

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	30-Jun-2024	30-Jun-2023	30-Jun-2024	30-Jun-2023
	RM'000	RM'000	RM'000	RM'000
Revenue	23,071	23,231	45,429	46,792
Cost of sales	14,148	14,564	27,959	29,541
Gross profit	8,923	8,667	17,470	17,251
Other income	741	1,309	1,580	2,271
Administrative expenses	(5,062)	(4,900)	(9,880)	(9,560)
Distribution expenses	(2,556)	(1,801)	(4,883)	(3,657)
Operating profit	2,046	3,275	4,287	6,305
Finance costs	(258)	(295)	(554)	(565)
Profit before tax	1,788	2,980	3,733	5,740
Income tax expense	(666)	(823)	(1,318)	(1,603)
Profit for the financial period	1,122	2,157	2,415	4,137
Other comprehensive (loss)/income, net of tax:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(24)	173	15	312
Other comprehensive (loss)/income for the financial period	(24)	173	15	312
Total comprehensive income for the financial period	1,098	2,330	2,430	4,449
Profit attributable to:				
Owners of the Group	1,140	2,252	2,466	4,303
Non-controlling interests	(18)	(95)	(51)	(166)
	1,122	2,157	2,415	4,137
Total comprehensive income attributable to:				
Owners of the Group	1,116	2,425	2,481	4,615
Non-controlling interests	(18)	(95)	(51)	(166)
	1,098	2,330	2,430	4,449
Earnings per share attributable to ordinary shareholders:				
Basic and diluted (sen) ⁽²⁾	0.35	0.69	0.75	1.31

Notes:

- (1) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares in HPMT ("Shares") in issue during the period under review.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited	Audited
	As at	As at
	30-Jun-2024	31-Dec-2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,660	71,568
Right-of-use assets	581	676
Deferred tax assets	260	245
Total non-current assets	68,501	72,489
Current assets		
Inventories	32,450	33,413
Current tax assets	752	168
Trade and other receivables	17,320	16,740
Short-term cash investments ⁽²⁾	36,888	41,469
Cash and bank balances	16,837	14,411
Total current assets	104,247	106,201
TOTAL ASSETS	172,748	178,690
EQUITY AND LIABILITIES		
Share capital	103,553	103,553
Other reserves	1,245	1,230
Merger deficit	(54,067)	(54,067)
Retained earnings	91,962	90,646
Equity attributable to owners of the Company	142,693	141,362
Non-controlling interests	40	91
TOTAL EQUITY	142,733	141,453
Non-current liabilities		
Loans and borrowings	10,225	11,215
Lease liabilities	175	275
Deferred income	389	588
Deferred tax liabilities	6,055	6,418
Total non-current liabilities	16,844	18,496
Current liabilities		
Loans and borrowings	5,726	6,619
Lease liabilities	404	395
Deferred income	514	629
Current tax liabilities	1,762	378
Trade and other payables	4,765	10,720
Total current liabilities	13,171	18,741
TOTAL LIABILITIES	30,015	37,237
TOTAL EQUITY AND LIABILITIES	172,748	178,690
Net assets per share (RM)	0.43	0.43

HPMT Holdings Berhad

(Company No.: 201701041672 (1255845-W))

(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024



Notes:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Fund placement with licensed financial institutions.

HPMT Holdings Berhad

(Company No.: 201701041672 (1255845-W))

(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾**

	Share capital RM'000	Exchange reserve RM'000	PRC statutory reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2024	103,553	1,022	208	(54,067)	90,646	141,362	91	141,453
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	2,466	2,466	(51)	2,415
Other comprehensive income for the financial period	-	15	-	-	-	15	-	15
Appropriation to statutory reserve	-	-	-	-	-	-	-	-
Total comprehensive income	-	15	-	-	2,466	2,481	(51)	2,430
Transaction with owners								
Dividends paid	-	-	-	-	(1,150)	(1,150)	-	(1,150)
At 30 June 2024	103,553	1,037	208	(54,067)	91,962	142,693	40	142,733
At 1 January 2023	103,553	674	208	(54,067)	86,181	136,549	409	136,958
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	4,303	4,303	(166)	4,137
Other comprehensive income for the financial period	-	312	-	-	-	312	-	312
Total comprehensive income	-	312	-	-	4,303	4,615	(166)	4,449
Transaction with owners								
Dividends paid	-	-	-	-	(1,150)	(1,150)	-	(1,150)
At 30 June 2023	103,553	986	208	(54,067)	89,334	140,014	243	140,257

Notes:

