



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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2024 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2023 RM'000	Current Year To Date Ended 30 June 2024 RM'000	Preceding year To Date Ended 30 June 2023 RM'000
Revenue	27,119	17,695	48,295	39,050
Cost of sales	(21,591)	(13,730)	(39,080)	(30,796)
Gross profit	5,528	3,965	9,215	8,254
Other income	505	328	1,207	599
Administration expenses	(2,985)	(2,614)	(5,956)	(5,304)
Selling and distribution costs	(197)	(206)	(404)	(470)
Finance costs	(627)	(341)	(1,229)	(668)
Profit before taxation	2,224	1,132	2,833	2,411
Taxation	(1,519)	(334)	(1,737)	(714)
Net profit for the financial period, representing total comprehensive income for the financial period	705	798	1,096	1,697
Profit for the financial period, representing total comprehensive income for the financial period attributable to:				
Equity owners of the Company	701	689	1,125	1,591
Non-controlling interests	4	109	(29)	106
	705	798	1,096	1,697
Earnings per share attributable to the equity holders of the Company (sen)	0.18	0.17	0.28	0.40

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.

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

	Unaudited As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,984	38,074
Investment property	7,217	7,264
Right-of-use assets	78,846	47,298
Other receivables	18	55
	134,065	92,691
Current assets		
Inventories	14,620	12,309
Trade receivables	10,775	14,256
Other receivables	1,782	2,253
Tax recoverable	705	297
Cash and bank balances	11,261	7,278
	39,143	36,393
TOTAL ASSETS	173,208	129,084
EQUITY		
Share capital	49,981	49,981
Treasury shares	(401)	(401)
Merger deficit	(9,535)	(9,535)
Revaluation reserves	8,881	8,881
Retained profits	42,806	42,982
Equity attributable to owners of the Company	91,732	91,908
Non-controlling interests	1,015	44
Total equity	92,747	91,952
LIABILITY		
Non-current liabilities		
Lease liabilities	33,579	3,327
Bank borrowings	21,968	18,906
Deferred tax liabilities	7,794	7,440
	63,341	29,673
Current Liabilities		
Trade payables	5,652	1,894
Other payables	5,451	994
Provision for taxation	1,822	1,307
Lease liabilities	2,012	1,271
Bank borrowings	2,183	1,993
	17,120	7,459
Total liabilities	80,461	37,132
TOTAL EQUITY AND LIABILITIES	173,208	129,084
Net assets per share attributable to equity holders of the Company (RM)		
	0.23	0.23

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

	<-----Attributable to Equity Holders of the Company ----->							
	<----- Non-distributable ----->				Distributable			
	Share Capital	Treasury Shares	Revaluation Reserves	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year to date ended 30 June 2024								
At 1 January 2024	49,981	(401)	8,881	(9,535)	42,982	91,908	44	91,952
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	1,125	1,125	(29)	1,096
Transactions with owner								
Acquisition of a subsidiary	-	-	-	-	(1,301)	(1,301)	400	(901)
Increase in share capital of subsidiary	-	-	-	-	-	-	600	600
Total transactions with owners	-	-	-	-	(1,301)	(1,301)	1,000	(301)
At 30 June 2024	49,981	(401)	8,881	(9,535)	42,806	91,732	1,015	92,747
Preceding year to date ended 30 June 2023								
At 1 January 2023	49,981	(401)	8,881	(9,535)	35,309	84,235	(222)	84,013
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	1,591	1,591	106	1,697
At 30 June 2023	49,981	(401)	8,881	(9,535)	36,900	85,826	(116)	85,710

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statements.

