(Company No.: 1255845-W) (Incorporated in Malaysia)



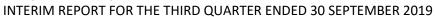


# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME $^{(1)}$

	Current	Preceding	Current	Preceding
	Year	Year	Year-To-	Year-To-
	Quarter	Quarter	Date	Date
	30-Sep- 2019	30-Sep- 2018 <sup>(2)</sup>	30-Sep- 2019	30-Sep- 2018 <sup>(2)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	19,365	N/A	60,652	N/A
Cost of sales	10,521	N/A	34,712	N/A
Gross profit	8,844	N/A	25,940	N/A
Other income	1,167	N/A	1,914	N/A
Administrative expenses(3)	(4,579)	N/A	(14,444)	N/A
Distribution expenses	(1,747)	N/A	(4,930)	N/A
Operating profit	3,685	N/A	8,480	N/A
Finance costs	(397)	N/A	(1,194)	N/A
Profit before tax	3,288	N/A	7,286	N/A
Income tax expense	(648)	N/A	(1,624)	N/A
Profit for the financial period	2,640	N/A	5,662	N/A
Other comprehensive income, net of tax :				
Item that may be reclassified subsequently	to profit or loss			
Exchange differences on translation				
of foreign operations	(172)	N/A	(177)	N/A
Other comprehensive income for the financial period	2,468	N/A	5,485	N/A
Total comprehensive income for the finance	ial period			
Profit attributable to:	•			
Owners of the Group	2,590	N/A	5,538	N/A
Non-controlling interests	50	N/A	124	N/A
	2,640	N/A	5,662	N/A
Total comprehensive income attributable t	ю:			
Owners of the Group	2,418	N/A	5,392	N/A
Non-controlling interests	50	N/A	93	N/A
	2,468	N/A	5,485	N/A
Earnings per share attributable to owners o	of the Group:			
Basic and diluted (sen) <sup>(4)</sup>	0.79	N/A	1.69	N/A

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the corresponding quarter/period of the preceding year are presented as this is the third interim financial report on the consolidated results for the financial period ended 30 September 2019 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- (3) Administrative Expenses included one-off non-recurring listing expenses of RM 1.23 million.
- (4) Based on weighted average number of ordinary shares in HPMT ("Shares") in issue during the period under review.
- N/A Not applicable

(Company No.: 1255845-W) (Incorporated in Malaysia)





## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>

	Unaudited As at 30-Sep-2019	Audited <sup>(2)</sup> As at 31-Dec-2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	77,515	77,008
Deferred tax assets	<del>-</del>	10
Total non-current assets	77,515	77,018
Current assets		
Inventories	24,179	24,464
Current tax assets	2,605	2,259
Trade and other receivables	16,679	16,977
Derivative financial instruments	76	-
Cash and short-term deposits	14,847	13,235
Other investment	40,152	
Total current assets	98,538	56,935
TOTAL ASSETS	176,053	133,953
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	103,553	*
Other reserves	(56,993)	6,733
Retained earnings	67,894	64,026
Ü	114,454	70,759
Non-controlling interests	3,714	3,247
TOTAL EQUITY	118,168	74,006
Non-current liabilities		
Loans and borrowings	22,977	25,894
Deferred income	3,719	4,297
Deferred tax liabilities	5,372	4,688
Total non-current liabilities	32,068	34,879
	32,000	
Current liabilities		
Loans and borrowings	15,582	13,614
Deferred income	770	770
Current tax liabilities	-	232
Trade and other payables	9,465	10,452
Total current liabilities	25,817	25,068
TOTAL LIABILITIES	57,885	59,947
TOTAL EQUITY AND LIABILITIES	176,053	133,953
Net assets per share <sup>(3)</sup>	0.35	N/A

(Company No.: 1255845-W) (Incorporated in Malaysia)



## INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) The Group was formalised on 29 March 2019 upon completion of the Acquisition as disclosed in Note B6 (i). The acquisition of entities under common control does not result in any change in economic substance. Accordingly, HPMT Group is a continuation of the acquired entities and is accounted for in accordance with the basis disclosed in Note A1.
- (3) Based on the issued share capital of 328,489,000 ordinary shares after listed on the Main Market on Bursa Securities (as detailed in Note B6).
- \* RM 2

(Company No.: 1255845-W) (Incorporated in Malaysia)



# INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup>

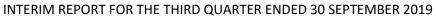
	Attributable to the owners of the Company							
	Share capital	Exchange reserve	PRC statutory reserve	Reorganisation reserve	Retained earnings	Sub-total	controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019 <sup>(2)</sup>	*	352	175	6,206	64,026	70,759	3,247	74,006
Total comprehensive income								
for the financial period								
Profit for the financial period	-	-	-	-	5,538	5,538	124	5,662
Other comprehensive loss for the								
financial period	-	(146)	-	-	-	(146)	(31)	(177)
Appropriation to statutory reserve	-	-	28	-	(28)	-	-	-
Total comprehensive income		(146)	28	-	5,510	5,392	93	5,485
Transaction with owners								
Acquisition of subsidiaries	63,234	-	-	(63,608)	-	(374)	374	-
Issuance of ordinary shares	42,310					42,310		42,310
Shares issuance expenses	(1,991)					(1,991)		(1,991)
Dividends paid on shares	-	-	-	-	(1,642)	(1,642)	-	(1,642)
At 30 September 2019	103,553	206	203	(57,402)	67,894	114,454	3,714	118,168

<sup>(1)</sup> The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company date 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.

<sup>(2)</sup> The Group was formalised on 29 March 2019 upon completion of the Acquisition as disclosed in Note B6 (i). The acquisition of entities under common control does not result in any change in economic substance. Accordingly, HPMT Group is a continuation of the acquired entities and is accounted for in accordance with the basis disclosed in Note A1.

<sup>\*</sup> RM 2

(Company No.: 1255845-W) (Incorporated in Malaysia)

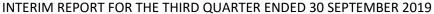




## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW<sup>(1)</sup>

	Current Year-To-Date 30-Sep-2019 RM'000	Preceding Year-To-Date 30-Sep-2018 <sup>(2)</sup> RM'000
Cash flows from operating activities		
Profit/(loss) before tax	7 296	NI/A
<ul><li>Continuing operations</li><li>Discontinued operation</li></ul>	7,286 -	N/A N/A
	7,286	N/A
Adjustments for:		
Depreciation of property, plant and		
equipment	6,333	N/A
Gain on disposal of property, plant and		
equipment	(1)	N/A
Allowance of slow moving stock Reversal of impairment loss on trade	85	N/A
receivables	(36)	N/A
Finance costs	1,194	N/A
Interest income	(482)	N/A
Unrealised loss/(gain) on foreign exchange	(420)	N/A
Operating profit before working capital	13,959	N/A
changes		
Changes in working capital		
Inventories	200	N/A
Trade and other receivables	309	N/A
Trade and other payables	(3,382)	N/A
Net cash flows generated from operations Income tax paid	(2,873) (1,507)	N/A N/A
Interests paid	(1,307)	N/A N/A
Interests received	111	N/A
Net cash flows from operating activities	9,675	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(919)	N/A
Net changes in other investments	(40,147)	N/A
Refund for purchase of property, plant and	-	
equipment*	564	N/A
Proceeds from disposal of property,	_	
plant and equipment	2	N/A
Interest received  Net cash flows from (used in) investing		
activities	(40,123)	IN/A

(Company No.: 1255845-W) (Incorporated in Malaysia)





## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW<sup>(1)</sup> (continued)