- (1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW⁽¹⁾

	Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Cash flows from operating activities		
Profit before tax	3,733	5,740
Adjustments for:		
Depreciation of property, plant and equipment	4,836	4,695
Depreciation of right-of-use assets	212	255
Property, plant and equipment written off	-	1
Government grant amortisation	(314)	(385)
Allowances for slow-moving inventories	432	264
Inventories written off	6	4
Reversal of impairment loss on trade receivables	-	(1)
Impairment loss on trade receivables	2	-
Finance costs	554	565
Interest income	(512)	(236)
Net fair value loss on derivatives	-	189
Net unrealised foreign exchange gain	(449)	(619)
Gain on lease modifications	(1)	-
Operating profit before working capital changes	8,499	10,472
<u>Changes in working capital:</u>		
Inventories	525	245
Trade and other receivables	(714)	275
Trade and other payables	(5,822)	(361)
Contract liabilities	-	(52)
Cash from operation	2,488	10,579
Income tax paid	(895)	(649)
Interest paid	(36)	(30)
Interest received	103	63
Net cash from operating activities	1,660	9,963
Cash flows from investing activities		
Purchase of property, plant and equipment	(913)	(4,531)
Net changes in short-term cash investments	4,833	(10,369)
Short-term cash investment income	409	173
Net cash from/(used in) investing activities	4,329	(14,727)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued) ⁽¹⁾

	Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Cash flows from financing activities		
Drawdown of revolving credit	400	200
Net repayment of bankers' acceptances	(1,037)	(739)
Payment of lease liabilities	(207)	(253)
Drawdown of term loans	-	3,468
Repayment of term loans	(1,034)	(2,295)
Repayment of hire purchase	(31)	(36)
Interest paid	(518)	(535)
Dividends paid	(1,150)	(1,150)
Net cash used in financing activities	<u>(3,577)</u>	<u>(1,340)</u>
Net increase/(decrease) in cash and cash equivalents	2,412	(6,104)
Cash and cash equivalents at the beginning of the financial period	14,411	26,231
Effects of exchange differences on translation	14	308
Cash and cash equivalents at the end of the financial period	<u>16,837</u>	<u>20,435</u>

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

	Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Cash and bank balances	16,837	20,701
Short-term deposits placed with licensed banks	-	-
Cash and short-term deposits	<u>16,837</u>	<u>20,701</u>
Less: Bank overdrafts	-	(266)
Cash and cash equivalents at the end of the financial period	<u>16,837</u>	<u>20,435</u>

Notes:

- (1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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 interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 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 2023, except for the adoption of the following Amendments to MFRS.

Adoptions of new MFRS and amendments to MFRSs effective for financial periods beginning on or after 1 January 2024:-

Amendments to MFRSs

MFRS 16	Leases - Lease Liabilities in a Sale and Leaseback
MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
MFRS 101	Presentation of Financial Statements - Non-Current Liabilities with Covenants
MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Finance Arrangements

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and future periods financial statements upon their first adoption.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023.

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 year-to-date under review.

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.

A8. Dividends Paid

Dividends paid during the financial year ended 31 December 2024 are as follows:

- i) Second interim dividend of 0.35 sen per share amounting to RM 1,149,712 for the financial year ended 31 December 2023 was paid on 8 April 2024.

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:

	Individual Quarter		Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Revenue				
Manufacturing	21,773	22,105	43,137	44,479
Trading	593	535	1,018	1,326
Coating	705	591	1,274	987
Total	23,071	23,231	45,429	46,792

A10. Property, Plant and Equipment

- (i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM 0.93 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.

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

A11. Material Events Subsequent to the end of the Quarter

There were no 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

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

	As at 30 June 2024 RM'000
Corporate Guarantee issued to financial institutions in respect of banking facilities granted to subsidiary companies.	15,746

Save for the above, there were no changes in contingent assets and contingent liabilities of the Group, since the last audited accounts as at 31 December 2023.

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 property, plant and equipment	9
Approved but not contracted for	
• Purchase of property, plant and equipment	10,074
Total	10,083

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.

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

B1. Review of Performance

	Individual Quarter		Changes	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000	RM'000	%
Revenue	23,071	23,231	(160)	-0.7%
Profit before Taxation	1,788	2,980	(1,192)	-40.0%

The Group recorded revenue and profit before taxation (“PBT”) of approximately RM 23.07 million and RM 1.79 million respectively during the current quarter under review, representing a decrease of 0.7% and 40.0% as compared to RM 23.23 million and RM 2.98 million generated in the corresponding quarter ended 30 June 2023.

B2. Comparison with Immediate Preceding Quarter

	Current Quarter	Preceding Quarter	Changes	
	30-Jun-2024 RM'000	30-Mar-2024 RM'000	RM'000	%
Revenue	23,071	22,358	713	3.2%
Profit before Taxation	1,788	1,945	(157)	-8.1%

The Group revenue for the current quarter was RM 23.07 million, an increase of RM 0.71 million as compared to RM 22.36 million generated during the preceding quarter. Revenue from the manufacturing segment increased by RM 0.41 million or 1.9% due to increased orders from dealers to replenish their inventory levels. Revenue from the trading segment increased by RM 0.17 million or 39.5% with increase in trading sales. Revenue from the coating segment increased by RM 0.14 million or 23.9%.

The Group’s reported profit before taxation of RM 1.79 million for the current quarter is approximately RM 0.16 million lower as compared to profit before taxation of the preceding quarter of RM 1.95 million. The decrease in PBT is primarily attributable to higher operating and distribution expenses incurred compared to the preceding quarter.