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

	Current Year To-date Ended 30 June 2024 RM'000	Preceding Year To-date Ended 30 June 2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,833	2,411
Adjustments:		
Depreciation of property, plant and equipment	1,744	2,613
Depreciation of investment properties	47	47
Depreciation of right-of-use assets	2,433	1,274
Gain on disposal of property, plant and equipment	(1)	(43)
Property, plant and equipment written off	15	14
Interest income	-	(258)
Interest expenses	1,229	668
Operating profit before working capital changes	8,300	6,726
Net changes in working capital:		
Inventories	(2,312)	883
Receivables	3,990	(5,299)
Payables	8,215	(471)
Cash generated from operations	18,193	1,839
Tax refund	-	107
Tax paid	(1,576)	(1,271)
Net cash from operating activities	16,617	675
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	99
Purchase of property, plant and equipment	(11,671)	(2,190)
Additions to right-of-use assets	(1,663)	(19)
Proceeds from disposal of property, plant and equipment	1	69
Placement of fixed deposit	-	(8,198)
Net cash used in investing activities	(13,333)	(10,239)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,229)	(664)
Drawdown of borrowings	4,136	1,210
Repayment of bank borrowings	(883)	(863)
Repayment of lease liabilities	(1,325)	(798)
Net cash generated from/ (used in) financing activities	699	(1,115)
Net increase/(decrease)/ in cash & cash equivalents	3,983	(10,679)
Cash and cash equivalents at beginning of the financial period	7,278	13,593
Cash and cash equivalents at end of the financial period	11,261	2,914
<u>Cash and Cash Equivalents at end of the period comprise the followings:</u>		
Fixed deposits with licenced banks	-	13,697
Cash and bank balances	11,261	2,914
	11,261	16,611
Less: Fixed deposit with licensed bank	-	(13,697)
	11,261	2,914

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial statement.

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

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

A1. Basis of preparation

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

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

A2. Summary of material accounting policies

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

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A2. Summary of material accounting policies (continued)

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

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

A3. Auditors' report

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

A4. Seasonal or cyclical factors

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

A5. Items of unusual nature and amount

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

A6. Material changes in estimates

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

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

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

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

A8. Dividends paid

No dividend has been paid during the quarter under review.

A9. Segmental information

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

A10. Valuation of property, plant and equipment

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

A11. Capital commitments

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

	Group
	30 June 2024
	RM'000
Approved and contracted for:	
- Purchase of machineries	7,126
- Factory construction	3,407
	<hr/>
	10,533
	<hr/>

A12. Material subsequent event

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

A13. Significant event during the period

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

A14. Changes in the composition of the Group

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

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

A15. Contingent liabilities and contingent assets

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

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM96.3 million of which RM24.2 million has been utilized as at 30 June 2024. Apart from this, the Group issued bank guarantee to customers and suppliers amounted to RM0.85 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 2023.

A17. Status on corporate proposals

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

A18. Related party transaction

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

	Group	
	Quarter ended 30 June 2024	Year-to-date 30 June 2024
	RM'000	RM'000
Allowance to a person connected to certain Directors	17	34

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review of performance

	Current Quarter Ended				Cumulative Quarter Ended			
	30 June 2024	30 June 2023	Change		30 June 2024	30 June 2023	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	27,119	17,695	9,424	53.26%	48,295	39,050	9,245	23.67%
Profit before taxation	2,224	1,132	1,092	96.47%	2,833	2,411	422	17.50%
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	4,971	3,324	1,647	49.55%	8,286	6,755	1,531	22.66%

Financial review for second quarter ended 30 June 2024 ("Q2 FY2024") versus corresponding quarter ended 30 June 2023 ("Q2 FY2023")

The Group's revenue in Q2 FY2024 was RM27.12 million, increased by 53.26% from previous corresponding quarter. Sales in sustainable products segment and recycled petrochemicals segment increased by RM8.2 million and RM3.1 million respectively. Conversely, sales in recycled petroleum segment and scheduled waste collection segment decreased by RM1.2 million and RM1.1 million respectively. Geographically, domestic sales decreased by 23.65% and overseas sales registered an increase of 170.41%.

The Group recorded the gross profit margin at 20.38% in the current quarter, a drop of 2.03% as compared to 22.41% in the corresponding quarter. Lower gross profit margin was mainly due to higher material costs and the depreciation charges in current quarter under review.

