

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

	Individual Quarter		Cumulative Quarter	
	31-Dec-2021	31-Dec-2020	Unaudited 31-Dec-2021	Audited 31-Dec-2020
	RM'000	RM'000	RM'000	RM'000
Revenue	21,806	18,148	90,560	71,896
Cost of sales	13,013	10,020	50,181	41,608
Gross profit	8,793	8,128	40,379	30,288
Other income	610	504	2,234	2,690
Administrative expenses	(4,301)	(3,575)	(17,741)	(16,973)
Distribution expenses	(1,652)	(1,193)	(6,112)	(5,078)
Operating profit	3,450	3,864	18,760	10,927
Finance costs	(225)	(250)	(919)	(1,287)
Profit before tax	3,225	3,614	17,841	9,640
Income tax expense	39	(60)	(3,966)	(1,321)
Profit for the financial period	3,264	3,554	13,875	8,319
Other comprehensive income, net of tax :				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(37)	53	146	360
Other comprehensive income for the financial period	3,227	3,607	14,021	8,679
Total comprehensive income for the financial period				
Profit attributable to:				
Owners of the Group	3,244	3,556	13,836	8,322
Non-controlling interests	20	(2)	39	(3)
	3,264	3,554	13,875	8,319
Total comprehensive income attributable to:				
Owners of the Group	3,207	3,609	13,982	8,682
Non-controlling interests	20	(2)	39	(3)
	3,227	3,607	14,021	8,679
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	0.99	1.08	4.21	2.53

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 2020 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 As at 31-Dec-2021 RM'000	Audited As at 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,612	71,238
Right-of-use assets	594	256
Deferred tax assets	150	35
Total non-current assets	69,356	71,529
Current assets		
Inventories	29,290	26,700
Current tax assets	162	677
Trade and other receivables	19,835	14,585
Derivative financial assets	21	-
Short-term cash investments ⁽²⁾	34,350	36,566
Cash and bank balances	23,470	16,689
Total current assets	107,128	95,217
TOTAL ASSETS	176,484	166,746
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	103,553	103,553
Other reserves	940	794
Merger deficit	(54,067)	(54,067)
Retained earnings	80,783	73,188
	131,209	123,468
Non-controlling interests	407	368
TOTAL EQUITY	131,616	123,836
Non-current liabilities		
Loans and borrowings	13,182	16,643
Lease liabilities	113	28
Deferred income	1,987	2,757
Deferred tax liabilities	6,436	5,411
Total non-current liabilities	21,718	24,839
Current liabilities		
Loans and borrowings	10,985	11,051
Lease liabilities	479	214
Deferred income	770	770
Current tax liabilities	265	106
Trade and other payables	10,413	5,726
Contract liabilities	238	180
Derivative financial liabilities	-	24
Total current liabilities	23,150	18,071
TOTAL LIABILITIES	44,868	42,910
TOTAL EQUITY AND LIABILITIES	176,484	166,746
Net assets per share (RM)	0.40	0.38

HPMT Holdings Berhad

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

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021



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 2020 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 FOURTH QUARTER ENDED 31 DECEMBER 2021

**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
Unaudited								
At 1 January 2021	103,553	586	208	(54,067)	73,188	123,468	368	123,836
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	13,836	13,836	39	13,875
Other comprehensive income for the financial period	-	146	-	-	-	146	-	146
Total comprehensive income	-	146	-	-	13,836	13,982	39	14,021
Transaction with owners								
Dividends paid	-	-	-	-	(6,241)	(6,241)	-	(6,241)
At 31 December 2021	103,553	732	208	(54,067)	80,783	131,209	407	131,616
Audited								
At 1 January 2020	103,553	226	198	(54,067)	68,999	118,909	371	119,280
Total comprehensive income for the financial period								
Profit for the financial period	-	-	-	-	8,322	8,322	(3)	8,319
Other comprehensive income for the financial period	-	360	-	-	-	360	-	360
Appropriation to statutory reserve	-	-	10	-	(10)	-	-	-
Total comprehensive income	-	360	10	-	8,312	8,682	(3)	8,679
Transaction with owners								
Dividends paid	-	-	-	-	(4,123)	(4,123)	-	(4,123)
At 31 December 2020	103,553	586	208	(54,067)	73,188	123,468	368	123,836

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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW⁽¹⁾