	Current Year-To-Date 30-Sep-2019 RM'000	Preceding Year-To-Date 30-Sep-2018 <sup>(2)</sup> RM'000
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	40,318	N/A
Drawdown of revolving credit	250	N/A
Net change in bankers' acceptances	1,244	N/A
Net change in finance lease liabilities	(236)	N/A
Net changes in term loans	(6,547)	N/A
Interests paid	(1,179)	N/A
Dividend paid	(1,642)	N/A
Net cash flows used in financing activities	32,208	N/A
Net (decrease)/increase in cash and cash		
equivalent	1,754	N/A
Cash and cash equivalents at the		
beginning of the financial periods <sup>(3)</sup>	13,144	N/A
Effects of exchange rate changes on		
cash and cash equivalents	(175)	N/A
Cash and cash equivalents at the end of the financial periods	14,723	N/A

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	Current Year-To-Date 30-Sep-2019 RM'000	Preceding Year-To-Date 30-Sep-2018 <sup>(2)</sup> RM'000
Cash and bank balances Short-term deposits placed with licensed banks	14,847	N/A
Cash and short-term deposits	14,847	N/A
Less: Bank overdrafts	(124)	N/A
Cash and cash equivalents at the end of the financial periods	14,723	N/A

- (1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the corresponding quarter/period of the preceding year are presented as this is the third interim financial report on the consolidated results for the financial period ended 30 September 2019 announced by the Company in compliance with the Listing Requirements.
- (3) Cash and cash equivalents as at 31 December 2018, as disclosed in the Combined Statements of Financial Position of the Accountant's Report as disclosed in the Prospectus of the Company dated 17 May 2019.
- N/A Not applicable

<sup>\*</sup>The Group subsequently received a stamp duty refund for the acquisition of property which was completed on 31 December 2018.

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

## A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements.

This is the third interim financial report on the Company's consolidated results for the third quarter ended 30 September 2019 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

Acquisition of subsidiaries under common control (in which all parties involved, being the acquirer, acquire and seller are ultimately controlled by the same party and parties both before and after the acquisition) are consolidated using merger method of accounting. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years.

On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or reorganisation deficit.

This interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 17 May 2019 and the accompanying explanatory notes attached to this interim financial report.

#### **A2. Significant Accounting Policies**

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:-

MFRS 16 Leases

Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative

Compensation

Amendments to MFRS 119 Post-employment Benefits: Defined Benefits Plans

Amendments to MFRS 128\* Investments in Associates and Joint Ventures: Long-term Interests in

Associates and Joint Ventures

IC Interpretation 23\* Uncertainty Over Income Tax Treatments

Annual improvements to MFRS Standards 2015 – 2017 Cycle

Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:-

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 101 Presentation of Financial Statements

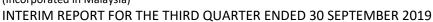
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 134 Interim Financial Reporting

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendments to MFRS 138 Intangible Assets

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

## A2. Significant Accounting Policies (continued)

Amendments to References to the Conceptual Framework on MFRS Standards effective 1 January 2020:- (continued)

Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

MFRS effective 1 January 2021:-

MFRS 17 Insurance Contracts

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 15 Revenue from Contracts with customers

Amendments to MFRS 107 Statements of Cash Flows
Amendments to MFRS 116 Property, Plant and Equipment
Amendments to MFRS 132 Financial instruments: Presentation

Amendments to MFRS 136 Impairment of Assets
Amendments to MFRS 140 Investment Property

Amendments to MFRSs - effective date deferred indefinitely :-

MFRS 10 and 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/ improvement to MFRSs, new IC Int. and amendment to IC Int.

#### A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

#### A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial year-to-date under review.

#### A5. Material Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

#### A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial period under review.

(Company No.: 1255845-W) (Incorporated in Malaysia)





## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

#### A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial year-to-date under review except for those disclosed in Note B6.

#### **A8. Dividend Paid**

First interim single tier dividend of 0.5 sen per share, amounting to RM 1,642,445 for the financial year ended 31 December 2019 was approved during Board of Directors Meeting held on 23 August 2019, and was paid on 7 October 2019.