For current quarter under review, the Group recorded a higher profit before tax at RM2.22 million compared to RM1.13 million in previous corresponding quarter. EBITDA for current quarter was RM4.97 million compared to RM3.32 million in Q2 FY2023.

Financial review for the year-to-date ended 30 June 2024 ("YTD FY2024") versus 30 June 2023 ("YTD FY2023")

On year-to-date basis, the Group registered revenue of RM48.29 million in YTD FY2024, an increase of 23.67% from RM39.05 million in YTD FY2023. Sales in sustainable products segment and recycled petrochemicals

segment increased by RM15.08 million and RM3.51 million respectively. Conversely, sales in recycled petroleum segment and scheduled waste collection segment decreased by RM8.06 million and RM1.55 million respectively. The gross profit margin, however, was down by 2.06% to 19.08% in the YTD FY2024. The decrease in the gross profit margin was mainly due to higher material costs and the depreciation charges.

For YTD FY2024, the Group recorded a higher profit before tax at RM2.83 million compared to RM2.41 million in YTD FY2023. EBITDA marked at RM8.28 million in YTD FY2024 compared to RM6.75 million in YTD FY2023.

B2. Financial review of current quarter ended 30 June 2024 (“Q2 FY2024”) versus immediate preceding quarter ended 31 March 2024 (“Q1 FY2024”)

	Financial Quarter Ended			
	30 June 2024	31 March 2024	Change	
	RM'000	RM'000	RM'000	%
Revenue	27,119	21,176	5,943	28.06%
Profit before taxation	2,224	609	1,615	265.19%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	4,971	3,314	1,657	50.00%

The revenue of the Group in the current quarter amounted to RM27.12 million, increased by 28.06% from RM21.17 million registered in Q1 FY2024. The higher sales were mainly due to higher sales contribution from sustainable products segment by RM3.44 million as well as higher sales in scheduled waste collection segment by RM1.62 million.

The Group recorded higher profit before tax in current quarter at RM2.22 million compared to RM0.61 million in Q1 FY2024 mainly due to higher revenue recorded. EBITDA for current quarter was RM4.97 million compared to RM3.31 million in Q1 FY2024.

B3. Prospects

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

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

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

B4. Profit guarantee or profit forecast

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

B5. Taxation

	Quarter ended		Year-to-date ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Current Tax				
- Current period	1,519	334	1,737	714

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

B6. Bank borrowings

The Group's bank borrowings as at 30 June 2024 are as follows:

	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Secured</u>			
-Term Loan	21,968	2,183	24,151
	21,968	2,183	24,151

All bank borrowings are denominated in Ringgit Malaysia.

B7. Material litigation

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

B8. Dividends

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

B9. Disclosure of profit or loss items for the period

	Current Quarter Ended 30 June		Cumulative Quarters Ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Interest income	-	(128)	-	(258)
Interest expenses	627	341	1,229	668
Depreciation of property, plant and equipment	869	1,299	1,744	2,613
Depreciation of investment properties	23	24	47	47
Depreciation of right-of-use assets	1,228	656	2,433	1,274
Dividend income on short term investments	25	-	31	-
Gain on disposal of property, plant and equipment	-	(19)	(1)	(43)
Property, plant and equipment written off	11	8	15	14

B10. Earnings per share

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

	Current Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group's net profit attributable to equity holders of the Company (RM'000)	701	689	1,125	1,591
Weighted average number of ordinary shares (RM'000)	395,025	395,025	395,025	395,025
Earnings per share (sen)				
- Basic	0.18	0.17	0.28	0.40

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

B11. Authority for issue

The interim financial statements were reviewed by the Audit Committee of the Company and duly authorised for issue by the Board in accordance with a resolution of the Directors dated 27 August 2024.

By order of the Board,

DATO' CHAN SAY HWA
Executive Chairman cum Group Managing Director

27 August 2024