	Cumulative Quarter	
	Unaudited 31-Dec-2021 RM'000	Audited 31-Dec-2020 RM'000
Cash flows from operating activities		
Profit before tax	17,841	9,640
Adjustments for:		
Depreciation of property, plant and equipment	8,322	8,416
Depreciation of right-of-use assets	656	504
Gain on disposal of property, plant and equipment	(17)	-
Property, plant and equipment written off	7	28
Government grant amortisation	(770)	(770)
Allowances for slow-moving inventories	161	139
Inventories written off	71	106
(Reversal)/Impairment loss on trade receivables	(13)	46
Finance costs	886	1,247
Interest on lease liabilities	33	40
Interest income	(650)	(881)
Net fair value (gain)/loss on derivatives	(45)	147
Net unrealised foreign exchange (gain)/loss	(204)	790
Covid-19-related rent concession income	-	(41)
Gain on lease modifications	(27)	-
Operating profit before working capital changes	26,251	19,411
<u>Changes in working capital:</u>		
Inventories	(2,822)	1,180
Trade and other receivables	(5,420)	637
Trade and other payables	(262)	(2,077)
Contract liabilities	58	180
Cash generated from operations	17,805	19,331
Tax refunded	-	1,250
Income tax paid	(2,382)	(1,412)
Interest paid	(57)	(63)
Interest received	41	83
Net cash from operating activities	15,407	19,189
Cash flows from investing activities		
Purchase of property, plant and equipment	(724)	(1,869)
Net changes of short-term cash investments	2,216	(36,573)
Proceeds from disposal of property, plant and equipment	17	-
Short-term cash investment income received	609	798
Net cash from/(used in) investing activities	2,118	(37,644)

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

	Cumulative Quarter	
	Unaudited 31-Dec-2021 RM'000	Audited 31-Dec-2020 RM'000
Cash flows from financing activities		
Net (repayment)/drawdown of revolving credit	(298)	598
Net drawdown/(repayment) of bankers' acceptances	939	(4,181)
Payment of lease liabilities	(615)	(523)
Drawdown of term loan	2,000	-
Repayment of term loans	(5,812)	(7,733)
Interest paid	(862)	(1,224)
Dividend paid	(6,241)	(4,123)
Net cash used in financing activities	(10,889)	(17,186)
Net increase/(decrease) in cash and cash equivalent	6,636	(35,641)
Cash and cash equivalents at the beginning of the financial year	16,689	51,960
Effects of exchange differences on translation	145	370
Cash and cash equivalents at the end of the financial year	23,470	16,689

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

	Cumulative Quarter	
	Unaudited 31-Dec-2021 RM'000	Audited 31-Dec-2020 RM'000
Cash and bank balances	23,470	16,689
Short-term deposits placed with licensed banks	-	-
Cash and short-term deposits	23,470	16,689
Less: Bank overdrafts	-	-
Cash and cash equivalents at the end of the financial periods	23,470	16,689

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 2020 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 2020 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 2020, except for the adoption of the following Amendments to MFRS.

Amendments to MFRSs effective for financial periods beginning on or after 1 January 2021:-

Amendments to MFRS 4	Insurance Contract
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 16	Leases*
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board (“MASB”) on 6 April 2021.

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 2020.

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 2021 are as follow :

- i) Third single tier interim dividend of 0.50 sen per share amounting to RM 1,642,445 for the financial year ended 31 December 2020 was paid on 22 March 2021.
- ii) First single tier interim dividend of 0.40 sen per share amounting to RM 1,313,956 for the financial year ended 31 December 2021 was paid on 23 June 2021.
- iii) Second single tier interim dividend of 0.50 sen per share amounting to RM 1,642,445 for the financial year ended 31 December 2021 was paid on 22 September 2021.
- iv) Third single tier interim dividend of 0.50 sen per share amounting to RM 1,642,445 for the financial year ended 31 December 2021 was paid on 22 December 2021.

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	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Revenue				
Manufacturing	19,369	16,879	82,970	64,709
Trading	1,618	646	5,024	4,967
Coating	819	623	2,566	2,220
Total	21,806	18,148	90,560	71,896

A10. Property, Plant and Equipment

- (i) Acquisitions and disposals

During current year, the Group acquired assets at cost of RM 5.70 million.

There were disposed of and written off assets with carrying amount of RM 0.01 million during the current period under review.

- (ii) Impairment losses

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

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

A10. Property, Plant and Equipment (continued)

(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.

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

Corporate Guarantee issued to financial institutions in respect of banking facilities granted to subsidiary companies.

As at 31 December 2021
RM'000

26,059

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 2020.

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	9,438
Approved but not contracted for	
• Purchase of property, plant and equipment	22,760
Total	<u><u>32,198</u></u>

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	
	31-Dec-2021	31-Dec-2020	RM'000	%
	RM'000	RM'000		
Revenue	21,806	18,148	3,658	20.2%
Profit before Taxation	3,225	3,614	(389)	-10.8%

The Group recorded revenue and profit before taxation (“PBT”) of approximately RM 21.81 million and RM 3.23 million respectively during the current quarter under review, representing an increase of 20.2% and decrease of 10.8% as compared to RM 18.15 million and RM 3.61 million generated in the corresponding quarter ended 31 December 2020.