#### **A9. Segmental Information**

The Group's operating segments are manufacturing, trading and coating services. These operating segments are required to be organised and managed for the purpose of making decisions about resource allocation and performance assessment. The Group's segmental revenue are as follows:

	Current Year	Preceding Year	Current	Preceding
	Quarter	Quarter	Year-To-Date	Year-To-Date
	30-Sep-2019	30-Sep-2018 <sup>(1)</sup>	30-Sep-2019	30-Sep-2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Manufacturing	17,943	N/A	56,493	N/A
Trading	648	N/A	2,225	N/A
Coating	774	N/A	1,934	N/A
Total	19,365	N/A	60,652	N/A

#### Notes:

(1) No comparative figures for the preceding year and preceding quarter are presented as this is the third interim financial report on the consolidated results for the financial period ended 30 September 2019 announced by the Company in compliance with the Listing Requirements.

#### N/A Not applicable

## A10. Property, Plant and Equipment

#### (i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM7.41 million.

## (ii) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

## (iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial year-to-date under review.

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (continued)

#### A11. Material Events Subsequent to the end of the Quarter

Saved as disclosed in Note B6 "Status of Corporate Proposals", there were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

#### A12. Changes in the Composition of the Group

Saved as disclosed in Note B6 "Status of Corporate Proposals", there were no changes in the composition of the Group during the current quarter and financial period under review.

#### **A13. Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

## **A14. Material Capital Commitment**

The capital commitments of the Group as at the end of the quarter under review were as follows:

	RM'000
Approved and contracted for	
Purchase of machineries and equipment	1,373
Approved but not contracted for	
Purchase of machineries and equipment	26,668
Total	28,041

#### **A15. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter and financial period under review.

#### A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

#### **B1.** Review of Performance

The Group recorded revenue and profit before taxation ("PBT") of approximately RM19.36 million and RM3.29 million respectively during the current quarter under review, while the revenue and PBT for the cumulative quarter stood at RM 60.65 million and RM 7.29 million respectively. The Group's revenue was mainly derived from manufacturing segment, which contributed RM56.49 million or 93.1% of the Group's total revenue.

There are no comparative figures for the preceding year's corresponding quarter as this is the third interim financial statements on the consolidated results for the third quarter ended 30 September 2019 being announced by the Company in compliance with the Listing Requirements.

#### **B2.** Comparison with Immediate Preceding Quarter

	Current Quarter 30-Sep-2019	Preceding Quarter 30-Jun-2019	Chang	ges
	RM'000	RM'000	RM'000	%
Revenue	19,365	19,372	(7)	0.0%
Profit before Taxation	3,288	636	2,652	417.0%

The Group revenue for the current quarter was RM 19.36 million, a minor decreased RM 0.01 million as compared to RM 19.37 million generated during the preceding quarter. Revenue from manufacturing segment increased slightly by RM 0.07 million or 0.4% despite demand softening as a result of cautious buying pattern seen from the distributors and end-users due to uncertain global economy outlook. Revenue from trading segment decreased by RM 0.29 million or 30.6% with decreased in trading sales. Revenue from coating segment increased by RM 0.21 million or 37.7% with an increase of revenue from existing customers.

The Group's reported profit before tax of RM 3.29 million for the current quarter, which it is approximately RM 2.65 million higher as compared to profit before tax of preceding quarter of RM 0.64 million. The increase in PBT is mainly due to one-off non-recurring listing expenses of RM 1.04 million being recorded in the preceding quarter.

#### **B3. Prospects for the Current Financial Year**

The cutting tools industry remains encouraging even though the current global economy is uncertain with the ongoing trade tension between China and the US and uncertainties in the Brexit direction.

The Group will continue to leverage on strong partners in existing market for further business growth. At the same time, the Group intend to diversify the customer base by exploring new markets in Europe and Asia as there are potential demand in these regions.

The Board remains cautiously optimistic for current year financial performance.

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

#### **B4. Profit Forecast**

The Group has not issued any profit forecast in any form of public documentation and announcement.

