experienced lower sales by RM6.63 million. In addition, biofuel product segment contributed revenue of RM4.63 million in current quarter, marking a new stream of revenue. Geographically, domestic sales increased by 20.65% and overseas sales registered an increase of 164.05%.

For the current quarter under review, gross profit margin has increased from 18.35% to 27.16% mainly due to higher sales recorded and improvement in production efficiency resulting in lower factory overhead incurred. Selling and distribution costs increased by RM0.20 million in line with the increase in revenue. Finance costs increased slightly due to additional drawdown of financing facility.

With the above, the Group recorded a higher profit before tax at RM4.01 million compared to RM0.27 million in previous corresponding quarter. EBITDA increased by RM3.58 million, reaching to a total of RM5.99 million in Q4 FY2023.

**B1. Review of performance (continued)**

**Financial review for the financial year-to-date ended 31 December 2023 (“YTD FY2023”) versus 31 December 2022 (“YTD FY2022”)**

On year-to-date, the Group achieved a revenue of RM87.18 million in YTD FY2023, an increase of 8.93% as compared to RM80.04 million in YTD FY2022. The increase was primarily attributable to the increase in sales in scheduled waste collection, recycled petrochemical and biofuel product segments by RM15.91 million, RM6.07 million and RM14.86 million respectively. Conversely, the recycled petroleum segment experienced lower sales by RM26.55 million.

The gross profit margin for YTD FY2023 stood at 26.35%, indicating a slight increase of 0.50% compared to YTD FY2022 at 25.85%. The slight increase in gross profit margin was mainly due to higher sales recorded in higher margin segment namely scheduled waste collection.

The increase in other income by RM0.82 million was mainly due to insurance claims arising from flood incident in 2021, and fixed deposit interest income, as well as gain on disposal of property, plant and equipment.

Overall, the Group recorded a profit before tax of RM11.37 million, representing an increase of 5.01% from previous financial year FY2022. EBITDA for YTD FY2023 increased by 5.89% to RM19.90 million.

**B2. Financial review of current quarter ended 31 December 2023 (“Q4 FY2023”) versus immediate preceding quarter ended 30 September 2023 (“Q3 FY2023”)**

	Financial Quarter Ended			
	31 December 2023	30 September 2023	Change	
	RM'000	RM'000	RM'000	%
Revenue	25,771	22,360	3,411	15.25%
Profit before taxation	4,005	4,952	(947)	-19.12%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	5,993	7,154	(1,161)	-16.23%

In the current quarter, the revenue of the Group amounted to RM25.77 million, increased by 15.25% from RM22.36 million registered in Q3 FY2023. The increase was mainly due to higher sales in recycled petrochemical segment by RM6.43 million while all other segments namely scheduled waste collection, recycled petroleum and biofuel products registered lower sales.

Total cost of goods sold incurred were RM18.77 million in Q4 FY2023 compared to Q3 FY2023 at RM14.64 million. Cost of goods sold increased by 28.21% mainly due to higher material costs in the current quarter while factory overhead decreased by 13.14%.

The gross profit margin was lower at 27.16% in current quarter compared to Q3 FY2023 mainly due to higher material costs incurred. Mainly due to this reason, the Group recorded profit before tax of RM4.01 million in Q4 FY2023 compared to RM4.95 million in Q3 FY2023, representing a decrease of 19.12%. EBITDA for current quarter was RM5.99 million.

**B3. Prospects**

Despite volatile and weak economic conditions in 2023, the Group managed to achieve profit after tax (“PAT”) of RM8.05 million for the financial year ended 31 December 2023 (FY2022 – PAT RM8.05 million).

Economic conditions remain challenging with inflation continue to exert pressure on consumer and industrial spending. The impact of global economic slowdown resulted from weaker external demand would pare down overall Gross Domestic Product (“GDP”) growth. Moreover, the fluctuation of the ringgit against US dollar is on a volatile basis which affects the price of imported goods.

While the group is mindful of the external environment, the Directors are seeking opportunity to expand the business of the Group by exploring new stream of revenue to diversify and complement our existing business model. The Group would invest in capital expenditure in new financial year given its better footing in terms of financial position and contacts with external partner. Meanwhile, the Management 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 Quarters ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax</b>				
- Current period	1,566	(618)	3,386	2,258
<b>Deferred Tax</b>				
- origination and reversal of temporary differences	(176)	263	(68)	514
	1,390	(355)	3,318	2,772

The effective tax rate of the Group for the current quarter and current financial period was higher than the statutory tax rate, mainly due to non-deductible expenses and the temporary differences arising.

**B6. Bank borrowings**

The Group’s bank borrowings as at 31 December 2023 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loan	19,099	1,800	20,899
	19,099	1,800	20,899

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. Profit for the period**

	Current Quarter Ended 31 December		Cumulative Quarters Ended 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	(33)	(1)	(376)	(3)
Interest expenses	324	265	1,330	919
Depreciation of property, plant and equipment	1,032	1,341	4,914	5,198
Depreciation of investment properties	23	46	94	183
Depreciation of right-of-use assets	642	490	2,572	1,673
Dividend income on short term investments	-	-	-	(138)
Fair value loss on short term investments	-	-	-	26
Gain on disposal of property, plant and equipment	(236)	(94)	(279)	(121)
Property, plant and equipment written off	13	21	29	33
Bad debts written off	-	-	21	-
(Reversal of impairment loss on trade receivables) / impairment loss on trade receivables	-	15	(21)	9

**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.

	<b>Current Quarter Ended 31 December</b>		<b>Cumulative Quarter Ended 31 December</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Group's net profit attributable to equity holders of the Company (RM'000)	2,455	651	7,784	8,154
Weighted average number of ordinary shares (RM'000)	395,025	395,025	395,025	395,025
Earnings per share (sen)				
- Basic	0.62	0.16	1.97	2.06

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 27 February 2024.

By order of the Board of Directors

DATO' CHAN SAY HWA  
Executive Chairman

27 February 2024