B2. Comparison with Immediate Preceding Quarter

	Current Quarter	Preceding Quarter	Changes	
	31-Dec-2021	30-Sep-2021	RM'000	%
	RM'000	RM'000		
Revenue	21,806	24,382	(2,576)	-10.6%
Profit before Taxation	3,225	5,890	(2,665)	-45.2%

The Group revenue for the current quarter was RM 21.81 million, a decrease of RM 2.58 million as compared to RM 24.38 million generated during the preceding quarter. Revenue from the manufacturing segment decreased by RM 2.43 million or 11.1% due to decreased orders from dealers to replenish their inventory levels. Revenue from the trading segment decreased by RM0.37 million or 18.5% with decrease in trading sales. Revenue from the coating segment increased by RM0.22 million or 37.0% with increase in coating sales.

The Group’s reported profit before tax of RM 3.23 million for the current quarter is approximately RM 2.67 million lower as compared to profit before tax of the preceding quarter of RM 5.89 million. The decrease in PBT is primarily attributable to lower revenue derived in current quarter.

B3. Prospects for the Next Financial Year

The Year 2022 is projected to remain uncertain and challenging with slightly more positive sentiments predicated on gradual recovery of the global economy with the ongoing discussion on international border re-opening. However, these positive sentiments have been marred by the recent conflict in Europe which has caused rising oil and commodity prices globally.

Despite these uncertainties, the Group continues to enhance the efficiency of its production processes and improve the competitiveness of our products. At the same time, the Group enforces strict Standard of Procedures in the workplace to ensure the health and safety of employees amidst the pandemic.

The Group remains cautiously optimistic that it will weather the storm and maintain profitability.

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	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Current Income Tax	(852)	27	3,056	1,878
Deferred Tax	813	33	910	(557)
Total	(39)	60	3,966	1,321

The effective tax rate of the Group is 22.2% which is lower than the statutory tax rate, this is mainly due to 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 36 months	34,000	8,036	23.6%
(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	16,346	

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	Unaudited As at 31-Dec-2021 RM'000	Audited As at 31-Dec-2020 RM'000
Long-term Borrowings (secured)			
(i) Term Loan	MYR	11,227	11,345
	EUR	1,955	5,298
Sub-total		13,182	16,643
Short-term borrowings (secured)			
(i) Term Loan	MYR	1,873	1,577
	EUR	3,093	4,208
(ii) Bank Acceptance	USD	5,019	3,968
(iii) Revolving Credit	MYR	1,000	1,298
(iv) Bank Overdraft	MYR	-	-
Sub-total		10,985	11,051
Total borrowings		24,167	27,694

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, specific debentures and properties.

B9. Derivative Financial Instruments

As at 31 December 2021, 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	1,908	21

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 Group recognised a gain of RM0.05 million arising from changes in fair value of derivatives.

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 special interim dividend for the financial year ending 31 December 2021, amounting to RM 1.15 million computed based on 328,489,000 ordinary shares as at 31 December 2021 has been declared by the Board of Directors on 28 February 2022:

- (i) Amount per Share: Single tier dividend of 0.35 sen per ordinary share
- (ii) Previous corresponding period as at 31 December 2020: 1.38 sen
- (iii) Entitlement Date: 14 March 2022
- (iv) Payment Date: 28 March 2022

The total dividend declared for the current financial year ending 31 December 2021: 1.75 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	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Profit after tax attributable to the owner of the Group (RM'000)	3,244	3,556	13,836	8,322
Weighted average number of ordinary shares in issue ('000)	328,489	328,489	328,489	328,489
Basic EPS (sen) ⁽¹⁾	0.99	1.08	4.21	2.53
Diluted EPS (sen) ⁽²⁾	0.99	1.08	4.21	2.53

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	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(157)	(158)	(650)	(881)
Other income	(289)	(400)	(1,296)	(1,504)
Gain on disposal of property, plant and equipment	(17)	-	(17)	-
Interest expense	209	247	886	1,247
Interest on lease liabilities	15	3	33	40
Depreciation of property, plant and equipment	2,081	2,073	8,322	8,416
Depreciation of right-of-use assets	334	85	656	504
(Reversal)/Allowance for slow-moving inventories written off	(115)	41	161	139
(Reversal)/Impairment loss on trade receivables	(42)	26	(13)	46
Realised loss/(gain) on foreign exchange	587	55	576	(305)
Unrealised (gain)/loss on foreign exchange	(179)	35	(204)	790
Unrealised loss/(gain) on derivatives	25	9	(45)	147

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