#### **B5. Tax Expense**

	Current Year Quarter 30-Sep-2019 RM'000	Preceding Year Quarter 30-Sep-2018 <sup>(1)</sup> RM'000	Current Year-To-Date 30-Sep-2019 RM'000	Preceding Year-To-Date 30-Sep-2018 <sup>(1)</sup> RM'000
Current income tax	356	N/A	929	N/A
Deferred tax	292	N/A	695	N/A
Total	648	N/A	1,624	N/A

#### Notes:

(1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is the third interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

#### N/A Not applicable

The effective tax rate of the Group is 22.3% which is slightly lower than the statutory tax rate, this is mainly due to tax allowances arising from capital investment.

#### **B6. Status of Corporate Proposals**

In conjunction with and as an integral part of our Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

## (i) Acquisitions

(a) Acquisition of HPMT Industries Sdn Bhd ("HPMT Industries")

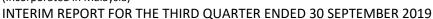
On 29 March 2019, our Company completed the acquisition of the entire issued share capital of HPMT Industries of RM2,500,000 comprising 2,500,000 ordinary shares in HPMT Industries for a purchase consideration of RM51,563,000 from Mec. Tech Corporation Sdn Bhd ("Mec. Tech"). The acquisition of HPMT Industries was wholly satisfied by the issuance of 206,251,998 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical Technologies Sdn Bhd ("Herroz Mechanical"), the holding company of Mec. Tech.

The purchase consideration of HPMT Industries of RM51,563,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted NA of HPMT Industries as at 31 December 2017 of RM51,562,138.

#### (b) Acquisition of Herroz Sdn Bhd ("Herroz")

On 29 March 2019, our Company completed the acquisition of the entire issued share capital of Herroz of RM1,626,518 comprising 1,626,518 ordinary shares in Herroz for a purchase consideration of RM4,828,000 from Mec. Tech. The acquisition of Herroz was wholly satisfied by the issuance of 19,312,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical, the holding company of Mec. Tech.

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

#### **B6. Status of Corporate Proposals (continued)**

#### (i) Acquisitions (continued)

(b) Acquisition of Herroz Sdn Bhd ("Herroz") (continued)

The purchase consideration of Herroz of RM4,828,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Herroz as at 31 December 2017 of RM4,827,494.

(c) Acquisition of HPMT Deutschland GmbH ("HPMT GmbH")

On 29 March 2019, our Company completed the acquisition of the entire issued share capital of HPMT GmbH of EUR25,000 comprising 3 shares in HPMT GmbH for a purchase consideration of EUR455,821.60 (equivalent to RM2,208,000<sup>(1)</sup>) from Mec. Tech. The acquisition of HPMT GmbH was wholly satisfied by the issuance of 8,832,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical, the holding company of Mec. Tech.

The purchase consideration of HPMT GmbH of EUR455,821.60 (equivalent to RM2,208,000<sup>(1)</sup>) was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of HPMT GmbH as at 31 December 2017 of EUR455,791.

#### Note

(1) Based on the middle rate of EUR1.00:RM4.8440 at 5.00 p.m. on 29 December 2017 as published by Bank Negara Malaysia ("BNM").

(d) Acquisition of MTC Tooling Systems Limited ("MTC Tooling")

On 20 March 2019, our Company completed the acquisition of the entire issued share capital of MTC Tooling of HKD1,000,000 comprising 1,000,000 ordinary shares in MTC Tooling for a purchase consideration of HKD7,402,244 (equivalent to RM3,834,000<sup>(1)</sup>). The acquisition of MTC Tooling was wholly satisfied by the issuance of 15,336,000 new Shares at an issue price of RM0.25 per Share.

The purchase consideration of MTC Tooling of HKD7,402,244 (equivalent to RM3,834,000<sup>(1)</sup>) was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted pro forma unaudited NA of MTC Tooling's group of companies ("MTC Tooling Group") as at 31 December 2017 of HKD7,400,526.

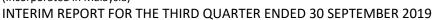
#### Note

(1) Based on the middle rate of HKD100.00:RM51.7951 at 5.00 p.m. on 29 December 2017 as published by BNM.