B3. Prospects for the Current Financial Year

Global prospects for the second half of 2024 forecast a pivot towards a soft landing economy, driven by moderating inflation and slow economic growth. However, rising costs and disrupted supply chains from geopolitical conflicts remain challenging for the cutting tools industry, with elevated costs expected to persist into 2024, impacting operational costs and margins.

Despite these challenges, the Group remains steadfast in its commitment to prioritizing revenue expansion, enhancing production processes, and driving product innovation to maintain competitiveness. The Group remains cautious about the future outlook.

B4. Profit Forecast

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

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

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Current Income Tax	1,025	1,261	1,695	2,198
Deferred Tax	(359)	(438)	(377)	(595)
Total	666	823	1,318	1,603

The effective tax rate of the Group is 35.3% which is higher than the statutory income tax rate, this is mainly due to losses of certain subsidiaries not being available for set off against taxable profits of other subsidiaries and lower tax allowances claimable for current year.

B6. Status of Corporate Proposals

There are no corporate proposals announced but pending completion as at the date of this interim report.

B7. Utilisation of Proceeds from the Public Issue

Details of utilisation of proceeds		Estimated timeframe for utilisation upon Listing	Amount of proceeds RM'000	Actual Utilisation RM'000	Percentage utilised %
(i)	Purchase of new machineries and equipment	Within 84 months ⁽¹⁾⁽²⁾	34,000	26,831	78.9%
(ii)	Working Capital:				
	- Finished goods inventories	Within 24 months	1,000	1,000	100.0%
	- Staff costs and raw materials	Within 24 months	1,910	1,910	100.0%
(iii)	Estimated listing expenses	Immediate	5,400	5,400	100.0%
Total			42,310	35,141	

Notes :

- (1) On 27 May 2022, the Company announced the extension of timeframe for the utilisation of proceeds allocated for purchase of new machineries and equipment from within 36 months to within 60 months.
- (2) On 21 May 2024, the Company announced the further extension of timeframe for the utilisation of proceeds allocated for purchase of new machineries and equipment from within 60 months to within 84 months.

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

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

B8. Group Borrowings

	Currency	As at 30-Jun-2024 RM'000	As at 30-Jun-2023 RM'000
Long-term Borrowings (secured)			
(i) Term loans	MYR	10,075	11,528
(ii) Hire purchase	MYR	150	212
Sub-total		10,225	11,740
Short-term borrowings (secured)			
(i) Term loans	MYR	1,918	1,926
	EUR	-	990
(ii) Hire purchase	MYR	62	62
(iii) Bankers' acceptances	MYR	346	1,747
(iv) Revolving credits	MYR	3,400	2,000
(v) Bank Overdraft	MYR	-	266
Sub-total		5,726	6,991
Total borrowings		15,951	18,731

We utilise credit facilities such as overdrafts, revolving credits 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, specific debentures and properties.

B9. Derivative Financial Instruments

There were no financial derivatives during the current quarter under review.

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

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.

B11. Dividend

A first interim dividend for the financial year ending 31 December 2024, amounting to RM 0.59 million computed based on 328,489,000 ordinary shares as at 30 June 2024 has been declared by the Board of Directors on 20 August 2024:

- (i) Amount per Share: Single tier dividend of 0.18 sen per ordinary share
- (ii) Previous corresponding period as at 30 June 2023: 0.30 sen
- (iii) Entitlement Date: 09 September 2024
- (iv) Payment Date: 30 September 2024

The total dividend declared for the current financial year ending 31 December 2024: 0.18 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:

	Individual Quarter		Cumulative Quarter	
	30-Jun-2024 RM'000	30-Jun-2023 RM'000	30-Jun-2024 RM'000	30-Jun-2023 RM'000
Profit after tax attributable to the owner of the Group (RM'000)	1,140	2,252	2,466	4,303
Weighted average number of ordinary shares in issue ('000)	328,489	328,489	328,489	328,489
Basic EPS (sen) ⁽¹⁾	0.35	0.69	0.75	1.31
Diluted EPS (sen) ⁽²⁾	0.35	0.69	0.75	1.31

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the period under review.
- (2) Diluted EPS 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.

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

B13. Profit Before Tax

	Individual Quarter		Cumulative Quarter	
	30-Jun-2024	30-Jun-2023	30-Jun-2024	30-Jun-2023
	RM'000	RM'000	RM'000	RM'000
Interest income	(260)	(136)	(512)	(236)
Other income	(440)	(195)	(620)	(399)
Interest expense	258	295	554	565
Depreciation of property, plant and equipment	2,423	2,397	4,836	4,695
Depreciation of right-of-use assets	112	128	212	255
Allowance for slow-moving inventories	247	137	432	264
Inventories written off	6	4	6	4
Impairment loss/(Reversal) on trade receivables	2	-	2	(1)
Realised loss/(gain) on foreign exchange	68	(725)	233	(1,015)
Unrealised gain on foreign exchange	(42)	(253)	(449)	(619)
Fair value loss on derivatives	-	162	-	189

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