(e) Acquisition of Pentagon Coating Technologies Sdn Bhd ("Pentagon")

On 29 March 2019, our Company completed the acquisition of 75.0% of the equity interest in Pentagon for a purchase consideration of RM801,000 from Herroz Mechanical. The acquisition of Pentagon was wholly satisfied by the issuance of 3,204,000 new Shares at an issue price of RM0.25 per Share to Herroz Mechanical.

(Company No.: 1255845-W) (Incorporated in Malaysia)





## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

## **B6. Status of Corporate Proposals (continued)**

#### (i) Acquisitions (continued)

(e) Acquisition of Pentagon Coating Technologies Sdn Bhd ("Pentagon") (continued)

The purchase consideration of Pentagon of RM801,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted NA of Pentagon as at 31 December 2017 of RM1,067,345.

## (ii) Initial Public Offering

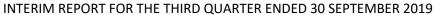
On 17 May 2019, the Company issued its Prospectus and undertook an initial public offering ("IPO") comprising:

- (a) a public issue of 75,553,000 new Shares, representing approximately 23.0% of the Company's enlarged number of Shares, at an issue price of RM0.56 each ("IPO Price") ("Public Issue") to be allocated in the following manner:
  - (1) 16,426,000 new Shares available for application by Malaysian citizens, companies, societies, co-operatives and institutions;
  - (2) 8,300,000 new Shares available for application by the eligible directors and employees of the Group and other persons who have contributed to the success of the Group; and
  - (3) 50,827,000 new Shares available for application by way of private placement to institutional and selected investors; and
- (b) an offer for sale of 41,062,000 existing Shares, representing approximately 16.2% of the Company's enlarged number of Shares, at the IPO Price by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry and institutional and selected investors.

#### (iii) Listing

The Company's entire enlarged issued share capital of RM183,953,840 comprising of 328,489,000 ordinary shares was listed on the Main Market of Bursa Securities on 12 June 2019.

(Company No.: 1255845-W) (Incorporated in Malaysia)





## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

## B7. Utilisation of Proceeds from the Public Issue

Details of utilisation of proceeds	Estimated timeframe for utilisation upon	Amount of proceeds	Actual utilisation	Percentage utilised
	Listing	RM '000	RM '000	%
(i) Purchase of new machineries and equipment	Within 36 months	34,000	453	1.3%
(ii) Working capital:				
- Finished goods inventories	Within 24 months	1,000	-	0.0%
- Staff costs and raw materials	Within 24 months	1,910	-	0.0%
(iii) Estimated listing expenses	Immediate	5,400	5,400	100.0%
Total		42,310	5,853	
			-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the company dated 17 May 2019.

## **B8. Group Borrowings**

		Unaudited			
		As at 30 Sep 2019	As at 30 Sep 2018 <sup>(1)</sup>		
	Currency	RM'000	RM'000		
Long-term Borrowings (secured)					
(i) Term Loan	MYR	12,751	N/A		
	EUR	10,129	N/A		
(ii) Finance Lease Liabilities	MYR	97	N/A		
Sub-total		22,977	N/A		
Short-term borrowings (secured)					
(i) Term Loan	MYR	2,740	N/A		
	EUR	5,797	N/A		
(ii) Finance Lease Liabilities	MYR	272	N/A		
(iii) Bank Acceptance	MYR	-	N/A		
	USD	5,949	N/A		
(iv) Revolving Credit	MYR	700	N/A		
	CNY	-	N/A		
(v) Bank Overdraft	MYR	124	N/A		
Sub-total		15,582	N/A		
Total borrowings		38,559	N/A		

(Company No.: 1255845-W) (Incorporated in Malaysia)





#### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

#### **B8. Group Borrowings (continued)**

#### Notes:

(1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is third interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

#### N/A Not applicable

We utilise credit facilities such as overdrafts and bankers' acceptances to partially finance our working capital. In addition, we utilise term loans to finance purchase of our manufacturing equipment and factory building. The credit facilities are secured by corporate guarantees, joint and several guarantees by Directors, specific debentures and properties.

#### **B9. Derivative Financial Instruments**

As at 30 September 2019, the outstanding foreign currency forward contracts are as follows:

	Contract / Notional Amount RM'000	Fair Value Asset / (Liabilities) RM'000
Forward Currency Contracts		
Less than 1 year	3,042	76

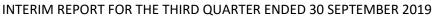
The Group's enter into forward currency contracts to hedge against the net exposure to movements in exchange rate arising from sales, purchase and finance cost.

The fair value derivative asset of RM 0.076 million has been recognised in the financial statement.

#### **B10.** Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

(Company No.: 1255845-W) (Incorporated in Malaysia)





## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

#### **B11.** Dividend

A second interim single tier dividend for the financial year ending 31 December 2019, amounting to RM 1.23 million compute based on 328,489,000 ordinary shares as at 30 September 2019, has been declared by the Board of Directors on 22 November 2019:

(i) Amount per Share: single tier dividend of 0.375 sen per ordinary share

(ii) Previous Corresponding period as at 30 September 2018: NIL

(iii) Entitlement Date: 13 December 2019

(iv) Payment Date: 30 December 2019

The total dividend declared for the current financial year ended 31 December 2019: 0.875 sen per share

## B12. Earnings Per Share ("EPS")

The basic and diluted EPS for the current quarter and financial year-to-date is computed as below:

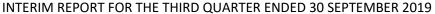
	Current Year	Preceding Year	Current	Preceding
	Quarter 30-Sep-2019	Quarter 30-Sep-2018 <sup>(4)</sup>	Year-To-Date 30-Sep-2019	Year-To-Date 30-Sep-2018 <sup>(4)</sup>
Profit after tax attributable to	2.590	N/A	5,538	N/A
the owners of the Group (RM'000)	2,330	14,71	3,330	14,71
Weighted average number of	328,489	N/A	328,489	N/A
Shares in issue ('000) <sup>(1)</sup>	,	,	,	,
Basic EPS (sen) <sup>(2)</sup>	0.79	N/A	1.69	N/A
Diluted EPS (sen) <sup>(3)</sup>	0.79	N/A	1.69	N/A

## Notes:

- (1) Based on the 328,489,000 ordinary shares listed on the Main Market on Bursa Securities (as detailed in Note B6).
- Basic EPS is calculated by dividing the profit attributable to owners of the Group by the weighted average number of Shares in issue during the period under review.
- (3) Diluted EPS of the third quarter ended 30 September 2019 and financial year-to-date ended 30 September 2019 is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
- (4) No comparative figures for the preceding year and preceding quarter are presented as this is the third interim financial report on the consolidated results for the financial period ended 30 September 2019 announced by the Company in compliance with the Listing Requirements.

#### N/A Not applicable

(Company No.: 1255845-W) (Incorporated in Malaysia)





## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (continued)

#### **B13. Profit Before Tax**

Profit before tax is arrived at after charging/(crediting):

	<b>Current Year</b>	Preceding Year	Current	Preceding
	Quarter	Quarter	Year-To-Date	Year-To-Date
	30-Sep-2019	30-Sep-2018 <sup>(1)</sup>	30-Sep-2019	30-Sep-2018 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Interest income	(425)	N/A	(482)	N/A
Other income	(323)	N/A	(977)	N/A
Interest expense	392	N/A	1,179	N/A
Depreciation of property,				
plant and equipment	2,043	N/A	6,333	N/A
Provision for inventory	3	N/A	85	N/A
Provision for receivables	-	N/A	5	N/A
Realised loss on foreign exchange	70	N/A	35	N/A
Unrealised gain on foreign exchange	(370)	N/A	(344)	N/A
Unrealised gain on derivatives	(90)	N/A	(76)	N/A

#### Notes:

(1) No comparative figures for the corresponding quarter/period of preceding year are presented as this is the third interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

## N/A Not Applicable

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.